



2015 Annual Report



Prime Finance is a diversified financial service provider that is known for its quality products and services, outstanding customer service, prudent risk management and its focus on the future. Prime Finance has also been recognized as one of the most respected and trusted companies of the country.

Since its inception, Prime Finance has been committed to a set of core values that were embodied by the Company's founders and remains the cornerstone of our philosophy. These values shape everything we do—from how we develop and market our products to how we serve our customers, employees and communities.





Contents

General Information

- 02 Our Vision
- 02 Our Mission
- 03 Our Goal
- 04 Overview of the Company
- 06 Financial Snapshot
- 07 Five-years Financial Summary
- 08 Sector wise Investment
- 09 Products & Services
- 10 Board of Directors
- 14 Management Committee
- 16 Chairman's Statement
- 18 Managing Director's Statement

Our Governance

- 20 Report of the Audit Committee
- 22 Certificate on Compliance of Corporate Governance
- 23 Certification by the Managing Director and Chief Financial Officer on Financial reporting

Directors' Report of Prime Finance & Investment Ltd.

- 24 Directors' Report

Financial Statements of Prime Finance & Investment Limited

- 37 Auditors' Report to the Shareholders
- 39 Consolidated Balance Sheet
- 41 Consolidated Profit and Loss Account
- 43 Consolidated Cash Flow Statement
- 44 Consolidated Statement of Changes in Equity
- 45 Balance Sheet
- 47 Profit and Loss Account
- 49 Cash Flow Statement
- 50 Statement of Changes in Equity
- 51 Liquidity Statement
- 52 Notes to the Financial Statements

Directors' Report & Financial Statements of Prime Finance Capital Management Limited

- 93 Directors' Report
- 97 Auditors' Report
- 98 Statement of Financial Position
- 99 Statement of Comprehensive Income
- 100 Statement of Changes in Equity
- 101 Statement of Cash Flows

Additional Information for Shareholders

- 102 Notice of the 20th Annual General Meeting
- 103 Proxy Form

Our Vision & Mission

Our Vision is to be a market leader providing integrated Financial solutions with special focus on creating value

<i>For our clients</i>	<i>Working closely with our clients</i>
<i>For our shareholders</i>	<i>Maximizing shareholders' wealth achieving superior performance;</i>
<i>For our employees</i>	<i>Providing a workplace in which employees are rewarded and respected properly;</i>
<i>For our communities</i>	<i>Supporting community initiatives in health, education arts and economic & social development.</i>

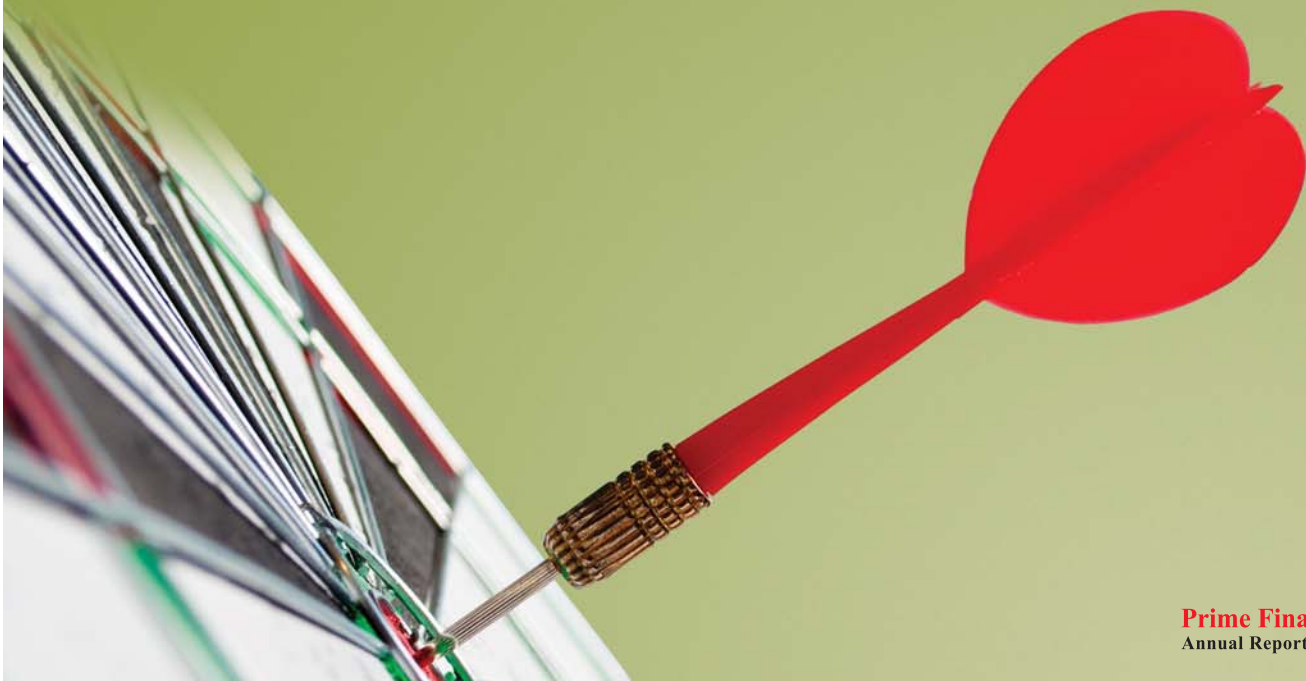
Our Mission is to-

<i>Grow profitably</i>	<i>Through partnership with our clients delivering innovative solutions to cater their financial needs;</i>
<i>Create shareholders' value</i>	<i>Through client satisfaction and employee commitment to excellence;</i>
<i>Enhance the ability of our employees</i>	<i>Giving every opportunity to have access to adventurous experience through which they can raise their self-esteem, realise their full potential and achieve more than they ever thought possible;</i>
<i>Serving communities</i>	<i>With integrity and pride</i>

Our Goal

Our Goal is to be an undisputed leader in financial services creating long-term shareholders' value aiming to achieve this by -

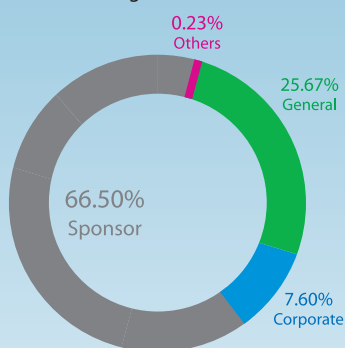
- Building quality investment portfolio;
- Focusing on minimizing default loans within the portfolio;
- Developing and maintaining dependable and long-term relationship with our clients;
- Sustaining solid growth without compromising profitability;
- Achieving higher return on equity;
- Maintaining strong relationship with a wide variety of partners;
- Responding quickly to new opportunities;
- Assessing and managing business risk prudently.



Overview of the Company



Prime Finance & Investment Limited was incorporated in Bangladesh in March 1996, as a public limited company under the Companies Act 1994.

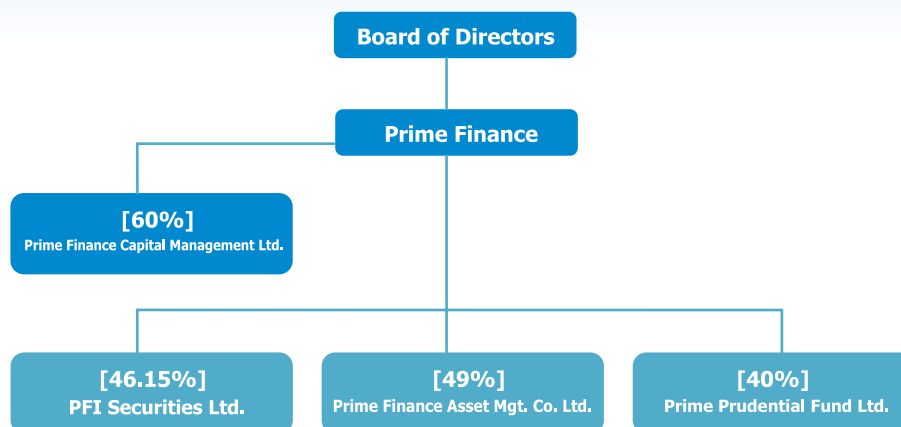


Shareholding Structure as on December 31, 2015

Prime Finance started its operation in the year 1996, obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. Prime Finance also obtained license from the Bangladesh Securities &

Exchange Commission (BSEC) in July 1999, to operate in the capital market as a full-fledged Merchant Bank.

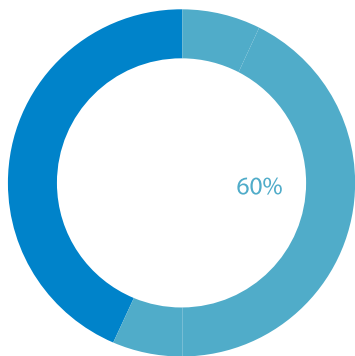
The Company is listed with the Dhaka and Chittagong Stock Exchanges. The registered office of the Company is located at 63, Dilkusha C.A., Dhaka-1000. The operations of the company are being carried out through its five branches located in Motijheel, Gulshan, Uttara, Chittagong and Rajshahi. The Company is a nonbanking financial institution, principal activities of which is to render financial services like lease finance, term finance, SME finance, real estate finance, car finance, consumer finance, factoring of receivables, etc. Prime Finance is the parent of Prime Finance Capital Management Limited, 60% owned subsidiary of the Company. Besides, the Company is currently holding 46.15% of equity of PFI Securities Limited, 49% of equity of Prime Finance Asset Management Company Limited, and 40% of equity of Prime Prudential Fund Limited.





Prime Finance Capital Management Limited

Prime Finance Capital Management Limited is a public limited company incorporated on 18 March 2010 in



Bangladesh under the Companies Act 1994. The Company has obtained Merchant Banking license (registration certificate no. MB-50/2010) from Bangladesh Securities and Exchange Commission (BSEC) on 29 November

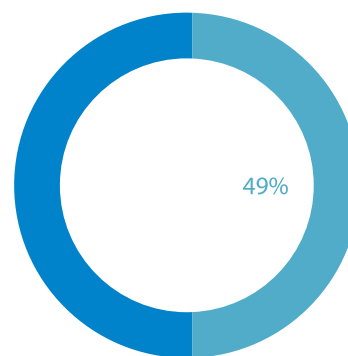
2010. The main objectives of the Company are to carry on business of merchant banking in all its respect, including acting as manager to issues and offers, whether by way of public offer or otherwise, of securities, underwriting and/or management of issues, managing portfolio of investors whether discretionary or nondiscretionary, advising clients on merger and amalgamation, capital restructuring etc. The registered office of the Company is situated in Bangladesh.



Prime Finance Asset Management Company Limited

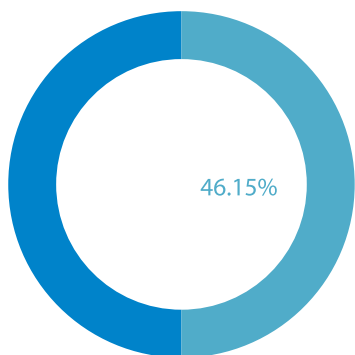
Prime Finance Asset Management Company Limited

was incorporated in Bangladesh on 09 June 2008 as a public limited company under the Companies Act 1994 and licensed under the BSEC. The main objective of the company is to manage the assets of any Trust or Fund of any type and/or character and hold, acquire, sell or deal in such asset or any trust funds, take part in the management of any mutual fund operation. Prime Finance owns 49% shares in this company.



PFI Securities Limited

PFI Securities Limited was incorporated on 06 August 1997 under the Companies Act, 1994 as a private



limited company bearing registration no. C-33546 (292)/97 and having its corporate office at 57 Dilkusha C/A, Dhaka, Bangladesh. The Company has converted to Public Limited Company on 06 April 2010. The main objective of the

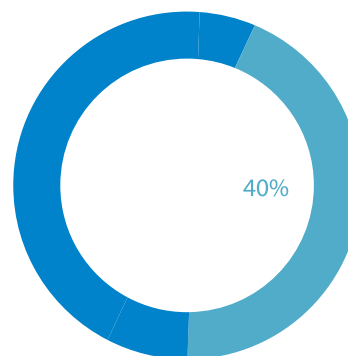
company is to act as a security trading company under the license from the Bangladesh Securities & Exchange Commission. The company has been operating in the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited as stock broker since 01 December 2002 and stock dealer from 18 June 2008. The company is engaged primarily to



Prime Prudential Fund Limited

Prime Prudential Fund Limited is a public limited

company incorporated on 16 July 2009 in Bangladesh under the Companies Act 1994. The main objectives of the company are to manage funds of the company and its investors and provide other financial services including corporate advisory services, merger & acquisition, equity investment, joint venture sourcing and consummation, corporate restructuring, financial and socio-economic consultancy, corporate research and project studies, privatization and other related services. Prime Finance owns 40% shares in this company.



Financial Snapshot

Balance sheet size

BDT

19,773
mn

Shareholders' equity

BDT

3,736
mn

Investments

BDT

17,395
mn

Deposits

BDT

9,544
mn

Loans and Advances

BDT

14,363
mn

SME Loan

BDT

2,904
mn

Earnings per share

BDT

(1.53)

NAV per share

BDT

13.69

NOCF per share

BDT

3.62

Five - years financial summary

		2015	2014	2013	2012	2011
Results of operations						
Operating revenue	BDT mn	1,562.72	2,102.61	2149.61	1969.11	2,244.77
Operating expenses	BDT mn	1,982.38	1,606.18	1680.42	1556.03	1,290.56
Profit before tax	BDT mn	(419.66)	496.42	469.19	413.08	954.20
Net profit	BDT mn	(427.49)	469.73	370.68	300.19	772.81

Balance sheet and cash flow data

Total investments	BDT mn	16,435.57	15,919.10	15,078.94	13,836.13	12,827.06
Total deposits	BDT mn	9,544.21	7,763.33	6,770.96	5,614.80	4,315.61
Total liabilities	BDT mn	15,232.08	13,156.43	12,089.98	10,913.06	10,431.84
Paid up capital	BDT mn	2,729.16	2,729.16	2,729.16	2,274.30	1,624.50
Capital employed (1)	BDT mn	17,391.67	16,453.31	14,937.79	13,565.83	13,073.94
Shareholders' equity	BDT mn	4,541.55	5,310.19	5,249.84	5,106.59	4,684.40
Property, Plant and Equipment	BDT mn	360.31	361.52	325.24	327.62	327.67
Net operating cashflow	BDT mn	986.74	725.80	221.85	181.48	15.07

Business ratios and other financial ratios

Statutory Liquidity Reserve (Ratio)(%)	%	17.92	10.15	10.11	17.27	15.83
Return on average assets (%)	%	(2.19)	2.77	2.81	2.65	6.81
Net Asset Value per share (times)	times	13.69	16.47	16.38	19.34	25.74
Capital Adequacy ratio (%) (2)	%	19.99	23.77	24.80	22.54	-
Cash Reserve Ratio (%)	%	2.54	2.58	2.59	4.00	2.97
Dividend covers ratio (times)	times	-	1.27	0.73	0.35	1.03
Non performing assets to loans/leases (%) (3)	%	10.20	5.86	7.63	9.89	6.48
Return on average investment (%)	%	(2.59)	3.20	3.13	3.10	7.81
Price earning ratio (times)	times	(7.46)	13.50	24.37	31.69	23.77
Deposit investment ratio (%)	%	58.07	48.77	44.90	39.83	33.64

Ordinary shares information

EPS	BDT	-1.53	1.59	1.10	1.04	4.14
EPS (restated)	BDT	-1.53	1.59	1.10	0.86	2.46
Dividend	%	0	12.50	15	10, 20B	40B
Book value per share of Tk. 10	BDT	16.64	19.46	19.24	22.45	28.84
Ordinary shares outstanding of Tk. 10	BDT	272.92	272.92	272.92	227.43	162.45
Year end market price per share of Tk. 10	BDT	11.40	21.40	26.70	32.80	98.40
Market capitalisation	BDT mn	3,111.25	5,840.41	7,286.87	7,459.72	15,985.11

Others (at year-end)

No. of branches	No.	05	05	04	03	03
Enterprise value (4)	BDT mn	14,477.06	16,307.35	16,359	16,123	24,958

1 - Capital employed represents shareholders' equity and long term borrowings.

2 - Basel Accord regime has been started and the guidelines on CAMD have come fully into force from 1 January 2012.

3 - Non-performing assets means all overdue rentals/installments past due in excess of 5 months plus future outstanding principals not fallen due of those loans/leases

4 - Enterprise value represents market capitalization plus debt minus cash and cash equivalents.

Sector wise Investment

30.74%
Trade and commerce



0.04%
Glass, glassware and ceramic industry



4.19%
Garments and knitwear



2.85%
Ship manufacturing industry



0.45%
Textile



0.82%
Electronics and electrical products



4.49%
Food products and processing industry



1.01%
Power, gas water and sanitary service



2.45%
Plastic industry



3.36%
Transport and aviation



0.02%
Leather and leather goods



2.81%
Housing



8.60%
Iron, steel and engineering



5.98%
Agriculture



1.11%
Pharmaceuticals and chemicals



12.94%
Merchant banking



2.23%
Cement and allied industry



12.54%
Others



3.37%
Paper, printing and packaging



Products & Services

Winning value excellence has been the spirit of Prime Finance. Keeping the varied nature of client base and their unique needs in mind, the Company has been constantly diversifying its products which is evidenced from the following list of versatile products and services:



Prime Finance & Investment Limited

Financial segments

- Lease finance
- Term finance
- Real estate finance
- Bill discounting
- Bridge/equity finance
- Syndicated finance
- SME finance
- Hire purchase
- Factoring
- Car finance
- Consumer finance
- Distributor finance

Deposit Products

- Semi annual deposit
- Annual income deposit
- Cumulative income deposit
- Monthly income deposit
- Quarterly income deposit
- Half-yearly income deposit
- Double income deposit
- Triple income deposit
- Earn ahead deposit
- Priority fixed deposit
- Professional fixed deposit
- Doctors' fixed deposit
- Contribution FDR

DPS Products

- Housing deposit scheme
- Fortune DPS
- Flexible deposit scheme

Products & Services of our Subsidiary & Associate Companies



Prime Finance Capital Management Limited

- Issue Management
- Underwriting
- Portfolio Management
- Corporate Advisory Services
- Merger & Acquisition



PFI Securities Limited

- Securities Trading Services
- Custodian Services
- Research Services
- Margin Loan



Prime Prudential Fund Limited

- Sponsor of Mutual Funds
- Capital Market Operation



Prime Finance Asset Management Company Limited

- Operate, conduct, accomplish, and establish services for industrial trading
- Investment in shares and securities
- Act as financial and monetary agent
- Merchandise shares and other securities

Board of Directors



The Board of Directors is responsible for the stewardship and oversight of the management of Prime Finance. The Board ensures that strategies are formulated and implemented.



Md. Aminul Haque, Chairman Representing Acorn Ltd., Age: 75 years

- He was first appointed to the Board as Director on 10 March 1996 and last appointed on 30 March 2015.

Mr. Md. Aminul Haque is the Chairman of the Board of Directors of the Company since June 2014. After completion of graduation in B.Sc Engineering from Bangladesh University of Engineering & Technology, Mr. Haque started his career in 1962 as Assistant Engineer in East Pakistan Water and Power Development Authority. In 1975 he left the organization as Executive Engineer. In the same year, he stepped into the business sector through formation of Greenland Engineers & Tractors Co. Ltd. (GETCO) as one of its Sponsor Directors. A diversified and successful business personality, Mr. Haque is actively associated with a number of companies in the areas of banking, insurance, telecommunication, manufacturing etc.

Mr. Haque is associated with other organizations namely Acorn Limited, Asia Gas Ltd., B-Trac Engineering Ltd., Bangla Trac Oil & Gas Ltd., Bangla Trac Power Ltd., THA Technology, Anirban Enterprise Ltd., Fareast Stocks & Bonds Ltd., Prime Prudent Fund Ltd.



Shahriar Khaled, Director, Representing MAKSONS (Bangladesh) Limited, Age: 32 years

- He was appointed to the Board on 01 June 2014.
- He is a member of the Audit Committee and Executive Committee of the Company.
- He is a member of the Board of Governors of Primeasia Foundation and Primeasia University. He is also a member of Board of Trustee of MAK Foundation.

Mr. Shahriar Khaled is the nominated director from MAKSONS (Bangladesh) Limited. Mr. Shahriar Khaled is a young entrepreneur with an excellent academic record. He has completed graduation in Software Engineering from Seneca College, Toronto, Ontario, Canada. He is a Director of MAKSONS (Bangladesh) Ltd., MAKSO Associates Ltd., Prime Financial Securities Ltd., Prime Property Holdings Ltd., Prime Finance Capital Management Limited, PFI Securities Ltd., PFI Properties Ltd., Fare Stocks and Bonds Ltd., and Executive Director of SEBA (NGO).

Mr. Shahriar Khaled is a member of the Board of Governors of Primeasia Foundation and Primeasia University. He is also a member of Board of Trustee of MAK Foundation. Among the above companies most of them have positioned themselves as leading institutions in their respective fields. He is also associated with various socio-cultural activities.

M. Mobarak Hossain, Director, Representing Khaled Textile Mills Ltd., Age: 28 years
He was appointed to the Board on 01 June 2014.
He is a member of the Audit Committee and Executive Committee of the Company.

Mr. Hossain is the nominated director from Khaled Textile Mills Limited. Mr. Hossain is young entrepreneur with visionary thinking, commitment and dedication. He has excellent academic record. He within a short span of time has proven his entrepreneurship skills in IT and Capital Market sector.

Mr. Hossain is also the Director of GETCO Digital Ltd. and Prime Islami Securities Ltd.

He is an MBA graduate of Australian Institute of Business, Adelaide, Australia.



Ahmed Mahmud Khaled, Director, Representing Mawsons Limited, Age: 35 years
He was first appointed to the Board on 01 June 2014 and last re-appointed on 30 March 2015.

He is a member of the Audit Committee and Executive Committee of the Company.

Mr. Khaled is the nominated director from Mawsons Limited. He is a young entrepreneur with visionary thinking, commitment and dedication. He has an excellent academic record. He within a short span of time has proven his entrepreneurship skills in trading business and Merchant Banking sector.

Mr. Khaled is the Chairman of Everest Homes Ltd. and Director of Prime Finance Capital Management Ltd. and Mawsons Ltd. He is the Managing Director of Everest Trading Ltd.

He did BBA from Independent University, Bangladesh in 2003 and Masters in International Banking and Finance from University of Greenwich, London, UK in 2006.



Shahammas Masudur Rahim, Director, Representing East Coast Shipping Lines Limited, Age: 45 years

He was first appointed to the Board on 9 January 2008 and last re-appointed on 30 March 2014.

He is a member of the Executive Committee of the Company.

Mr. Rahim is the nominated Director from East Coast Shipping Lines Limited. He is a highly experienced professional with successful track record in International Trading, Marketing of FMCG, Plastic Manufacturing and Lubricating Oil industry. He held different positions with different capacities in his more than 17 years of career. Presently, he serves as the Chief Executive Officer (CEO) of EC Distribution Limited, a subsidiary of East Coast Group of Companies.

Mr. Rahim associated with Radiant Alliance Ltd. (a renewable energy company) and Bangladesh Trade Syndicate Limited (TNT Global Express) as Director.

He did Masters in Economics from the University of Dhaka and received an MBA from West University, Dhaka.





M. Shahadat Hossain Kiron, Director, Representing Agami Apparels Limited
Age: 66 years

- He was first appointed to the Board on 19 April 1998 and last reappointed on 30 March 2014.
- He is a member of the Audit Committee of the Company.

Mr. Kiron is the nominated Director from Agami Apparels Limited. He is renowned for his entrepreneurship skill. He is also been recognized as a successful businessman in Bangladesh. Mr. Kiron through his visionary thinking, dedication and skill established many organizations in the field of trading, indenting, manufacturing, paintings, garments, garments accessories, foods etc.

Mr. Kiron is actively associated with other organizations namely Dekko Garments Ltd., Dekko Apparels Ltd., Globus Garments Ltd., Agami Fashions Ltd., Dekko Fashion Ltd., Dekko Accessories Ltd., Roxy Paints Ltd., Agami Accessories Ltd., Dekko Foods Ltd., Agami Distribution Ltd., Agami Apparels Ltd., Dekko Designs Ltd., Dekko Washing Ltd., Agami Washing Ltd., Yolk Apparels Ltd., Shamrin Tex Ltd., Dekko Holdings Ltd., Dekko Ready Wears Ltd., Dekko Textile Mills Ltd., Dekko Oil Refinery Ltd., Singardighi Fish Park Ltd., PFI Securities Ltd.

He did graduation in Commerce.



Qazi Saleemul Huq, Director, Representing GQ Enterprise Limited, Age: 65 years

- He was first appointed to the Board on 10 March 1996 and last re-appointed on 30 March 2015.

Mr. Huq is the nominated Director from GQ Enterprise Limited, one of the sponsors of Prime Finance & Investment Limited. He was one of the Sponsor Directors and former Chairman of Prime Bank Ltd. He is a Director of GQ Group, which is engaged in manufacturing pen, plastic furniture, disposable plastic wares, pp woven sacks, mosquito coils and snack foods. GQ Group is also one of the sponsors of Prime Insurance Company Ltd., Prime Bank Ltd., PFI Securities Ltd. and Prime Finance Capital Management Ltd.

Mr. Huq is actively engaged in philanthropic activities mainly providing scholarship to needy students and providing free medicine and arranging treatment to poor patients. He is one of the founders of Qazi Saleema Huq Women's College and Qazi Saleema Huq Girls' High School.

He did Masters in Business Administration from IBA, University of Dhaka in the year 1979.



Tauseef Iqbal Ali, Director, Age: 43 years

- Mr. Ali was first appointed to the Board on 7 September 1997 and last re-appointed on 30 March 2015.
- He is Chairman of the Executive Committee of the Company.

Mr. Ali is one of the sponsor shareholders of the Company; he is also associated with Prime Finance Capital Management Limited as a sponsor shareholder. He has vast exposure in Financial Institution and Capital Market Sector of Bangladesh. Having worked as a consultant in A. Quasem & Associates Ltd., in Grameen Phones' Sarbanes Oxley (SOA) project in 2005, he is a certified CRM professional. He is the member of Army Golf Club & Gulshan Club Ltd.

Mr. Ali is the Chief Executive Officer of Nouvelle Securities Ltd., (NSL) since 2008; a Stock Broker & Dealer of Dhaka Stock Exchange Limited; Trading Right Entitlement Certificate (TREC) holding register number 112. NSL is member of DSE Brokers Association of Bangladesh (DBA). At present NSL is operating from Motijheel & its branches located in Gulshan & Barisal.

He is a Business Administration professional, completing his Bachelors in Business Administration majoring in Finance as well as Economics from Independent University, Bangladesh and Masters in Business Administration majoring in International Business from Maastricht School of Management, The Netherlands.

Prof. Dr. Parimal Chandra Datta, Independent Director, Age: 68 years

- He was first appointed to the Board on 26 February 2012 and last re-appointed on 28 March 2015.
- He is Chairman of the Audit Committee of the Company.

Mr. Datta is the Independent Director of the Company. He started his career in teaching profession in the year 1974. During this 40 years of teaching experience he has held the position of Chairman, Department of Accounting, Jagannath University the then Jagannath College, Registrar of IBAIS University, Dhaka. Presently, he is the Professor of Accounting and Head of the Department of Business Administration under School of Business, Primeasia University, Dhaka.

Mr. Datta is also the author for more than 20 text books on Accounting and Finance disciplines. He has also written a good number of Articles on the various issues of Accounting and Finance which are published in the various journals of home and abroad.

He is also associated with other organization namely Prime Finance Capital Management Limited. He did Masters in Accounting from Dhaka University and Ph.D in Accounting & Finance from Preston University, USA.



Kazi Md. Mortuza Ali, Independent Director, Age: 67 years

- He was first appointed to the Board on 31 December 2012 and last re-appointed on 31 December 2015.

Mr. Ali is the Independent Director of the Company. He is the Chief Consultant to the Board of Prime Islami Life Insurance Limited (PILIL). He was the Chief Executive Officer of PILIL and Bangladesh Insurance Academy (BIA) and also served as Editor of "Insurance Journal". He is one of the pioneers in Islami Insurance sector having more than forty years experience in Banking, Shipping, Training & Insurance. He attended several international seminars and Conferences as speaker. He is author of several books and fifty articles.

Mr. Ali is also an independent director with other organizations namely Prime Finance Capital Management Limited and Usmania Glass Sheet Factory Ltd. He has been appointed as the member of Governance and Ethics Committee of the Board of Accounting and Auditing Organization For Islamic Financial Institutions (AAOIFI) based in Manama, Bahrain for the period (2016-2019).

He did Masters in Commerce. He is an associate member of the Chartered Insurance Institute (London) and fellow member of Norwegian Shipping Academy, Oslo.

Currently he is holding the charge of Bangladesh Institute for Professional Development (BIPD).



Management Committee



Asad Khan

Managing Director
With Prime Finance: Since 2011

Mr. Asad Khan, assumed the position of Managing Director of Prime Finance & Investment Limited on June 01, 2011. Before joining Prime Finance, Mr. Khan served as the Managing Director in Fareast Finance & Investment Limited from October 2005 till May 2011.

All through his professional career, Mr. Khan occupied a good number of prestigious and high profile offices in different organizations. Starting his career in the year 1980 in an industrial organization, Mr. Khan moved into the financial sector in the year 1993 when he joined United Leasing Company Limited as a Deputy Manager. In 1998, he joined Prime Finance & Investment Limited as Senior Vice President and in the year 2003, he joined Industrial Promotion & Development Company of Bangladesh Limited as Director - Investment.

Mr. Asad Khan completed his Masters in Business Management from Institute of Social Welfare and Business Management under the University of Kolkata. For outstanding academic result in MBM, he was awarded with a distinction certificate. He has also completed M. Com in Accounting from the same university. Apart from academic attainment, Mr. Khan is associated with many social organizations.

Mr. Asad Khan served as the Honorary Literary Secretary of the Muslim Institute (Kolkata) and the Honorary Secretary of Rotary Club of Islamabad, Chittagong. The National Service Scheme of India awarded Mr. Khan in recognition of his services to Don Bosco Night School, India.



Md. Ahsan Kabir Khan MBA

Additional Managing Director
With Prime Finance: Since 1998

Mr. Md. Ahsan Kabir Khan, an emerged leader in the financial institutions industry has in his credit more than 19 years of experience. Utilizing his professional experience and expertise Mr. Khan contributes towards the achievement of the organizational goal and business. He is supervising the functional areas of the institution beside his leadership involvement in strategic decision making as well as in navigating the company's business towards its success.

Mr. Khan has been successfully performing different responsibilities at different times and achieved all functional knowledge. With his visionary leadership capability, functional experience and professional expertise Mr. Khan lead this institution successfully as Managing Director (Current Charge) in 2011 in a transition period of 6 months.

Mr. Khan attended numerous seminars, training, and workshop at home and abroad. He visited USA, UK, Canada, Australia, Dubai, Turkey, Indonesia, Malaysia, Singapore, Thailand, Sri Lanka, India, Nepal for different programs both professional and personal.

Mr. Khan completed his masters in Management from the University of Dhaka in the year 1992. He also did his MBA major in Finance. Mr. Khan completed his Chartered Accountancy course from a reputed firm in Dhaka, Bangladesh. Mr. Khan is the Director of Prime Prudential Fund Ltd., Prime Finance Capital Management Ltd. and Independent Director of Prime Islami Life Insurance Ltd.

Mr. Khan is involved in different social and professional society. He is life member of 'Bangladesh-China People's Friendship Association', and 'Lions Club of Dhaka Imperial'.



Mohammad Shahidul Islam ACS, FCA
SVP & Chief Financial Officer
With Prime Finance: Since 2009

Mr. Mohammad Shahidul Islam is a Fellow Chartered Accountant working at Prime Finance & Investment Limited since 2009 under various capacities in senior management position. Mr. Islam, formerly from KPMG Rahman Rahman Huq, Bangladesh, has vast experience in budgetary control, corporate finance, auditing, taxation and legal matters. Mr. Islam is currently serving as Chief Financial Officer of the Company. Besides, he devotes some of his time as member of Management Committee and Chief Anti Money Laundering Compliance Officer of the Company.

Mr. Islam is also an Associate member of the Institute of Chartered Secretaries of Bangladesh. He passed all exams of Chartered Accountancy and Chartered Secretary in the very first attempt.

Mr. Islam obtained BBA and MBA from University of Dhaka having major in Accounting with an excellent academic record. He is a faculty member of ICAB. He is a member of various committee of ICAB as well. Currently he is an Independent Director of Foreast Finance & Investment Ltd.

During his career, he attended a good number of training, seminar and workshop on different aspects of financial services.



Gulshan Ara Hafiz MBM
Vice President & Head of CRM
With Prime Finance: Since 2002

Ms. Gulshan Ara Hafiz is playing role as a Member of Management Committee for the Company. She is presently heading the department of Credit Risk Management with her professional expertise. In addition to her regular responsibility she is also playing vital role in different committees of the Company.

After completion of her post graduation majoring bank management from Bangladesh Institute of Bank Management, in the year 2002, she joined in the core marketing team of the company. She steps forward her career with interest in business development and mitigation of risk associated with new business formation as well as existing operational activities of the company. She is also playing pivotal role in branch co-ordination and core operational activities. As one of the experienced members in the professional team of Prime Finance she has progressed with immense opportunity of contributing through her entire working career in operations, Marketing and Business activities of the company. She has also attended numbers of training courses in the country and abroad as well, on core risk management, product diversification, effective supervisory management and team building and other related fields of concentration area.



Syed Moniruzzaman, FCS
SAVP & Company Secretary
With Prime Finance: Since 2012

Syed Moniruzzaman, a qualified Chartered Secretary has joined Prime Finance in March 2012 in the rank of Assistant Vice President. Mr. Zaman has in depth work experience in the field of Corporate Affairs and Human Resource. He has experience of working in national and multinationals listed companies in Bangladesh. Prior to joining Prime Finance he served in Grameenphone, Keya Group, GSP Finance, Jago Corporation and CP Bangladesh.

Mr. Zaman did his Masters in Management and MBA in Finance. He is a fellow member of Institute of Chartered Secretaries of Bangladesh.



Chairman's Statement



We remain committed to better financial reporting, compliance and risk management practices.

Chairman's Statement

Dear fellow Shareowners,

The year 2015 has been an arduous journey, replete with challenges for Prime Finance & Investment Limited, its subsidiary and associates.

Bangladesh's economy is on a stable path with a positive near-term macroeconomic outlook. Downside risk persists for the economy regarding both domestic and external factors. Export growth declined to 3.4 percent whereas remittance growth recovered to 7.7 percent and rise in industrial growth to 9.6 percent from 8.2 percent. On the other hand the real private investment growth declined and the private investment rate was stagnant. Credit demand from private sector was relatively weak in FY15 despite reduced lending rates and high liquidity in the financial market.

Along the path leading to the attainment of corporate goals, we had to inevitably deal with a range of issues, partly market oriented and partly company specific. Demand for money was anemic resulting in a squeeze of Net Interest Margin (NIM). Uneven competition with banks has resulted in major erosion of income generating capacity of the company. Insignificant net interest margin, higher provision on loans and advances as well as own investment in the capital market have made a telling impact on the profitability of the company.

Prime Finance's subsidiary and associate company namely Prime Finance Capital Management Ltd. and PFI Securities Limited had a dismal year. Both the companies had to keep major provisions on the Negative Equity. There was substantial erosion on the portfolio of their clients' accounts. According to the directive of Bangladesh Securities and Exchange Commission, full provision had to be kept on the erosion of clients' portfolio. Prime Finance in turn had to take proportionate losses.

Prolonged downturn in the capital market has had a disastrous impact on the repayment capacity of the subsidiary and associate companies. In line with the market situation, Prime Finance had to make major sacrifices to ensure that the subsidiary and associate companies continued to service their loans. Loss on their interest on loans to the subsidiary and associate have been substantial and had a negative impact on the profitability of the company.

At Prime Finance we focused on recovery of non-performing loans as a priority. During the year under review meetings were arranged with the Chairman, Audit Committee and few of the default clients in order to arrive at a solution to ensure speedy recovery. Lending growth is targeted at good credit worthy clients and focus is on quality. Further, in an effort to increase the Net Interest Margin as well as the spread, we made concerted efforts in making inroads in the SME Sector. This has resulted in positioning Prime Finance as the number two SME Financing company in the NBFIs sector. Despite overall deceleration in credit growth, SME Financing achieved 66.67% growth which eventually helped the Company to secure steady operating income compared to the last year. Total assets of the company are growing steadily since last year and the company has achieved 7.08% growth on total assets. On the other hand NPL of the company has enhanced by 74.06%. We have emphasized on cautious

monitoring and recovery so that the provisioning for bad debt can be maintained to a minimum.

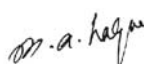
Again, we have placed our highest efforts for recovery from delinquent clients. A five member recovery team has been formed to monitor on a daily basis and within a short time recovery from delinquent and stuck up clients have seen an upward surge. We expect to step up this effort so that we can reach our desired goal in terms of classified loans for the year end December 31, 2016.

Our core capital ratio and the total risk weighted Capital Ratio was 18.63% and 19.94% respectively during the year and continue to remain well above the statutory levels. Despite enhanced competitive market, deposit is mobilized convincingly at comparatively lower rate from the previous year. We ended the year with total shareholder's equity of BDT 3,736 million. Despite this, our Net Operating Cash Flow has reached its highest ever level of Tk 986.74 million. This only goes to show that no immediate threat is perceived in the operational activity of the company. Paid up share capital of the company remain the highest in the industry.

We remain committed to better financial reporting, compliance and risk management practices. We have in place a robust company-wide Risk Management architecture. Inherent risks associated with the business are accurately assessed and monitored on a continuous basis. We consistently adhere to the principles of corporate governance and continually promote the effective application of CG principles that shall underpin Company's operational activities. We are pleased that our approach to corporate governance was recognized in the form of "Gold Award" from Institute of Chartered Secretaries of Bangladesh (ICSB), in both 2013 and 2014. We would build up a low cost funding base and to look at new avenues of increasing its lending portfolio to the SME Sector. We have a clear strategy and are committed to its execution.

I, on behalf of the Board, would like to express my appreciation to the Governor of the Central Bank of Bangladesh and the officials at the Department of Financial Institutions and Markets, for their consultative approach, cooperation and assistance extended to us throughout the year. I would also like to express my sincere gratitude to officials of the Bangladesh Securities and Exchange Commission and Stock Exchanges for their continued direction and support. I express my sincere thanks to our shareholders, clients, my colleagues on the Board for their unstinted support and cooperation. My gratitude goes to the Management team for their leadership skills and expertise, to our employees for their efforts and dedication and to all our stakeholders for their trust and continued support.

In conclusion, I am confident that your Company will continue its journey of growth and add value to all its stakeholders in the years to come.



Md. Aminul Haque
Chairman



Managing Director's Statement

The financial sector today is largely influenced by the environment in which it operates. It's health is also dependent on certain extraneous factors like the money market, demand for money in the market, capital market and the state of the health of its subsidiary and associate companies. For a roughly US \$ 200 billion economy, the presence of nearly 90 financial institutions can hardly be justified. This has in turn lowered the lending spread to 2% against the corporate and 3% in the case of small & medium enterprises.

It is a widely accepted fact that the demand for money has considerably slowed down as it is evident from the huge pile of liquidity the banking sector is grappling with. Declining rates of interest should have been a boon for the industrial and business sector. However, due to inexplicable reasons, demand for money is yet to pick up. At the same time banks, on account of their short term nature of loans and advances, have been quicker to react and drastically reduce the cost of their funds. Contrary to this, NBFIs, despite utmost efforts, cannot reduce their cost on account of their long term nature of funding. As a result, NBFIs are losing out in the short term with hope of silver lining in the long run.

Excess liquidity in the system has increased cut throat competition to an extent where banks, on account of their lower cost of funds, have been merrily refinancing at the cost of the hapless NBFIs. In a situation where almost 25% to 30% of the loan portfolio is paid off annually, the NBFIs become vulnerable.

Managing Director's Statement

Sustainability

Your company even nearly 3 years back, could foresee the events that were to unfold and take strategic measures to ensure sustainability of the organization. Way back in the year 2012, our Liability and Fund Management Department was initiated. Today, an overwhelming majority of our funds are being met through the Liability team. In 2012, there was another strategic shift. Our main thrust was centered around SME sector. As a result, SME disbursement during 2015 constitutes 62% of total loan disbursement. Today the entire organization is SME centric with quality manpower adept in the art of SME financing manning the branches.

Capital Market

Historically, your company has had a fair share of its investments in the capital market from where a substantial part of profits used to be derived. In 2014, we made a profit of Tk 135.54 mn from the capital market, which was among the highest in the NBFIs sector. Despite all efforts, on account of the gradual slowdown in the capital market, price erosion of the share, resulted in a loss of Tk. 19.18 mn in 2015. The loss would have been higher but timely intervention and skilled market interaction with capital market brought down the loss to a sustainable level. We have already created a provision for the erosion in the portfolio. Things are already looking up in 2016 and we expect to go back to our winning days once again.

Subsidiary and Associates

An institution like Prime Finance constitutes a set and sub-sets on account of the diversification that the Board had undertaken in the past. This diversification resulted in substantial gains in the past and resulted in rapid growth of the group. From 2004 onwards, Prime Financial Group became a model emulated by some of the finest institutions in the country. On account of this diversification, the company was able to give one of the highest dividends in the NBFIs sector.

However, we now understand that our outlook during that period was fraught with risks since capital market is inherently risky. With so many subsidiary and associates, the current trend in the capital market for them has put them in dire straits. Compliance requirements of Bangladesh Securities and Exchange Commission in terms of creation of provision for Negative Equity has practically decimated them. We are taking measures to resuscitate the companies and hope that they will go back to the profit path once again.

Human Resources

We believe in catching them young and shape the human resources to our philosophy. With this end in view, Prime Finance continues to nurture hard core professionals to team up with the existing people. This philosophy will continue in future also.

Risk Management steps

The overall risk management strategy of the company seeks to minimize potential adverse effects on the financial performance. Risk Management Forum (RMF) along with Risk Analysis Unit (RAU) of the company is taking care of the financial risks and the appropriate financial risk governance framework for the company. As part of credit risk management the CRM department of the company performing thorough assessment and due diligence before sanction of any credit facility. The company implemented prudent liquidity risk management which includes the maintenance of sufficient cash reserves and marketable securities in addition to regular forward planning and forecasting of liquidity requirements. To mitigate operational risk a separate independent internal control and compliance department was established. To mitigate market risk the company applied VaR modeling, sensitivity analysis and stress testing, including an assessment of concentration risk and the assessment of illiquidity under stressful market scenarios. The company is also addressing money laundering and terrorist financing (AML/CFT) risk persistently.

Financials

In 2015, the company witnessed modest growth of 7.8% in loans and leases. The company slowed down its investment in shares significantly in 2015 in response to difficult capital market condition. Deposit growth registered 23% over previous year which resulted to a considerable reduction of bank borrowing. Interest income decreased by 21.7% over previous year, which was mainly due to descending rate revision, increased non-performing loan followed by interest block against loan exposure with subsidiary and associate companies undertaking capital market operation. Significant dwindle of interest income and augment of provision for loan and share resulted net loss to the company in 2015.

Outlook

Prime Finance shall continue to streamline its operation, cut its finance cost and fine tune its strategies to make the company more competitive. Market development through its SME and Agricultural financing arm shall be the mainstay of the company. We are optimistic that the company shall overcome odds to reach its desired goal.



Asad Khan
Managing Director



Report of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors of the Company and its role is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Prime Finance's financial statements, risk management, internal control & compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence and the performance of the internal audit function.

Composition and Qualification of the Audit Committee Member's:

The Audit Committee is comprised of only Non-Executive Directors including one Independent Director. The Independent Director is the Chairman of the Committee. During the year 2015, the Committee was comprised of Professor Parimal Chandra Datta, PhD (Chairman), Mr. Shahriar Khaled, Mr. K. M. Mobarak Hossain, Mr. Waheed Mahmud Khaled and Mr. M. Shahadat Hossain Kiron. In compliance with Bangladesh Bank circular dated October 26, 2011 and BSEC's Corporate Governance Notification, Syed Moniruzzaman, Company Secretary of the Company is acting as the Secretary of the Audit Committee.

For the purposes of the Corporate Governance Notification, all the members of Committee are financially literate and Professor Dr. Parimal Chandra Datta, Chairman of the Committee is a financial expert. Detailed qualifications of the existing members of the Committee are set out on pages 10 to 13 of this Annual Report.

Meeting:

According to the circular issued by Bangladesh Bank dated October 26, 2011, the Audit Committee must meet at least four times a year which is also supported by the charter of the Committee. During the year 2015, the Audit

Committee of the Company met 5 (five) times on the following dates:

- (i) 25 February 2015
- (ii) 28 March 2015
- (iii) 14 May 2015
- (iv) 29 July 2015
- (v) 29 October 2015

Activities of the Committee:

During the year, principal activities of the Committee were as follows:

- reviewed internal control and risk management systems;
- considered the adequacy and effectiveness of the Company's internal controls over financial reporting.
- reviewed along with the Management quarterly, half yearly and annual financial statements, including relevant disclosures prior to their publication;
- reviewed reports of the internal auditor;
- monitored the performance of the Internal Audit function;
- reviewed the Internal Audit Plan;
- reviewed appropriate systems and controls so that these are in place for effectiveness of internal audit function;
- reviewed report on compliance status with internal policy;
- reviewed effectiveness and independence of the statutory auditors;
- recommended appointment, remuneration of the statutory auditor;
- reviewed the annual audit activities and audit report.
- reviewed financials of subsidiary and associate Companies;

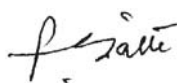
- reviewed the amendment of 'Anti Money Laundering and Combating Terrorist Financing Policy', 'Credit Risk Management Policy', 'Asset Liability Management Policy' and 'Internal Control & Compliance Policy'.
- reviewed the policy on 'Finance & Accounting Manual', 'Treasury Manual' and 'Incentive Policy on Outstanding Recovery'.

External Auditors:

Syful Shamsul Alam & Co., Chartered Accountants, 65/2/1, Paramount Heights (level-6), Box Culvert Road, Purana Paltan, Dhaka-1000 was appointed as statutory auditors of the company at the 19th Annual General Meeting held on 30 March 2015. Accordingly, Syful Shamsul Alam & Co., Chartered Accountants audited the financial statements as of 31 December 2015. The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process.

Under Financial Institutions Act, 1993 and BSEC's order dated 27 July 2011 a statutory auditor of a Financial

Institution can be re-appointed for a maximum period of three consecutive years. Syful Shamsul Alam & Co., Chartered Accountants expressed their willingness to continue as the statutory auditor of the company. The Committee considered the tenure, quality and fees of the auditors and recommended to Board for re-appointment of Syful Shamsul Alam & Co., Chartered Accountants as statutory auditor of the Company for the FY-2016. On such recommendation of the Audit Committee, the Board of Directors will be proposing the re-appointment of Syful Shamsul Alam & Co., Chartered Accountants as the statutory auditor to the shareholders at the 20th AGM in 31 March 2016.



Prof. Dr. Parimal Chandra Datta
Chairman
Audit Committee

Certificate on Compliance of Corporate Governance

S. Abdur Rashid FCS

BCom (Hons), MBS (Finance & Banking), MBA (Finance), PGDHRM, LLB, AIPM

Chartered Secretary in Practice

Private Practice Certificate No.: 003

Phone # +880 2 9558796, +88 01726533655

E-mail : sarashid12000@yahoo.com

SARashid & Associates
(Chartered Secretaries)

Noakhali Tower (12th Floor, 13-D)
55/B Purana Paltan, Dhaka-1000, Bangladesh
E-mail : sarashidnasso@gmail.com

Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Prime Finance and Investment Ltd.** ("the Company") for the year ended 31 December 2015. Such Compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.



S. Abdur Rashid FCS



Dhaka, 09 March 2016

Certification by the Managing Director and Chief Financial Officer on Financial Reporting

We have reviewed the financial statements of Prime Finance & Investment Limited "the Company", which have been prepared in accordance with the Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the Bangladesh Securities and Exchange Rules 1987, the Companies Act 1994, the rules and regulations issued by the Bangladesh Bank and other regulatory authorities.

The financial statements of the Company contain line items that reflect the best estimates and judgments of the expected effects of current events and transactions with appropriate consideration to materiality. All financial information appearing throughout the report is consistent with the financial statements.

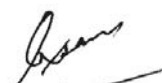
Based on our review, we hereby certify that to the best of our knowledge and belief:

1. Financial statements of the company do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. Financial statements of the company together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws & regulations.

We also certify that to the best of our knowledge and belief, no transactions entered into by the Company during the year 2015, which are fraudulent, illegal, or violation of the Company's code of conduct.



Mohammad Shahidul Islam, ACS, FCA
Chief Financial Officer



Asad Khan
Managing Director



Directors Report

On behalf of the Board of Directors and Management, it is indeed a great privilege for me to welcome you to the 20th Annual General Meeting of the Company. We are pleased to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended December 31, 2015 for your valued consideration, adoption and approval.

The Directors' Report has been prepared in compliance with the Section 184 of the Companies Act 1994, BSEC's Notification of 2012, the Listing Regulations of Dhaka and Chittagong Stock Exchanges, guidelines of Bangladesh Bank and other applicable rules and regulations. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices.

Industry Analysis

The NBFI sector in Bangladesh consists of development financial institutions, leasing companies, investment companies etc. Bangladesh's NBFI sector, which accounts for about 7% of the total assets of the banking sector, is passing through a critical phase. By all objective measures, this sector has made rapid strides in recent years and led the way forward in delivering innovation and outstanding value to stakeholders. Moreover, it plays a critical part in filling the many gaps left by the banking sector. The performance of the NBFI sector has been particularly impressive in areas that are national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion. Small and medium sized enterprises (SMEs) are the backbone of Asia's economies and they need better access to finance to grow and generate badly needed new jobs for the region. With the growing importance assigned to financial inclusion, NBFIs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors. In line with the central bank's policy directives, loans to agriculture and SMEs are being prioritized considering their role in contributing to inclusive economic growth and job creation.

With total assets equivalent to less than 4 percent of GDP in 2015, the role of nonbanking financial institutions (NBFIs) has been growing. NBFIs are increasingly coming

forward to provide credit facilities for meeting the diversified demand for investment fund in the country's expanding economy. In 2015, NBFIs recorded notable growth in total assets, borrowings, deposits, and capital. The asset of NBFIs increased substantially by 18.6 percent to Taka 517.6 billion in 2014 from Taka 436.3 billion in 2013. At the end of June 2015, assets of NBFIs increased to Taka 563.8 billion. As of June 2015, investment of NBFI sector was majorly driven to industry 44.9 percent, real estate 17.4 percent, margin loan 3.2 percent, trade and commerce 16.0 percent, merchant banking 4.0 percent, agriculture 1.7 percent and others 12.9 percent etc. More than 80 percent of the loans disbursed by NBFIs were term lending as their capital structure provides better support for term financing rather than working as capital financing. NBFI's are now contributing nearly 30 percent loan to SMEs. The BB's green banking policy, global campaign for climate change and green industry revolution have opened a brighter canvas to shape NBFI's as human financiers.

When banks are under pressure with soaring margin costs, burdened with mounting classified loans, then NBFIs are in good position due to low operational cost. As of June 2015, total classified loan of NBFIs were 31.6 billion representing 7.7% of total lending of 409 billion. Despite the fact that NPL enhanced from 5.3% in 2014 to 7.7% in 2015 is still below the NPL of the banking average.

NBFIs are working as a catalyst to economic growth and provide necessary support and guidance for their development within a longer term framework, which would improve financial intermediation and enable the NBFIs to play more roles in overall development of the country. In 2015 most NBFIs consolidated their positions after severe shocks received in 2014 and 2013 driven by political turmoil supported by the central bank's refinancing schemes.

Industry outlook

Despite inclusive growth focused monetary policy, the overall economic progress will be slowed further unless share of private sector investment in gross domestic product increases significantly. The biggest challenge for the private sector growth will be restoring business confidence as the business people have adopted 'wait and see' approach besides prompt addressing to the infrastructure and power.

Though cost of fund is reducing gradually and it is expected that the money market will continue to slide in line with the central bank's objective of reduction of interest rate. Cost of fund still continues to trouble the NBFIs since the perception of the general people still continues to favor the banks against non banks. With high cost of funds non-banks are forced to compete with the banks those have relatively low cost of funds. Excess liquidity of the banks due to poor demand from borrowers will continue on reducing lending rates. Competition will intensify and margin of business will stringent further as the environment may not be conducive for business growth. However, incremental output from the refinancing and SME financing could be the options to maintain minimum spread in the adverse economic condition.

Capital Market Scenario

Capital Market, overall, 2015 has been a year of weariness. The stock index shrunk to 4629 points at the end of December 2015 after losing 312 points from January 2015. Throughout the year the capital market remained sluggish. DSE30, the blue chip index and Shariah compliant index-DSES also marked negative 2.91 percent and 3.75 percent respectively in 2015 over the previous year. The daily turnover of Dhaka Stock Exchange, on an average, was only Tk. 4.22 billion down 16 percent year-on-year in 2015. Average daily turnover in 2015 was only 4.22 billion whereas in 2014 it was Tk. 6.6 billion in 2014.

Although recovery from the debacle that it suffered in 2010 will take long time but losing of fresh fund make the general investors watchful and feeble. Net foreign investment in the bourses decreased sharply by 93%. In 2015 foreign investors bought shares worth Tk. 38.26 billion while they sold shares worth Tk. 36.40 billion, taking their net investment position to Tk. 1.86 billion only. In 2015, 12 companies raised Tk. 8.3 billion through the primary market which was Tk. 1.5 billion lower than 2014. The dearth of quality of some public offerings compelled investors to incur loss.

Despite demutualized status of both the stock exchanges, visible enforcement of policies and corrective measures by the regulators, regulatory reformation initiatives, failed to regain investor's confidence. Transparency and good governance can go a long way in reassuring the investors and bring back credibility to the market.

Business activities

Financial sector in Bangladesh has come across a turbulent year facing many odds and pitfalls in the macroeconomic fundamentals. The Company is undergoing through strategic shift, focusing from corporate financing to SME financing and defying all odds the company's total investment in SME Financing significantly increased by 66.67% over the previous year. However, total investment of the company has increased by 7.77% and stood at Tk. 12,343 mn. The investment activities were driven mainly by term, lease and SME financing. A total of Tk. 2,846 million was disbursed in 2015 whereas in 2014 it was Tk. 2,992 million.

Prime Finance's strategic objective is to ensure diversification of its total investment portfolio in a balance and prudent manner. This year the Company has also

been able to maintain the objective of diversification. Out of total investment of Tk. 12,343 million highest allocation was in Industry sector at 36.32 percent followed by trade & commerce at 30.74 percent and so on.

In order to meet our funding requirements, we have diversified our funding sources and continued emphasizing on deposit mobilization. At the end of the year, deposits were 67.72% percent of total liabilities. On the other hand we have prudently used call money and other alternative means of finance to bring down our cost of funds.

The country's secondary stock market experienced sluggishness throughout the year. Resultantly, we had to make provision of Tk. 20 mn for the loss incurred against our investment in secondary market.

Principal Activities

Prime Finance commenced operations by providing leasing and hire purchase financing for customers subsequently the Company started financing in Corporate, SME and Real Estate sector (corporate & individual) in the form of term and lease financing. Prime Finance offers diversified products and services, which include term finance, lease finance, real estate finance, consumer finance, factoring, SME finance etc. Investment products in the form of deposits are remaining the mainstream liability side products of the Company. During the year under review there was no change in the nature of the principal business activities.

Financing activities

Due to stiff competition, absorption of proportionate loss of subsidiary and associates, lower lending rates, non performing loans and others, we ended the year with consolidated loss of Tk. 417 million. The cost of fund of the company is decreasing gradually and at the end of the year it was 10.44%. Whereas competitive lending rate in the market throughout the year was in between 11.5% to 12.5%. Thus, we were focused in SME financing to ensure minimum margin of business. During the year total disbursement of loan was Tk. 2,846 million where almost 62% was SME Financing. Despite our continued cautionary approach in terms of the quality of finance, we had to make historic high provision of Tk. 262 million against total classified loans and advances of Tk. 1,259 million. NPL, 10.20% was mainly driven by the exposures to the corporate before we started strategic shifting. In SME finance NPL was approximately 1% for the investment made during 2014 and 2015. Considering the competitive market edge we were rational in fixing lending rate and sometimes diverged from ensuring three percent spread. On the other hand we had to address the client's as well as associate and subsidiary's repayment capacity. As a result during the year significant number of contracts were rescheduled, restructured with lower rate and even by blocking of interest of the loan to subsidiary and associate to accommodate regulators requirement for bringing down the single borrower exposure limit. These altogether sketched the bottom line of the Company.

Term finance

We offer short, medium and long term finance to the customers to cater their long-term physical investment

needs besides meeting short term cash crunches. Our short term finances are usually for one year where medium and long term finances are for three to five years term. We offered working capital finance against term deposit, project finance etc. with the view to meet the diversified needs of our customers. Term finance continued to be a leading product for Prime Finance. The strategy of focusing on the profitable, low risk business was continued. Particularly in this area, the market was characterized by fierce competition and hence strong pressure on margins. Despite this difficult market environment, we managed to book new business at a satisfactory rate and our investment in term finance enhanced 9.37 percent compare to 2014. As on 31 December 2015 gross installments receivables were BDT 2,507 million which is 30.08 percent enhanced.

Lease finance

Lease financing, principal fund based activity of the Company, represents asset based financing. Through lease financing we facilitated small and medium type enterprises to access to the finance. We offer leasing as a modern financial instrument for managing corporate investments in movable equipment. We concentrated only on full payout financial lease transaction for financing a wide range of capital machinery, equipment and vehicles. During the year, total investment under finance lease was BDT 967 million. As on 31 December 2015 gross lease rental receivables were BDT 342 million. Lease income earned during the year decreased by 13.82 percent.

Real-estate finance

We offer this product only to the real estate developers for construction of residential apartment, construction of commercial building and corporate office. The real estate sector of the country is stuck in a quagmire. One of the visible indicators marking the difficult time the sector is passing through is the decline in apartment sales a phenomenon that has been lingering for consecutive years. Non-availability of electricity and gas connections, prolonged political turbulence, absence of active secondary market for real estate, high transfer taxes and inadequate policy contributed to the overall slowdown of real estate sector business. Considering the prevailing awkward situation in real estate sector we made very insignificant finance in this sector.

Consumer Finance

We offer affordable and flexible housing finance, car finance at a competitive interest rate to the desired consumers who have dream of owning a home or car into reality. We started housing finance in 2010 with a portfolio of BDT 3.5 million only where we ended 2015 with a portfolio of BDT 20 million in housing finance.

Factoring Finance

We offer factoring as a comprehensive financial service that includes credit protection, accounts receivable bookkeeping, collection services and financing to the small businesses that face challenges to access financing to utilize their production cycle. In 2015, we were able to renew few of our proven factoring clients and ended the year with a portfolio of BDT 31 million.

Liquidity and funding

The Company maintains sufficient facilities to meet its normal funding requirements. These facilities are primarily in the form of bank facilities arranged on a bilateral basis with a number of commercial banks and term deposits mobilized from individuals and institutions ranging for a period from 3 months to ten years. The Company preferably utilize fund of the call money market to meet its immediate requirement of funds, which subsequently either repay or transform into term loan.

Operating and Financial

Performance of the Company

Loans, advances and leases of the company recorded at Tk. 14,362 mn on 31 December 2015 registering 7.77% growth against last year. Company's investment in shares reduced significantly by 26.19% as the company is currently concentrating more on core business and less on capital market investment. Deposit stood at Tk. 9,544 mn resulting 22.94 % growth against last year. Bank borrowing of the company was decreased by 6.08% representing less dependency on bank fund. Due to current year's loss, equity attributable to shareholders' of the company reduced to Tk. 3,736 mn as compared to Tk. 4,494 mn of last year.

Gross interest income of the company was Tk. 1,272 mn which was 21.69% lesser than that of 2014. Other income of the company was also reduced by Tk. 250 mn. Operational expenses in 2015 were increased by 18.45% and provision for loans, advances, leases and shares increased by Tk. 214 mn.

The financial results of the Company for the year 2015 with a comparison of 2014 are summarized below:

(BDT in million except per share data)	2015	2014
Operating revenue	1,313 mn	1,915 mn
Operating expenses	245 mn	207 mn
Loss before tax	(396) mn	390 mn
Provision for tax	6 mn	12 mn
Profit/Loss after tax	(402) mn	377 mn
Earnings Per Share (EPS)	(1.47)	1.38

Significant deviation in operating results

Operating loss of the Company for the year 2015 was Tk. 133.83 million. During the year demand for money was anemic resulting in a squeeze of Net Interest Margin (NIM). Uneven competition with banks has resulted in major erosion of income generating capacity of the company. Insignificant net interest margin, higher provision on loans and advances as well as own investment in the capital market have made a telling impact on the profitability of the company.

Prime Finance's subsidiary and one of the associate companies namely Prime Finance Capital Management Ltd. and PFI Securities Limited were affected with substantial erosion on the portfolio of their clients' Accounts for which Prime Finance had to take proportionate losses.

Prolonged downturn in the capital market has had a disastrous impact on the repayment capacity of the subsidiary and associate companies. In line with the market situation, Prime Finance had to make major sacrifices to

ensure that the subsidiary and associate companies continued to service their loans. In this connection, we had to grant their proposal for restructuring of loan for a period of 15 years with structured repayment schedule by blocking the interest. Loss on their interest on loans to the subsidiary and associate have been substantial and had a negative impact on the profitability of the company.

Significant variance between quarterly and annual results

The above explanations were also the reasons for variance between quarterly and annual results.

Five years data

Key operating and financial data of preceding 5 (five) years of the Company are the part of this report and have been summarized on 07 page of this Annual Report.

Share of loss/income from subsidiary and associate companies

Subsidiary and associate companies of Prime Finance & Investment Limited are engaged truly in capital market. Due to sluggish capital market they were also not able to make profit. During the year our proportionate sharing of loss/income from the subsidiary and associates were as follows:

Name of the Company	Status	Equity%	Loss/income	Proportionate sharing of loss/income
Prime Finance Capital Management Limited	Subsidiary	60%	(26) mn	(16) mn
PFI Securities Limited	Associate	46.15%	(154) mn	(71) mn
Prime Finance Asset Management Company Limited	Associate	49%	9.5mn	4.7mn
Prime Prudential Fund Limited	Associate	40%	(10) mn	(4) mn

Among the above Companies, Prime Finance Asset Management Company Limited recommended final cash dividend @ 15%.

Directors report and audited financial statements of the subsidiary are given on pages 93 to 101 of this Annual Report.

Related party transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of BAS & IFRS. A statement of related party transactions has been presented in note no. 37 on 86 page of the Annual Report.

Capital Expenditure

The Total Capital Expenditure on acquisition of Property, plant, computer applications, software and equipment, of the Company amounted to BDT 17 million (BDT 20 million 2014). The detailed note on acquisition of Property, Plant and Equipment is given under the Annexure-A of the Financial statements in the page no. 91.

Material changes after Balance Sheet date (31st December 2015)

There have been no material changes and commitments between the end of FY15 and the date of this report, affecting the financial position of the Company.

Dividend

The Company will not be paying any dividend for the year ended 2015. The Board of Directors in its meeting held on 18 February 2016 recommended "No" dividend for the year 2015. As per article-89, Schedule-1 of the Companies Act 1994, dividend shall be declared out of profit i.e. from current year's profit and from previous years' retained profit. During the year ended the company has registered retained loss of Tk. 390.41 mn, therefore the company has recommended "No" dividend for the year 2015.

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as part of good corporate governance and to that end the directors confirm to the best of their knowledge that-

- the Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- proper books of account as required by the law have been maintained;
- appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgements;
- the Financial Statements was prepared in accordance with IAS/BAS/IFRS/BFRS;
- the system of internal control is sound in design and has been effectively implemented and monitored.

Going concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements of the Company are prepared based on the going concern concept.

Risk and concerns

The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance. Fundamentally, the Company believes in managing risk in a forward-looking manner and steering credit, interest rate, liquidity, market and operational risks through establishing strategies, models and parameters.

Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated 7 August 2012, the Board of Directors are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern of the Company and a statement on the compliance with the BSEC's conditions is given on Annexure-II and Annexure-III on page 30 and pages 31 to 36 respectively of this Annual Report.

Directors' meeting, attendance & remuneration -

During the year ended 31 December 2015 total 11 meetings were held. The attendance in the Board meetings by each Director is given in Annexure-I on page 29 of this Annual Report. Please note that the amount of total remuneration which has paid to the Directors including Independent Directors is given in Note-29 on page 84 of this Annual Report.

Changes in the Board of Directors

During the year 2015, Mr. M. I. Chowdhury, Independent Director resigned from the Board dated November 21, 2015. Mr. Chowdhury was the Independent Director for two financial institutions which is not permitted by Financial Institutions Act 1993. The Board places on record its appreciation for the valuable contribution made by Mr. Chowdhury during his tenure as Independent Director of the Company.

Directors to retire, re-appointment and biographies of the Directors-

As per Article 67 of the Articles of Association of the Company, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible to stand for re-election. In this connection the following Directors will retire in the 20th Annual General Meeting and being eligible offered themselves for re-election as per Article 69 of the Articles of Association of the Company:

- i) Mr. K. M. Mobarak Hossain, representing Khaled Textile Mills Ltd.;
- ii) Mr. Mohammad Masudur Rahim representing East Coast Shipping Lines Ltd.;
- iii) Mr. M. Shahadat Hossain Kiron representing Agami Apparels Ltd.;

As per clause no 1.2 (vi) of Corporate Governance Notification issued by the Bangladesh Securities and Exchange Commission dated 7 August 2012, Mr. Kazi Md. Mortuza Ali, Independent Director has completed first term of his appointment for a period of three years on 30 December 2015. Now, under the said Notification, the Board in its meeting held on 21 December 2015 reappointed him as Independent Director for the second term for a period of three years subject to approval by the shareholders of 20th AGM.

Biographies of the Directors (including retiring Directors) and the names of the Company where they have interest are mentioned in the Annual Report on 10-13 pages.

Corporate governance

Fundamentally, the conduct of the Company is guided by our core values, our code of ethics and a commitment to openness and transparency. Prime Finance's Board of Directors endeavors always to provide learned and strategic direction for the Company through applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission. We establish necessary policies and procedures to protect the Company from risk and to provide it with clear strategic direction. We work to ensure all governance matters are transparent to stakeholders as well as shareholders through channels such as the

Annual General Meeting (AGM), quarterly financial statements and this annual report.

Auditors

Syful Shamsul Alam & Co., Chartered Accountants have completed their first year as statutory auditor of the company. As per the Financial Institutions Act, 1993, statutory Auditor of a Financial Institutions can be appointed for three consecutive years. As such Syful Shamsul Alam & Co. are eligible for reappointment and they expressed their willingness to be reappointed. The Audit Committee reviewed their expression of interest and recommended to the Board. The Board in its meeting held on 18 February 2016 recommended to the shareholders regarding re-appointment of Syful Shamsul Alam & Co., Chartered Accountants at a remuneration of BDT 3,00,000 plus VAT. Now in exercise of the power conferred upon Section 210(10) of the Companies Act, 1994 the shareholders of the company will approve the appointment and to fix the Auditor's remuneration in the ensuing general meeting. In this regard prior approval from Bangladesh Bank to re-appoint Syful Shamsul Alam & Co., Chartered Accounts will be taken.

Business Outlook

The Company will continue to capitalize on its strengths to generate sustainable revenue from SME and Corporate Financing, while expanding opportunities in Consumer finance, Factoring, Treasury and Deposits. We will continue concentrating more on improving asset quality and strict recovery programs. Competition will remain intense among the FI's and banks both in terms of asset and liability. As a result, interest spreads will continue to be under pressure like the previous year. Overall, we are confident of recording a better financial performance for the current year.

However, "Outlook" section in this document is based on assumptions and the actual outcome is uncertain and the stakeholders will be judicious while reviewing this section.

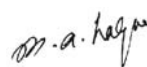
Signing of Report

The Board in its 241st meeting held on 18 February 2016 authorized the Chairman, Mr. Md. Aminul Haque to sign Directors report and any addendum thereto.

Acknowledgement

We would like to acknowledge and place on record our gratitude to our valued clients, depositors and shareholders for the confidence in Prime Finance. Our sincere appreciation to the Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, NBR, Banks and Financial Institutions, Other government bodies, statutory and compliance auditors for their constructive suggestions and cooperation. We also express our appreciation for the dedication and efforts put in by the employees at all levels of the Company.

For and on behalf of the Board,



Md. Aminul Haque
Chairman
Dhaka, 18 February 2016

Director's Meeting & Attendance during the Year 2015

Name of the Directors	Status	Nominated by	No. of Meetings held during his/her tenure	Meeting Attended	(%)	Remarks
Mr. Md. Aminul Haque	Non-executive Chairman	Acorn Limited	11	11	100	Continuing
Mr. Shahriar Khaled	Non-executive Director	Maksons (Bangladesh) Ltd.	7	4	57	Continuing
Mr. K. M. Mobarak Hossain	Non-executive Director	Khaled Textile Mills Ltd.	11	5	45	Continuing
Mr. Waheed Mahmud Khaled	Non-executive Director	Mawsons Limited	11	11	100	Continuing
Mr. Mohammad Masudur Rahim	Non-executive Director	East Coast Shipping Lines Ltd.	11	8	73	Continuing
Mr. M. Shahadat Hossain Kiron	Non-executive Director	Agami Apparels Ltd.	11	5	45	Continuing
Mr. Qazi Saleemul Huq	Non-executive Director	GQ Enterprise Ltd.	11	2	18	Continuing
Mr. Tauseef Iqbal Ali	Non-executive Director	N/A	11	11	100	Continuing
Prof. Dr. Parimal Chandra Datta	Independent Director	N/A	11	11	100	Continuing
Mr. Kazi Md. Mortuza Ali	Independent Director	N/A	11	9	82	Continuing
Mr. Mahibul Islam Chowdhury	Independent Director	N/A	10	8	80	Resigned from the Board on 29 November 2015
Mr. Z. M. Kaiser	Alternate Director	Maksons (Bangladesh) Ltd.	4	3	75	Appointed as Alternate Director to Mr. Shahriar Khaled

Pattern of Shareholdings

As at 31 December 2015

Name and Description of Shareholders	No. of shares held	Percentage
A. Parent/Subsidiary/Associate Companies and other related parties	Nil	-
B. Directors and their spouses and minor children :		
Mr. Md. Aminul Haque, Representing Acorn Limited	Nil	-
Mr. Shahriar Khaled, Representing Maksons (Bangladesh) Ltd.	Nil	-
Mr. K. M. Mobarak Hossain, Representing Khaled Textile Mills Ltd.	Nil	-
Mr. Waheed Mahmud Khaled, Representing Mawsons Limited	Nil	-
Mr. Mohammad Masudur Rahim, Representing East Coast Shipping Lines Ltd.	Nil	-
Mr. M. Shahadat Hossain Kiron, Representing Agami Apparels Ltd.	Nil	-
Mr. Qazi Saleemul Huq, Representing GQ Enterprise Ltd.	Nil	-
Mr. Tauseef Iqbal Ali	5,458,363	2.00
Prof. Dr. Parimal Chandra Datta	Nil	-
Mr. Kazi Md. Mortuza Ali	Nil	-
C. Executives and their spouses and minor children :		
Mr. Asad Khan, Managing Director	Nil	-
Mr. Mohammad Shahidul Islam, Chief Financial Officer	Nil	-
Mr. Syed Moniruzzaman, Company Secretary	Nil	-
Ms. Farhana Mahejabin, Head of Internal Audit	Nil	-
D. Other top five senior executives :		
Mr. Md. Ahsan Kabir Khan	Nil	-
Ms. Gulshan Ara Hafiz	Nil	-
Mr. R M Nasrullah Zaidi	Nil	-
Mr. Mohammad Zaved Lakiyet	Nil	-
Mr. Mohammed Faruque	Nil	-
E. Shareholders holding ten percent (10%) or more voting interest in the Company	Nil	-

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 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)			Remarks (If any)
		Complied	Not Complied		
1	Board of Directors (BoD)				
1.1	Board's Size (number of Board members - minimum 5 and Maximum 20)	✓			
1.2	Independent Directors				
1.2 (i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	✓			
1.2 (ii)	Independent Director means a director				
1.2 (ii) (a)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓			
1.2 (ii) (b)	who is not a sponsor of the company and is not connected with the company's any sponsor 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	✓			
1.2 (ii) (c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓			
1.2 (ii) (d)	who is not a member, director or officer of any stock exchange	✓			
1.2 (ii) (e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓			
1.2 (ii) (f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm	✓			
1.2 (ii) (g)	who shall not be an independent director in more than 3 (three) listed companies	✓			
1.2 (ii) (h)	who 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)	✓			
1.2 (ii) (i)	who has not been convicted for a criminal offence involving moral turpitude	✓			
1.2 (iii)	Independent Director(s) shall be appointed by BoD approved by the shareholders in the Annual General Meeting (AGM)	✓			
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days				Not applicable

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		
1.2 (vi)	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	✓		
1.3	Qualification of Independent Director			
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	✓		
1.3 (ii)	Independent Director 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	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission			Not applicable
1.4	The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	✓		
1.5	The Director's Report shall include the following additional statements			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin	✓		
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	✓		
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)			Not applicable
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance	✓		

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account have been maintained	✓		
1.5 (xiii)	Adaptation of appropriate accounting policies & estimates	✓		
1.5 (xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	Going Concern (ability to continue as a going concern)	✓		
1.5 (xvii)	Highlight and explain significant deviations from the last year's operating results	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5 (xix)	Reason for non declaration of Dividend	✓		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director	✓		
1.5 (xxi)	Pattern of shareholding and name wise details (disclosing aggregate number of shares)			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies and other related parties	✓		
1.5 (xxi) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	✓		
1.5 (xxi) (c)	Top five salaried executives other than mentioned above	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director, disclose			
1.5 (xxii) (a)	A brief resume of the director	✓		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	✓		
1.5 (xxii) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	✓		
2.1	Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	✓		
2.2	The CFO and the CS shall attend the meetings of the Board of Directors	✓		

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)			Remarks (If any)
		Complied	Not Complied		
3	Audit Committee				
3 (i)	The company shall have an Audit Committee as a sub-committee of the BoD	✓			
3 (ii)	The Audit Committee shall assist the BoD 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	✓			
3 (iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	✓			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	✓			
3.1 (ii)	The BoD shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director	✓			
3.1 (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	✓			
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)				Not applicable
3.1 (v)	The Company Secretary shall act as the secretary of the Audit Committee	✓			
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓			
3.2	Chairman of the Audit Committee				
3.2 (i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	✓			
3.2 (ii)	Chairman of the Audit Committee shall remain present in the AGM	✓			
3.3	Role of Audit Committee	✓			
3.3 (i)	Oversee the financial reporting process	✓			
3.3 (ii)	Monitor choice of accounting policies and principles	✓			
3.3 (iii)	Monitor Internal Control Risk management process	✓			
3.3 (iv)	Oversee hiring and performance of external auditors	✓			
3.3 (v)	Review the annual financial statements before submission to the board for approval	✓			
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓			

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	Disclosure to the Audit Committee about the uses/applications of IPO 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, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus			Not applicable
3.4	Report of the Audit Committee			
3.4.1 (i)	Reporting to BoD on the activities of the Audit Committee	✓		
3.4.1 (ii) (a)	Reporting to BoD on conflicts of interests	--	--	Not required
3.4.1 (ii) (b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	--	--	Not required
3.4.1 (ii) (c)	Reporting to BoD on suspected infringement of laws	--	--	Not required
3.4.1 (ii) (d)	Reporting to BoD on any other matter	--	--	Not required
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	--	--	Not required
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	✓		
4	External / Statutory Auditors			
4 (i)	Non- engagement in appraisal or valuation services or fairness opinions	✓		
4 (ii)	Non-engagement in designing and implementation of Financial Information System	✓		
4 (iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	✓		
4 (iv)	Non-engagement in Broker-Dealer services	✓		
4 (v)	Non-engagement in Actuarial services	✓		
4 (vi)	Non-engagement in Internal Audit services	✓		
4 (vii)	Non-engagement in any other services that the Audit Committee determines	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	✓		

Condition No.	Title	Compliance Status (“✓” has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
4 (ix)	Non-engagement in audit/certification services on compliance of corporate governance as required under clause (i) of condition no. 7	✓		
5	Subsidiary Company			
5 (i)	Provisions relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company	✓		
5 (ii)	At least 1 (one) Independent Director on the BoD of the holding company shall be a director on the BoD of the subsidiary company.	✓		
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	✓		
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	✓		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
6	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief			
6 (i) (a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
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	✓		
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	✓		
7	Reporting and Compliance of Corporate Governance			
7 (i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	✓		
7 (ii)	Directors statement in the directors' report whether the company has complied with these conditions	✓		

**Independent Auditors' Report
To the shareholders' of
Prime Finance & Investment Limited and its subsidiary**

We have audited the accompanying financial statements of Prime Finance & Investment Limited ("the Company") and its subsidiary (the "Group"), which comprises the consolidated and the separate balance sheet as at 31 December 2015, profit and loss account, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also the separate financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements 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' judgement, 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 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.

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 consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2015, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

- i) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;
- ii) 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;
- iii) the consolidated balance sheet and consolidated profit and loss of the Group and the separate balance sheet and profit and loss statement of the Company together with annexed notes from 1 to 56 dealt with by the report are in agreement with the books of account;
- iv) the expenditure incurred was for the purpose of the Group and the Company's business;
- v) the consolidated financial statements of the Group and those of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- vi) the records submitted by the parent company and the subsidiary company have been properly maintained and consolidated in the financial statements;
- vii) adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- viii) statements sent to Bangladesh Bank has been checked on sample basis and no inaccuracy has come to our attention;
- ix) taxes and other duties collected and deposited to Government treasury by the company as per Government instructions found satisfactory;
- x) nothing has come to our attention that the company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets & liabilities;
- xi) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank & other regulatory authorities have been found complied;
- xii) the internal control and compliance of the company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed;
- xiii) the Company has complied with relevant laws pertaining to capital, reserve & net worth, cash & liquid assets and procedure for sanctioning & disbursing loans/leases found satisfactory;
- xiv) the consolidated financial statements of the Group and the separate financial statement of the Company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;
- xv) We have reviewed over 80% of the risk weighted assets of the Group and the Company during the course of our audit and we have spent over 1,726 person-hours for the audit of books and accounts of the Group and the Company;
- xvi) All other matters which are important for the stakeholders of the company have been adequately disclosed in the audit report.

Place : Dhaka

Dated: 18 February, 2016



Syful Shamsul Alam & Co.

Chartered Accountants



A member of UHY international, a network of independent accounting and consulting firms, The UHY network is a member of the Forum of Firms

Consolidated Balance Sheet

As at 31 December

(Figures in Taka)

	2015	2014	Notes
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	70,971	60,000	
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	172,482,807	121,840,663	
Total Cash	172,553,778	121,900,663	4.a
Balance with other banks and financial institutions			
In Bangladesh	1,313,109,080	577,851,754	
Outside Bangladesh	-	-	
Total balance with other banks and financial institutions	1,313,109,080	577,851,754	5.a
Money at call and on short notice	-	-	
Investments			
Government	-	-	
Others	927,765,138	1,259,607,748	
Total Investments	927,765,138	1,259,607,748	6.a
Loans, advances and leases			
Loans, advances and leases etc.	14,362,636,774	13,443,614,332	
Bills purchased and discounted	-	-	
Total loans, advances and leases	14,362,636,774	13,443,614,332	7.a
Fixed assets including premises, furniture and fixtures	360,314,247	361,523,962	8.a
Other assets	2,637,256,558	2,702,122,325	9.a
Non - business assets	-	-	
Total assets	19,773,635,575	18,466,620,784	
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	3,093,925,014	3,294,967,451	10.a
Deposits and other accounts			
Current and other accounts	-	-	
Bills payable	-	-	
Savings accounts	-	-	
Term deposits	9,544,207,157	7,763,327,204	11.a
Bearer certificates of deposit	-	-	
Other deposits	-	-	
Total deposits and other accounts	9,544,207,157	7,763,327,204	
Other liabilities	2,593,949,865	2,098,132,097	12.a
Total liabilities	15,232,082,036	13,156,426,752	

(Figures in Taka)

	2015	2014	Notes
Capital/ shareholders' equity			
Paid up capital	2,729,164,830	2,729,164,830	13.0
Statutory reserve	927,108,510	927,108,510	
Share money deposit	-	-	
Other reserves	-	-	
Retained earnings	(142,161,088)	616,137,297	
Revaluation reserve	221,943,750	221,943,750	
Equity attributable to shareholders' of the company	3,736,056,002	4,494,354,387	
Non-controlling interest	805,497,537	815,839,645	14.0
Total shareholders' equity	4,541,553,539	5,310,194,032	
Total liabilities and shareholders' equity	19,773,635,575	18,466,620,784	

OFF-BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements	-	-	
Letters of guarantee	-	-	
Irrevocable letters of credit	-	-	
Bills for collection	-	-	
Other contingent liabilities	-	-	
Total contingent liabilities	-	-	

Other commitments

Documentary credits and short term trade-related transactions	-	-	
Forward assets purchased and forward deposits placed	-	-	
Undrawn note issuance and revolving underwriting facilities	-	-	
Undrawn formal standby facilities, credit lines	-	-	
Un-disbursed contracted loans, advances and leases	281,182,425	209,694,854	41.0
Total other commitments	281,182,425	209,694,854	

Total off-balance sheet items including contingent liabilities	281,182,425	209,694,854	
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Net Asset Value per share (NAV)	13.69	16.47	
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Notes :

The annexed notes 01 to 56 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 18 February 2016 and were signed on its behalf by:


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016


Syful Shamsul Alam & Co.
Chartered Accountants

Consolidated Profit and Loss Account

for the year ended 31 December

(Figures in Taka)	2015	2014	Notes
Interest income	1,442,666,720	1,630,592,686	18.a
Interest paid on deposits, borrowings etc.	(1,396,679,672)	(1,282,453,862)	19.a
Net interest income	45,987,048	348,138,824	
Investment income	(386,130)	246,018,685	20.a
Fees, commission, exchange and brokerage	61,441,038	74,654,238	21.a
Other operating income	58,997,084	151,341,316	22.a
	120,051,992	472,014,239	
Total operating income (A)	166,039,040	820,153,063	
Salaries and other employee benefits	212,151,371	168,475,518	23.a
Rent, taxes, insurance, electricity etc.	33,006,141	31,801,594	24.a
Legal expenses	705,575	1,197,689	25.a
Postage, stamp, telecommunication etc.	6,076,318	4,094,598	26.a
Stationery, printing, advertisements etc.	7,191,953	11,349,052	27.a
Managing director's salary and fees	15,000,000	13,750,000	28.0
Directors' fees	996,116	1,185,000	29.a
Auditors' fees	402,500	402,500	30.a
Charges on loan losses	-	-	
Depreciation and repair of assets	16,619,124	14,838,231	31.a
Other expenses	22,995,531	23,567,820	32.a
Total operating expenses (B)	315,144,629	270,662,002	
Profit before provision (C=A-B)	(149,105,589)	549,491,061	
Provision for loans, advances and leases			
General provision	49,692,252	23,480,321	12.1
Specific provision	192,703,013	23,727,149	12.1
Provision for diminution in value of investment	28,155,594	9,361,159	12.2.a
Total provision (D)	270,550,859	56,568,629	
Total profit before tax (C-D)	(419,656,448)	492,922,432	
Provision for taxation			
Current	7,887,337	28,403,027	12.4.1.a
Deferred	(48,896)	(5,212,715)	12.4.2.a
	7,838,441	23,190,312	
Net profit after tax	(427,494,889)	469,732,120	

(Figures in Taka)	2015	2014	Notes
Attributable to			
Shareholders of the company	(417,152,781)	432,756,393	
Non-controlling interest	(10,342,108)	36,975,727	
Appropriations			
Statutory reserve	-	75,458,561	
General reserve	-	-	
Proposed cash dividend	-	-	
Proposed stock dividend	-	-	
Weighted average no. of outstanding shares	272,916,483	272,916,483	
Earnings per share (EPS)	-1.53	1.59	35.a

Notes :

The annexed notes 01 to 56 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 18 February 2016 and were signed on its behalf by:


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016


Syful Shamsul Alam & Co.
Chartered Accountants

Consolidated Cash Flow Statement

for the year ended 31 December

(Figures in Taka)

2015

2014

A. Operating Activities

Interest receipts	1,549,800,416	1,300,432,161
Interest payments	(1,133,031,224)	(876,787,909)
Fees and commission receipts	11,081,672	13,430,774
Dividend receipts	34,387,785	15,242,715
Capital gains from sale of listed shares	(48,978,425)	121,731,152
Cash payments to employees	(194,902,578)	(111,567,188)
Cash payments to suppliers and management expenses	(90,375,975)	(136,556,909)
Income taxes paid	(14,447,171)	(93,765,116)
Receipts from other operating activities	120,537,008	139,115,691
Payments for other operating activities	(18,429,799)	(4,914,766)
Cash generated before changes in operating assets and liabilities	215,641,709	366,360,605

Increase/ (decrease) in operating assets and liabilities

Net loans and advances to customers	(619,670,329)	(181,891,909)
Loans and deposits from banks and other customers	1,390,765,595	541,333,858
Cash generated from operating assets and liabilities	771,095,266	359,441,949
Net cash generated from operating activities	986,736,975	725,802,554

B. Investing Activities

Acquisition of fixed assets	(53,146,360)	(37,643,526)
Disposal of fixed assets	125,000	1,890,155
Sale of securities	2,212,777,811	1,353,544,359
Investment in securities	(1,867,490,969)	(1,639,376,149)
Net cash used in investing activities	292,265,482	(321,585,161)

C. Financing Activities

Dividend paid	(341,145,604)	(409,374,725)
Short term loan	(151,946,412)	86,811,579
Net cash used in financing activities	(493,092,016)	(322,563,146)

D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)

785,910,441 81,654,247

E. Effects of exchange rate changes on cash and cash equivalents

- -

F. Cash and cash equivalents at beginning of the year

699,752,417 618,098,170

G. Cash and cash equivalents at end of the year (D+E+F)

1,485,662,858 699,752,417

Cash and cash equivalents at end of the year represents

Cash in hand (including foreign currencies)	70,971	60,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	172,482,807	121,840,663
Balance with other banks and financial institutions	1,313,109,080	577,851,754
	1,485,662,858	699,752,417


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016

Consolidated Statement of Changes in Equity

for the year ended 31 December

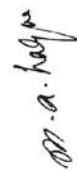
(Figures in Taka)

Particulars	Attributable to Equity Holder of Prime Finance & Investment Ltd.					Non-controlling Interest	Total
	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings			
Balance as at 1 January 2015	2,729,164,830	927,108,510	221,943,750	616,137,297		815,839,645	5,310,194,032
Net profit for the year 2015	-	-	-	(417,152,781)		(10,342,108)	(427,494,889)
Transfer to statutory reserve	-	-	-	-		-	-
Issue of right share	-	-	-	-		-	-
Issue of bonus share (2014)	-	-	-	-		-	-
Payment of cash dividend (2014)	-	-	-	(341,145,604)		-	(341,145,604)
Balance as at 31 December 2015	2,729,164,830	927,108,510	221,943,750	(142,161,088)		805,497,537	4,541,553,539
Balance as at 1 January 2014	2,729,164,830	851,649,949	221,943,750	668,214,189		778,863,918	5,249,836,637
Net profit for the year 2014	-	-	-	432,756,393		36,975,727	469,732,120
Transfer to statutory reserve	-	75,458,561	-	(75,458,561)		-	-
Issue of right share	-	-	-	-		-	-
Issue of bonus share (2013)	-	-	-	-		-	-
Payment of cash dividend (2013)	-	-	-	(409,374,725)		-	(409,374,725)
Balance as at 31 December 2014	2,729,164,830	927,108,510	221,943,750	616,137,297		815,839,645	5,310,194,032


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016

Balance Sheet

as at 31 December

(Figures in Taka)	2015	2014	Notes
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	60,000	50,000	
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	172,482,807	121,840,663	
Total cash	172,542,807	121,890,663	4.0
Balance with other banks and financial institutions			
In Bangladesh	1,311,767,788	554,287,222	
Outside Bangladesh	-	-	
Total balance with other banks and financial institutions	1,311,767,788	554,287,222	5.0
Money at call and on short notice	-	-	
Investments			
Government	-	-	
Others	552,630,829	877,212,093	
Total investments	552,630,829	877,212,093	6.0
Loans, advances and leases			
Loans, advances and Leases etc.	12,343,396,372	11,453,231,600	
Bills purchased and discounted	-	-	
Total loans, advances and leases	12,343,396,372	11,453,231,600	7.0
Fixed assets including premises, furniture and fixtures	337,620,832	331,080,419	8.0
Other assets	2,864,459,569	2,980,084,824	9.0
Non - business assets	-	-	
Total assets	17,582,418,197	16,317,786,821	
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	2,482,679,149	2,872,793,507	10.0
Deposits and other accounts			
Current and other accounts	-	-	
Bills payable	-	-	
Savings accounts	-	-	
Term deposits	9,544,207,157	7,763,327,204	11.0
Bearer certificates of deposit	-	-	
Other deposits	-	-	
Total deposits and other accounts	9,544,207,157	7,763,327,204	
Other liabilities	2,067,722,194	1,451,071,190	12.0
Total liabilities	14,094,608,500	12,087,191,901	

(Figures in Taka)

	2015	2014	Notes
Capital/ shareholders' equity			
Paid up capital	2,729,164,830	2,729,164,830	13.0
Statutory reserve	927,108,510	927,108,510	15.0
Other reserves	-	-	
Retained earnings	(390,407,393)	352,377,830	16.0
Revaluation reserve	221,943,750	221,943,750	
Total shareholders' equity	3,487,809,697	4,230,594,920	
Total liabilities and shareholders' equity	17,582,418,197	16,317,786,821	

OFF-BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements	-	-	
Letters of guarantee	-	-	
Irrevocable letters of credit	-	-	
Bills for collection	-	-	
Other contingent liabilities	-	-	
Total contingent liabilities	-	-	

Other commitments

Documentary credits and short term trade-related transactions	-	-	
Forward assets purchased and forward deposits placed	-	-	
Undrawn note issuance and revolving underwriting facilities	-	-	
Undrawn formal standby facilities, credit lines	-	-	
Un-disbursed contracted loans, advances and leases	281,182,425	209,694,854	41.0
Total other commitments	281,182,425	209,694,854	

Total off-balance sheet items including contingent liabilities **281,182,425** **209,694,854**

Net Asset Value per share (NAV) **12.78** **15.50**

Notes :

The annexed notes 01 to 56 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 18 February 2016 and were signed on its behalf by:


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016


Syful Shamsul Alam & Co.
Chartered Accountants

Profit and Loss Account

for the year ended 31 December

(Figures in Taka)

	2015	2014	Notes
Interest income	1,271,899,451	1,623,666,595	18.0
Interest paid on deposits, borrowings etc.	(1,201,932,878)	(1,263,149,704)	19.0
Net interest income	69,966,573	360,516,891	
Investment income	(19,182,869)	135,535,027	20.0
Fees, commission, exchange and brokerage	7,417,931	7,128,599	21.0
Other operating income	52,742,664	148,565,597	22.0
	40,977,726	291,229,223	
Total operating income (A)	110,944,299	651,746,114	
Salaries and other employee benefits	173,857,207	139,465,828	23.0
Rent, taxes, insurance, electricity etc.	23,270,116	18,822,944	24.0
Legal expenses	485,725	1,051,939	25.0
Postage, stamp, telecommunication etc.	5,809,746	3,835,154	26.0
Stationery, printing, advertisements etc.	6,643,054	10,833,852	27.0
Managing Director's salary and fees	8,400,000	7,150,000	28.0
Directors' fees	750,000	630,000	29.0
Auditors' fees	345,000	345,000	30.0
Charges on loan losses	-	-	
Depreciation and repair of assets	9,972,546	7,863,670	31.0
Other expenses	15,238,712	16,887,135	32.0
Total operating expenses (B)	244,772,106	206,885,522	
Profit before provision (C=A-B)	(133,827,807)	444,860,592	
Provision for loans, advances and leases			
General provision	49,692,252	23,480,321	12.1
Specific provision	192,703,013	23,727,149	12.1
Provision for diminution in value of investment	19,601,633	8,116,598	12.2
Total provision (D)	261,996,898	55,324,068	
Total profit before tax (C-D)	(395,824,705)	389,536,524	
Provision for taxation			
Current	5,089,217	17,000,000	12.4.1
Deferred	725,697	(4,756,279)	12.4.2
	5,814,914	12,243,721	
Net profit after tax	(401,639,619)	377,292,803	

(Figures in Taka)

	2015	2014	Notes
Appropriations			
Statutory reserve	-	75,458,561	15.0
General reserve	-	-	
Proposed cash dividend	-	-	
Proposed stock dividend	-	-	
Weighted average no. of outstanding share	272,916,483	272,916,483	
Earnings per share (EPS)	-1.47	1.38	35.0

Notes :

The annexed notes 01 to 56 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 18 February 2016 and were signed on its behalf by:


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016


Syful Shamsul Alam & Co.
Chartered Accountants

Cash Flow Statement

for the year ended 31 December

(Figures in Taka)

	2015	2014	Notes
A. Operating Activities			
Interest receipts	1,270,829,884	1,170,995,511	
Interest payments	(1,065,468,957)	(789,516,041)	
Fees and commission receipts	7,417,931	7,128,599	
Dividend receipts	29,795,556	13,803,874	
Capital gains from sale of listed shares	(48,978,425)	121,731,152	
Cash payments to employees	(151,907,455)	(111,567,188)	
Cash payments to suppliers and management expenses	(75,334,156)	(88,951,213)	
Income taxes paid	(13,464,651)	(28,750,687)	
Receipts from other operating activities	120,484,417	139,115,691	33.0
Payments for other operating activities	(18,332,121)	(4,847,883)	34.0
Cash generated before changes in operating assets and liabilities	55,042,023	429,141,815	
Increase/ (decrease) in operating assets and liabilities:			
Net loans and advances to customers	(604,632,657)	(179,590,309)	
Loans and deposits from banks and other customers	1,390,765,595	541,333,856	
Cash generated from operating assets and liabilities	786,132,938	361,743,547	
Net cash generated from operating activities	841,174,961	790,885,362	
B. Investing Activities			
Acquisition of fixed assets	(16,602,910)	(20,173,552)	
Disposal of fixed assets	125,000	1,890,155	
Sale of securities	2,192,072,232	1,336,410,799	
Investment in securities	(1,867,490,969)	(1,639,376,148)	
Net cash used in investing activities	308,103,353	(321,248,746)	
C. Financing Activities			
Cash dividend paid	(341,145,604)	(409,374,725)	
Issuance of shares	-	-	
Net cash used in financing activities	(341,145,604)	(409,374,725)	
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	808,132,710	60,261,891	
E. Effects of exchange rate changes on cash and cash equivalents	-	-	
F. Cash and cash equivalents at beginning of the year	676,177,885	615,915,994	
G. Cash and cash equivalents at end of the year (D+E+F)	1,484,310,595	676,177,885	
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	60,000	50,000	
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	172,482,807	121,840,663	
Balance with other banks and financial institutions	1,311,767,788	554,287,222	
	1,484,310,595	676,177,885	


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016

Statement of Changes in Equity

for the year ended 31 December

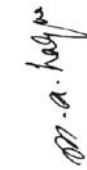
(Figures in Taka)

PARTICULARS	Paid up capital	Statutory reserve	Revaluation reserves	Retained earnings	Total
Balance as at 1 January 2015	2,729,164,830	927,108,510	221,943,750	352,377,830	4,230,594,920
Net profit for the year 2015	-	-	-	(401,639,619)	(401,639,619)
Transfer to statutory reserve	-	-	-	-	-
Issue of bonus share	-	-	-	-	-
Payment of cash dividend (2014)	-	-	-	(341,145,604)	(341,145,604)
Balance as at 31 December 2015	2,729,164,830	927,108,510	221,943,750	(390,407,393)	3,487,809,697
Balance as at 1 January 2014	2,729,164,830	851,649,949	221,943,750	459,918,313	4,262,676,842
Net profit for the year 2014	-	-	-	377,292,803	377,292,803
Transfer to statutory reserve	-	75,458,561	-	(75,458,561)	-
Issue of bonus share (2013)	-	-	-	-	-
Payment of cash dividend (2013)	-	-	-	(409,374,725)	(409,374,725)
Balance as at 31 December 2014	2,729,164,830	927,108,510	221,943,750	352,377,830	4,230,594,920


Company Secretary


Managing Director


Director


Chairman

Dated: Dhaka
18 February, 2016

Liquidity statement (Assets and Liabilities maturity analysis)

as at 31 December, 2015

(Figures in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand and Balance with Bangladesh Bank and its agent bank	6,495,807	-	166,047,000	-	-	172,542,807
Balance with other banks and financial institutions	476,767,788	570,000,000	265,000,000	-	-	1,311,767,788
Money at call and on short notice	-	-	-	-	-	-
Investments	74,494,355	223,719,774	-	-	254,416,700	552,630,829
Loans, advances and leases	137,552,602	347,318,357	1,826,893,252	5,900,090,282	4,131,541,879	12,343,396,372
Fixed assets including premises, furniture and fixtures	-	-	-	-	337,620,832	337,620,832
Other assets	11,736,375	5,049,722	1,758,333	-	2,845,915,139	2,864,459,569
Non banking assets	-	-	-	-	-	-
Total assets (A)	707,046,927	1,146,087,853	2,259,698,585	5,900,090,282	7,569,494,550	17,582,418,197
Liabilities						
Borrowings from other banks, financial institutions and agents	99,152,454	195,122,667	1,421,518,222	765,850,172	1,035,634	2,482,679,149
Deposits	455,622,074	1,064,719,268	3,509,071,105	4,212,885,873	301,908,837	9,544,207,157
Provision and other liabilities	113,049,518	109,499,088	402,565,073	642,203,336	800,405,179	2,067,722,194
Total liabilities (B)	667,824,046	1,369,341,023	5,333,154,400	5,620,939,381	1,103,349,650	14,094,608,500
Net liquidity gap (A - B)	39,222,881	(223,253,170)	(3,073,455,815)	279,150,901	6,466,144,900	3,487,809,697

Notes to the Financial Statements

as at and for the year ended 31 December, 2015

1.0 REPORTING ENTITY

1.1 Domicile, legal form, country of incorporation and registered office

Prime Finance & Investment Limited ("The Company" or "Prime Finance") is a non-banking financial institution domiciled in Bangladesh. The Company was incorporated in Bangladesh in March 1996, as a public limited company under the Companies Act 1994. Prime Finance started commercial operation in the year 1996, obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. Prime Finance also obtained license from the Bangladesh Securities & Exchange Commission (BSEC) in July 1999, to operate in the capital market as a full-fledged Merchant Bank. The Company was listed with the Stock Exchanges in 2005.

The registered office of the Company is located at 63, Dilkusha C.A., Dhaka-1000. The operations of the company are being carried out through its five offices located in Motijheel, Gulshan, Uttara, Chittagong and Rajshahi.

The Company does not have an identifiable parent on its own. Prime Finance is the parent of the Group.

1.2 Principal activities and nature of operations

The activities of the Company encompass a wide range of services, broadly classified as fund based activities, fee based activities, investments etc. The Company offers diversified deposit schemes as well.

Fund based activities

Fund based activities include lease finance, term finance, real estate finance, SME finance, hire purchase, bridge finance, bill discounting, factoring, margin loan etc.

Fee based activities

Fee based activities include issue management, underwriting, portfolio management and corporate advisory services performed through its subsidiary company named Prime Finance Capital Management Limited and stock brokerage services performed through its associate company PFI Securities Limited.

Deposit schemes

Prime Finance offers various deposit schemes to cater the deposit from the valued customers. Deposit schemes include annual Income deposit, double money deposit, triple money deposit, Cumulative income deposit, monthly income deposit, earn ahead deposit, priority fixed deposit, doctor's fixed deposit, professional fixed deposit, housing deposit, fortune deposit etc.

Investments

Prime Finance is also involved in investment in both listed and non-listed securities. Another part of investment includes investment through

treasury line both in short and long form.

1.3 Information regarding subsidiary and associate companies

As on 31 December 2015 Prime Finance has 01 (one) subsidiary company to include for preparation of consolidated financial statements as per Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'. Besides, as on 31 December 2015 Prime Finance has 03 (three) associate companies. The results of operations of the associates have been included in these financial statements following the equity method of accounting as per Bangladesh Accounting Standard (BAS) 28, 'Investment in associates'. A brief description of the companies is described below:

1.3.1 Prime Finance Capital Management Limited (Subsidiary Company)

Prime Finance Capital Management Limited is a public limited company incorporated on 18 March 2010 in Bangladesh under the Companies Act 1994. The main objectives of the company are to carry on business of merchant banking. Prime Finance holds 60 percent shares in its subsidiary.

1.3.2 PFI Securities Limited (Associate Company)

PFI Securities Limited is a public limited company incorporated in Bangladesh on 6 August 1997 under the Companies Act 1994. The principal activities of the company is to carry on stock brokerage activities having DSE's TREC No. 079. Prime Finance holds 46.15 percent shares in PFI Securities Limited.

1.3.3 Prime Finance Asset Management Company Limited (Associate Company)

Prime Finance Asset Management Company Limited was incorporated in Bangladesh on 09 June 2008 as a public limited company incorporated under the Companies Act 1994 and licensed under the BSEC. The main objective of the company is to manage the assets of any Trust or Fund of any type and/or character and hold, acquire, sell or deal in such asset or any trust funds, take part in the management of any mutual fund operation. Prime Finance owns 49% shares in this company.

1.3.4 Prime Prudential Fund Limited (Associate Company)

Prime Prudential Fund Limited is a public limited company incorporated on 16 July 2009 in Bangladesh under the Companies Act 1994. The main objectives of the company are to manage funds of the company and its investors and provide other financial services including corporate advisory services, merger & acquisition, equity investment, joint venture sourcing and consummation, corporate restructuring, financial and socio-economic consultancy, corporate research and project studies, privatization and other related services. Prime Finance owns 40% shares in this company.

2.0 BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), DFIM circular no. 11 dated 23 December 2009 and requirement of the Financial Institutions Act, 1993, the Companies Act, 1994, the Bangladesh Securities and Exchange Rules, 1987, the Listing Rules of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, Guidelines of Bangladesh Bank and other applicable laws and regulations.

There are some areas where application of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) differs from the application suggested by the Bangladesh Bank through DFIM circulars. As Bangladesh Bank is our primary regulator; we are required to follow the guidelines of Bangladesh Bank. At the same time we are also required to follow the guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC). For mitigating presentation and disclosure conflict, we prepared the financial statements following DFIM circulars and present separate disclosure where deviations exists.

2.1 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statement of the Company as per the provision of the Companies Act, 1994.

"The financial statements of the company includes the following components:"

- (i) Balance sheet providing the information on the financial position of the Company at the year end.
- (ii) Profit and loss account providing the information on the financial performance of the Company for the year.
- (iii) Cash flow statement providing the information on the ability of the Company to generate cash & cash equivalents and the utilization of those.
- (iv) Statement of Changes in Equity depicting all changes in shareholders' equity during the year.
- (v) Notes to the Financial Statements comprising accounting policies used for preparation of these financial statements and other notes

2.2 Reporting period:

The financial statements of the company covers one year period ranging from 1 January 2015 to 31 December 2015.

2.3 Functional & presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/Tk.), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires

management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances. Actual result could differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised. Significant accounting estimate and areas where judgments were made by the management in the application of accounting policies are as follows:

- (i) Provision for diminution in value of investment (refer to note 3.18 and 12.2)
- (ii) Provision for loans, advances and leases (refer to note 3.18 and 12.1)
- (iii) Income taxes (refer to note 3.19 and 12.4)
- (iv) Depreciation/amortization of assets (refer to note 3.5 and 31)
- (v) Impairment of assets (refer to note 3.7 and 31)

2.5 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by Bangladesh Accounting Standard (BAS) 1, 'Presentation of Financial Statements'.

2.6 Offsetting

Assets and Liabilities and income and expenses are not set-off unless permitted by the Bangladesh Accounting Standards (BASs).

2.7 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BASs) requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by Bangladesh Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- (i) When the Company has an obligation as a result of past events;
- (ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) Reliable estimate can be made of the amount of the obligation.

2.8 Changes in accounting policies and estimates

In accordance with the BFRS framework for the

presentation of financial statements together with BAS 1 and BAS 8, Prime Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS 8. Prime Finance however applied the same accounting and valuation principles in 2015 as in financial statements for 2014.

2.9 Segment reporting

In line with Bangladesh Financial Reporting Standard (BFRS) 8, 'Operating Segments', an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

2.10 Basis of consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with Bangladesh Financial Reporting Standard (BFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group 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 taxation pertaining

to minority shareholders being deducted as 'Non-controlling Interest'. All assets and liabilities of the company and of its subsidiary are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

2.11 Statement of compliance

The financial statements of the Company are prepared and presented within a framework of applicable rules and guidelines, some mandatory and some recommendatory. The Companies Act, 1994 requires the production of Directors' report, Auditors report, Balance sheet and Profit and loss account as a part of the annual report.

In addition to the above, listed companies are required to comply with Bangladesh Securities and Exchange Commission's accounting and disclosure requirements. The Rules 1987 as amended in 1997, requires listed companies to follow Bangladesh Accounting Standards (BASs)/ Bangladesh Financial Reporting Standards (BFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires the production of a Cash Flow Statement and Statement of Changes in Shareholders' Equity as a part of the Annual Report.

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise of International Accounting standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as BAS & BFRS. As at 31 December 2015, status and applicability of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) in the case of Prime Finance are as under:

BASs	Title of the BASs	Applicability	Remarks
-	Framework	Applied	See note 2.6
BAS 1	Presentation of Financial Statements	Applied	See note 54 & 55
BAS 2	Inventories	Not applicable	
BAS 7	Statements of cash flows	Applied	See note 3.22
BAS 8	Accounting Policies, Changes in Accounting Estimates & Errors	Applied	See note 2.8
BAS 10	Events after the Reporting Period	Applied	See note 3.32 & 47
BAS 11	Construction Contracts	Not applicable	
BAS 12	Income Taxes	Applied	See note 3.19 & 12.4
BAS 16	Property, Plant and Equipment	Applied	See note 3.5 & 8
BAS 17	Leases	Applied	See note 3.4.1 & 7.1
BAS 18	Revenue	Applied	See note 3.16 & 18
BAS 19	Employee Benefits	Applied	See note 3.25 & 12.7
BAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable	
BAS 21	The Effects of changes in Foreign Exchange Rates	Applied	See note 48
BAS 23	Borrowing Costs	Applied	See note 3.17

BAS 24	Related Party Disclosures	Applied	See note 3.27 & 37
BAS 26	Accounting and Reporting by Retirement Benefit Plans	Applied	
BAS 27	Separate Financial Statements	Applied	
BAS 28	Investments in Associates	Applied	See note 3.3 & 9.1
BAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable	
BAS 32	Financial Instruments: Presentation	Applied	See note 3.10 & 55
BAS 33	Earnings Per Share	Applied	See note 3.21 & 35
BAS 34	Interim Financial Reporting	Applied	See note 52
BAS 36	Impairment of Assets	Applied	See note 3.7
BAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied	See note 3.13 & 41
BAS 38	Intangible Assets	Applied	See note 3.6 & 31
BAS 39	Financial Instruments: Recognition and Measurement	Applied	See note 3.10 & 55
BAS 40	Investment Property	Not applicable	
BAS 41	Agriculture	Not applicable	

BFR Ss	Title of the BFR Ss	Applicability	Remarks
BFRS 1	First time adoption of BFRS	Not applicable	
BFRS 2	Share Based Payment	Not applicable	
BFRS 3	Business Combinations	Not applicable	
BFRS 4	Insurance Contracts	Not applicable	
BFRS 5	Non-current Assets Held for Sale & Discontinued Operations	Not applicable	
BFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable	
BFRS 7	Financial Instruments: Disclosures	Applied	See note 3.10 & 55
BFRS 8	Operating Segments	Applied	See note 2.9
BFRS 10	Consolidated Financial Statements	Applied	See note 2.10
BFRS 11	Joint Arrangements	Not applicable	
BFRS 12	Disclosure of Interests in Other Entities	Not applicable	
BFRS 13	Fair Value Measurement	Not applicable	

2.12 Departure from BAS/BFRS:

Bangladesh Bank is the prime regulatory body for all non-banking financial institutions in Bangladesh. Some requirements of Bangladesh Bank contradict with those of BAS/ 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 in note no. 54 and 55 of these financial statements.

3.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with Bangladesh Bank and its agent bank, and balance with other banks and financial institutions.

3.2 Investment in securities

Investment in securities are classified broadly in two categories and accounted for as under:

Investment in listed securities:

Investments in listed securities are carried at cost. Adequate provision has been made considering total market price and cost price of securities on net basis as guided by Bangladesh Bank. Unrealized gains are

not recognized in the profit and loss account.

Investment in unlisted securities:

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

3.3 Investments in subsidiary and associates

A subsidiary is an entity in which the company has control as per as shareholding (more than 50 percent) or voting right is concerned. As on the reporting date Prime Finance has one subsidiary company named 'Prime Finance Capital Management Limited'. Consolidated financial statements have been prepared for investment in subsidiary as per Bangladesh Financial Reporting Standard (BFRS) 10 "Consolidated Financial Statements". Interest of the minority shown as 'non-controlling interest' as separate line item of the shareholders equity which includes share capital of non-controlling portion as well as profit earned that goes to the minority.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in

associates is accounted for in the financial statements using the Equity Method in accordance with Bangladesh Accounting Standard 28: Accounting for investment in associates. Such investments are classified as other assets in the balance sheet and the share of profit/loss of such investment is classified under other operating income in the profit and loss account as guided by Bangladesh Bank.

3.4 Loans, advances and leases

3.4.1 Lease operations

Under Bangladesh Accounting Standard 17: Leases, lease operations are divided into finance leases and operating leases. Unlike operating lease, a finance lease is a lease that transfers substantially all the risks and rewards to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Prime Finance as a lessor

Under finance leases, Prime Finance recognizes the leased assets in the balance sheet as investment in lease assets at an amount equal to the net investment in the lease. The lease payments are broken down into the finance charge and the redemption payment. The redemption payment reduces the amount of the outstanding liability (net investment); the finance charge is treated as interest income. Interest and similar income is recognized on the basis of a constant, periodic rate of return relating to the net investment outstanding.

In contrast, assets held under operating leases are recognized and valued using the same principles as property, plant and equipment. Prime Finance, currently, does not hold any property under operating lease.

Prime Finance as a lessee

Under finance lease, the asset is recognized as property, plant and equipment, and the obligation as a liability. Each asset is stated at the lower of the following two values: either the fair value of the lease asset at the inception of the lease or the present value of the minimum lease payments whichever is lower. In calculating the present value of the minimum lease payments, the interest rate implicit in the lease is applied.

Lease payments relating to finance leases are broken down into two components: the finance charge and the redemption payment. The redemption payment reduces the residual liability and the finance charges are shown as interest expenses.

3.4.2 Hire purchase receivables

We classify advances granted under agreements that transfer substantially all the risks and rewards associated with ownership other than legal title, as hire purchase receivables. Amount receivable under hire purchases net of unearned interest and provision for impairment is shown as Hire Purchases Receivable.

3.4.3 Term finance and other finance

Term finance are stated at un-amortized amount. The recovery of principal amount is amortized and

the carrying amount is adjusted with the principal recovery and stated at un amortized principal amount.

Investments are classified as non-accrual when there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Whenever investments becomes special mention accounts (SMA), those are classified as non accrual even if they are fully secured.

When loans/leases are identified as non-accrual, the recognition of accrued interest is discontinued and credited to interest suspense account. Interest received on non-accrual investments are credited to profit & loss account on cash basis. Non-accrual investments are returned to performing status when required amounts including interest has been collected.

3.5 Fixed assets including premises, furniture and fixtures

Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation in compliance with the Bangladesh Accounting Standard (BAS) 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes, if any.

Subsequent costs

Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses.

Disposal

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

Depreciation

Depreciation of an asset begins when the asset is available for use. Depreciation is provided for the period in use of the assets. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets:

Motor vehicles	20% per annum
Electric equipment	20% per annum
Furniture & fixtures	15% -20% per annum
Office decoration	20% per annum

3.6 Intangible assets

Components

The main item included in intangible asset is software.

Basis of recognition

An Intangible Asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Balance Sheet at cost less accumulated amortization.

Subsequent costs

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Intangible asset is valued at amortized cost and written down within 5 to 10 years.

3.7 Impairment of assets

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in line with Bangladesh Accounting Standard 36: Impairment of Assets. If any such indication exists, the recoverable amount of assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable impairment losses are recognized in the profit and loss account.

An impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the other standard. After the recognition of an impairment loss, the depreciation/amortization charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

3.8 Receivables

Accounts receivables

Accounts receivables include mainly rentals/ installments due from the clients but not received. No such receivables are accounted for if the loans are classified as bad and loss. Receivables carry interest for the periods for which the delay continues in payments of the amounts due from the clients continues. Such interest is not recognized as income until it is received in cash. Receivables from clients are stated at their nominal value.

Other receivables

Other receivables include mainly receivable from IDCP (Interest During Construction Period) and interest receivable. These receivables do not carry any interest and are stated at their nominal value as reduced by

appropriate allowances for estimated irrecoverable amounts.

3.9 Bank loans, deposits etc.

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

3.10 Financial instruments:

Financial instrument includes non-derivative financial instruments such as cash and equivalents, money at call and on short notice, investments in shares, loans, advances and leases, borrowing from other banks and financial institutions, deposits etc.

3.11 Employees benefit plans

Prime Finance offers a number of benefit plans which includes contributory provident fund, gratuity plan, pension scheme, death and disability plan, hospitalization benefit including annual health check-up and maternity benefit. The recognition and disclosure for employee benefits are made in accordance with Bangladesh Accounting Standard 19: Employee Benefits.

3.12 Statutory reserve

Financial Institutions Regulations 1994, section 06 (1) requires NBFIs to transfer 20% of its current year's profit to reserve fund until such reserve equals to its paid up share capital.

3.13 Provisions, contingent liabilities and contingent assets

Provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation as per the Bangladesh Accounting Standard (BAS) 37: Provisions, contingent liabilities and contingent assets.

3.14 Guarantee, commitments and contingencies

Corporate guarantee represents irrevocable assurance that the Company will make payments in the event that a client cannot meet its obligation to third parties. The term of this guarantee is for one year and renewable at the expiry of the term.

In the normal course of operations, the Company provides indemnifications, which are often standard contractual terms to counter parties in transactions such as purchase agreements, service agreements, contract with employees and leasing transactions. This indemnification clause may require us to compensate the counter parties for cost incurred as a result of charges in laws and regulations or litigation claims that may be suffered by the counter party as a consequence of the transaction. The terms of these indemnifications clause vary based upon the contract.

3.15 Litigation

The Company is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans/leases repayment and against

various level of tax authority regarding some disputed tax issues. The Company, however, provides adequate provisions as per guidelines of Bangladesh Accounting Standard (BAS) 37: Provisions, contingent liabilities and contingent assets.

3.16 Revenue recognition

Revenue is recognized in accordance with Bangladesh Accounting Standard (BAS) 18: Revenue Recognition, unless otherwise mentioned or otherwise guided by the separate BAS/ BFRS.

Lease income

The excess of gross lease rentals receivable over the cost of the leased assets constitutes the total unearned income at the commencement of the execution of lease. This income is allocated over the period of lease that reflects a constant periodic return on the net investment. The pattern of the periodic return is, however, differs in case of structured lease finance depending on the structure of the particular lease contract. Income is recognized when it is earned, i.e. income on due installments on unclassified leases irrespective of whether received or not. Income is not taken into profit and loss account when a lease is classified as SMA and above and kept in interest suspense account. Interest on classified lease is accounted for on cash basis.

Income from term finance

Interest income on term finance is recognized on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognized as income in the financial statements. Interest on term finance ceases to be taken into income when such term finance are classified as SMA and above and kept in interest suspense account. Interest on classified term finances is accounted for on cash basis.

Income from stock on hire

This consists of interest accrued on investment made under stock on hire scheme (hire purchase investment). Income is recognized when the income is earned, i.e. interest on due installments on unclassified advances irrespective of whether received or not. Interest ceases to be taken into income when such investments are classified as SMA and above, and kept in interest suspense account. Interest on classified investment is accounted for on cash basis.

Income from real estate finance

Interest income from real estate finance is recognized on accrual basis. Interest portion of the installments that become receivable is recognized as income in the financial statements. Interest on such finance ceases to be taken into income when such finance is classified as SMA and above and kept in interest suspense account. Interest on classified finance is accounted for on cash basis.

Income from margin loan

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties. Income is recognized on quarterly rest.

Income from secured term finance

Income from secured term finance is recognized on accrual basis.

Dividend income

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend. Dividend from preference shares is recognized on cash basis.

Share of Income from associates and subsidiary

In accordance with Bangladesh Accounting Standard (BAS) 28, equity method has been followed to recognize share of income from associates and is presented as a separate item in the Profit & Loss Account of the Company. Any distribution received from the associate reduces the carrying amount of investment. However, consolidated financial statements has been prepared for the subsidiary.

Fee based income

Fee based income is recognized on cash basis.

Gain on sale of securities

Capital gain on disposal of securities listed in the stock exchanges is recorded on realized basis. i.e. only when the securities are sold in the market. Unrealized capital gains are not accounted for in the profit and loss account.

3.17 Borrowing costs

In line with Bangladesh Accounting Standard (BAS) 23: Borrowing Costs, all borrowing costs are recognized in the profit and loss account in the period in which they are incurred. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Prime Finance capitalize borrowing costs that are directly attributable to the acquisition of a qualifying asset as part of the cost of the asset and recognize other borrowing costs as an expense in the period in which it incurs them.

3.18 Provision for doubtful losses

The provision for doubtful losses is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but are not yet identifiable. The provision is increased by the provision for doubtful losses, which is charged to profit and loss account, and decreased by the amount of write-offs, net of reverses.

The provision is determined based on management's identification and evaluation of problem accounts, estimated probable losses that exist on the remaining portfolio and on other factors including the composition and quality of the portfolio and changes in economic condition.

The provision is estimated based on two principles: (1) Bangladesh Accounting Standard (BAS) 37: Provisions, contingent liabilities and contingent assets, and (2) Bangladesh Bank guidelines. Methodology for measuring the appropriate level of the provision relies on several key elements, which

include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular 08 dated August 03, 2002 and subsequent up-dation by Bangladesh Bank in this regard is the basis for calculating the provision for doubtful losses.

3.19 Income tax

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using, the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit and loss account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Prime Finance intends to settle its current tax assets and liabilities on a net basis.

3.20 Dividend to company's shareholders

Interim dividends are recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the Bangladesh Accounting Standard (BAS) 10: 'Events After the Reporting Period'. Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

Bangladesh Accounting Standard (BAS) 1: 'Presentation of Financial Statements', also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

3.21 Earnings per share

The Company calculates Earnings Per Share (EPS) in accordance with Bangladesh Accounting Standard

(BAS) 33: 'Earnings Per Share', which has been shown on the face of Profit and Loss account, and the computation of EPS is stated in the notes to the financial statements.

Basic earnings per share

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2015, there was no scope for dilution and hence no diluted EPS is required to be calculated.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares were outstanding as a proportion of the total number of days in the year.

3.22 Cash flow statements:

Cash flow statement of the company is prepared and presented as per the requirement of Bangladesh Accounting Standard (BAS) 7: 'Statement of cash flows', and DFIM circular no. 11 dated 23 December 2009.

3.23 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- (i) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
- (ii) Investments are on the basis of their respective maturity.
- (iii) Loans, advances and leases are on the basis of their repayment schedule.
- (iv) Fixed assets are allocated over five years.
- (v) Other assets are on the basis of their realization/amortization.
- (vi) Borrowings from other banks, financial institutions and agents are as per their maturity/ repayment terms.
- (vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.

- (viii) Provisions and other liabilities are on the basis of their payment/ adjustments schedule.

3.24 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

3.25 Employee benefits

3.25.1 Defined contribution plan

Contributory provident fund

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by equal contribution from the Company and the employees. This fund is invested separately from the Company's assets.

3.25.2 Defined benefit plan

Gratuity scheme

Prime Finance has a funded gratuity for all eligible employees who completed minimum 5 (five) years of continuous service with the Company. This scheme was approved by the National Board of Revenue (NBR) and is administered by an independent Board of Trustee. This fund is invested separately from the Company's assets. Required amount of gratuity is calculated on the basis of last basic depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the end of the respective financial year.

Superannuation scheme

Prime Finance has a pension scheme for employees who complete 10 years of service length. Obligation for contribution is recognized as expenses in the profit and loss account as incurred.

3.25.3 Other employee benefit scheme:

Hospitalization and other benefit plans

In addition to the above core benefit schemes Prime Finance also offers hospitalization benefit, annual health check up benefit and death & disability benefit. Prime Finance as part of its key strategy offers attractive bonus considering the pre tax profits, earnings per share and the return on average shareholders equity.

Prime Finance contributes funds to the plans and cost is accounted for in the period to which it relates. An actuarial valuation has been performed to determine the present value of the accrued benefits. Actuarial report support that provision made against above-mentioned funds is adequate.

Employee home loan

To secure long-term commitment of deserving employees Prime Finance introduced 'PFI Employees Home Loan Policy 2008'. An employee served the company for continuous period of at least five years (3 years for the employees started from the position of AVP and above) is entitled to avail loan to purchase residential apartment,

purchase of land and construction of house thereon etc. Interest rate of the loan is bank rate plus 1.5 percent.

Employee transport assistance scheme

Prime Finance provides car as well as car loan facility to the employee as per Transport Assistance Policy. Company provides full time car to the employees from the position of Senior Vice President. Employees in the position of Assistant Vice President and Vice President are entitled to avail interest free car loan facility. In addition to above facility the company provides pick and drop facility to the other employees.

Employee furniture and household assistance scheme

Prime Finance provides all confirmed employees ranking from Assistant Vice President up to Managing Director furniture and household items. The facility is interest free and will be for a period of five years. An executive must serve for three years after availing this facility or he/she must surrender the un-amortized amount to the company.

3.26 Interest suspense account

Accrued interest on lease, term finance, real estate finance, hire purchase agreement classified as Special Mentioned Account, Sub-Standard, Doubtful and Bad loan are not recognized as income rather transferred to interest suspense accounts as complied with Bangladesh Bank guidelines. Recovery of overdue credited to interest suspense account is recognized as income on cash basis.

3.27 Related party transactions

Related parties are identified and disclosed as per Bangladesh Accounting Standard (BAS) 24: 'Related Party Disclosure'. Related party disclosures have been given in note 37.

3.28 Interim financial reporting

In accordance with Bangladesh Accounting Standard (BAS) 34: 'Interim Financial Reporting', publicly traded entities encourages to provide interim financial reports that conform to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

Prime Finance apply the same accounting policies in its interim financial statements as are applied in its annual financial statements.

3.29 Uniform accounting policies

The financial statements of Prime Finance & Investment Limited, PFI Securities Limited, Prime Finance Asset Management Company Limited, Prime Prudential Fund Limited and Prime Finance Capital Management Limited have been prepared in accordance with the uniform accounting principles.

3.30 BASEL-II and its implication

Risk based capital adequacy (BASEL-II) under the Capital Adequacy and Market Discipline (CAMD) guideline is become applicable for the Company on January 1, 2012. With a view to ensuring proper implementation of Basel Accord in the Company, Basel Implementation Unit (BIU) was formed which is headed by the Managing Director. As per the CAMD guideline of Bangladesh Bank, financial institutions are required to maintain Capital Adequacy Ratio (CAR) of minimum 10%. Details of the risk weighted assets and CAR are given in note 13.1 to this financial statements.

3.31 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and equity risk), liquidity risk and operational risk. The overall risk management strategy of the Company seeks to minimize potential adverse effects on the financial performance. Risk Management Forum (RMF) and Risk Analysis Unit (RAU) of the Company take care of the financial risks and the appropriate financial risk governance framework for the Company. The RMF and RAU provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Credit Risk

Credit risk is the likelihood that a borrower or counterparty will not honor its obligations in accordance with the terms of agreement. i.e. the risk of default which is one of the most vulnerable risk faced by any financial institution. Credit Risk is inherent to all financial institutions where the main business is lending. The main aim of the Credit Risk Management is to minimize the risk and to maximize the risk adjusted rate of return of the Company.

As part of credit risk management the Credit Risk Management (CRM) department of the Company performs thorough assessment and due diligence before sanction of any credit facility. The risk assessment includes borrower risk analysis, financial analysis, industrial analysis, historical performance of the customer, security of the proposed customer and various critical risk factors.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate

because of changes in market prices. Market risk comprise two types of risk: interest rate risk and equity price risk since these are related with the Company. Financial instruments affected by market risk include loans, advances and leases, borrowings, deposits and investment in shares.

In order to limit interest rate risk the Board has set limits with respect to maximum and weighted average maturity. Management of equity price risks is done by ongoing monitoring of the values with respect to any impairment and appropriate risk-based capital allocation. Besides, to mitigate market risk management of the Company prepared VaR modeling, sensitivity analysis and stress testing, including an assessment of concentration risk and the assessment of illiquidity under stressful market scenarios

Liquidity risk

Liquidity risk occurs when the Company is unable to fulfill its commitments in time when payment falls due. Liquidity risks can be classified into four categories: Term liquidity risk, withdrawal/call risk, structural liquidity risk and market liquidity risk.

The Company monitors its risk to a shortage of funds using the liquidity planning tool. In this regard the Company implements prudent liquidity risk management which includes the maintenance of sufficient cash reserves and marketable securities in addition to regular forward planning and forecasting of liquidity requirements.

Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

To mitigate operational risk of the Company, a separate independent internal control and compliance department was established. Customer compliant cell monitors and mediate the complaint. Customer feedback system was developed to assess level of customer satisfaction on the Company.

3.32 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the reporting date that are non adjusting events are disclosed in the notes when material.

(Figures in Taka)	2015	2014
4.0 CASH		
Cash In hand:		
Local currency	60,000	50,000
Foreign currencies	-	-
Balance with Bangladesh Bank:	60,000	50,000
Local currency	172,482,807	121,840,663
Foreign currencies	-	-
	172,482,807	121,840,663
	172,542,807	121,890,663

4.a CASH (consolidated)

Prime Finance & Investment Limited	60,000	50,000
Prime Finance Capital Management Limited	10,971	10,000
	70,971	60,000
Balance with Bangladesh Bank:		
Prime Finance & Investment Limited	172,482,807	121,840,663
Prime Finance Capital Management Limited	-	-
	172,553,778	121,900,663

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)

Cash Reserve Requirement and Statutory Liquidity Requirement have been calculated and maintained in accordance with Financial Institutions Act - 1993, Financial Institutions Regulations 1994, FID circular no. 06 dated 6 November 2003 and FID Circular no. 02 dated 10 November, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on total term deposits which is

preserved in current account maintained with Bangladesh Bank.

Statutory Liquidity Requirement (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on total term deposit. SLR is maintained in liquid assets in the form of cash in hand (notes and coin in BDT), balance with Bangladesh Bank, other banks and financial institutions, investment at call, prize bond, savings certificate and any other assets approved by Bangladesh Bank.

4.1.1 Cash Reserve Requirement (CRR)

2.5% of average balance of term deposits

Required reserve	166,047,157	130,839,120
Actual reserve held	168,994,650	135,198,601
Surplus/ (deficit)	2,947,493	4,359,481

4.1.2 Statutory Liquidity Requirement (SLR)

5.0% of average liabilities excluding fund from Banks & FIs

Required reserve	414,154,823	332,950,030
Actual reserve held (note 4.1.4)	1,484,310,595	676,177,885
Surplus/ (deficit)	1,070,155,772	343,227,855

4.1.3 Held for Cash Reserve Requirement (CRR)

Balance with Bangladesh Bank and its agent bank	172,482,807	121,840,663
	172,482,807	121,840,663

4.1.4 Held for Statutory Liquidity Requirement (SLR)

Cash in hand	60,000	50,000
Balance with Bangladesh Bank and its agent bank	172,482,807	121,840,663
Balance with other banks and financial institutions (note 5.0)	1,311,767,788	554,287,222
	1,484,310,595	676,177,885

4.1.5 Cash in hand

Cash in hand represents the amount under imprest system of petty cash to meet petty cash expenses both for head office and branch offices. As per Bangladesh Bank guidelines, NBFI cannot make any cash transaction except petty cash.

4.1.6 Balance with Bangladesh Bank & its agent bank

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As per Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. As on 31 December 2015, CRR has been maintained according to Bangladesh Bank Guideline.

5.0 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

(Figures in Taka)

2015

2014

This represents balance with various banks and financial institutions in Bangladesh.

Fixed deposit account

EXIM Bank Limited	100,000,000	10,000,000
Fareast Finance & Investment Ltd.	10,000,000	-
Hajj Finance Company Limited	65,000,000	-
Industrial and Infrastructure Development Finance Company Limited	20,000,000	-
Midland Bank Limited	350,000,000	-
Phoenix Finance & Investment Limited	5,000,000	-
Reliance Finance Limited	-	50,000,000
Social Islami Bank Limited	400,000,000	400,000,000
Standard Bank Limited	10,000,000	-
The Farmers Bank Limited	320,000,000	-
	1,280,000,000	460,000,000

Current account

Bangladesh Development Bank Limited	3,105	3,535
Bangladesh Commerce Bank Limited	-	1
Dhaka Bank Limited	-	1
Uttara Bank Limited	49,785	51,085
	52,890	54,622

Short term deposit account

Bank Asia Limited	31	-
BRAC Bank Limited	31,582	27,905
Dutch Bangla Bank Limited	10,067,800	10,887,932
ICB Islami Bank Limited	5,576	19,376
IFIC Bank Limited	4,144	900,542
Jamuna Bank Limited	1,554,198	141,956
Mercantile Bank Limited	157,768	155,026
Midland Bank Limited	1,031,662	1,106,830
Mutual Trust Bank Limited	335,152	81,680
National Credit & Commerce Bank Limited	-	268
National Bank Limited	554,606	533,629
One Bank Limited	2,049,407	60,505
Premier Bank Limited	1,249,558	158,294
Prime Bank Limited	10,375,182	12,899,924
Shahajalal Islami Bank Limited	3,082,291	22,222,345
Southeast Bank Limited	418,701	1,110,935
Trust Bank Limited	258	2,455
The Farmers Bank Limited	1,796	2,830
United Commercial Bank Limited	795,186	43,920,168
	31,714,898	94,232,600
	1,311,767,788	554,287,222

Fixed deposits are maintained with commercial banks and non-banking financial institutions for maintaining Statutory Liquidity Requirement as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain Statutory Liquidity Requirement (SLR) @ 5% including the CRR of 2.5% on total time and demand liabilities, excluding loans from banks and financial institutions. Prime Finance maintained these reserve mostly in the form of deposits.

(Figures in Taka)

	2015	2014
Maturity wise grouping		
Up to 1 month	476,767,788	294,287,222
1 month to 3 months	635,000,000	10,000,000
3 months to 1 year	200,000,000	250,000,000
1 year to 5 years	-	-
More than 5 years	-	-
	1,311,767,788	554,287,222
5.a BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)		
Prime Finance & Investment Limited	1,311,767,788	554,287,222
Prime Finance Capital Management Limited	1,341,292	23,564,532
	1,313,109,080	577,851,754

6.0 INVESTMENTS

This represents investment made by the Company both in listed and unlisted securities. The investment is made up as under:

Government securities	-	-
Other investments (note 6.1)	552,630,829	877,212,093
	552,630,829	877,212,093

6.1 Other investments

As at 31 December 2015

Ordinary share	No. of Company	Market Value	Cost	
			2015	2014
Listed securities (note 6.1.1)	19	248,306,373	298,214,129	622,795,393
Unlisted securities (note 6.1.2)	4	224,416,700	224,416,700	224,416,700
Unit fund (note 6.1.3)	1	30,000,000	30,000,000	30,000,000
	24	502,723,073	552,630,829	877,212,093

6.1.1 Listed securities:

Details of listed securities (Sector-wise):

As at 31 December 2015

Name of sector	No. of shares	Cost price	Market price
Non Banking Financial Institutions sector	1,883,370	48,466,249	39,300,521
Insurance sector	2,277,652	58,306,482	36,779,087
Investment companies	15,807,348	124,190,737	109,394,995
Manufacturing sector and others	1,051,567	67,250,661	62,831,770
		298,214,129	248,306,373

Investments have been recorded at cost and adequate provision for probable future losses as per Bangladesh Bank guidelines has been made. Market value of securities has been determined on the basis of the value of securities at the last trading date of the year (Last trading date for 2015 was 31 December).

6.1.2 Unlisted securities

Details of unlisted securities:

	Cost price
Central Depository Bangladesh Limited	4,416,700
LankaBangla Securities Limited	5,000,000
PFI 2nd Mutual Fund	200,000,000
Ananda Shipyard and Slipways Limited	15,000,000
	224,416,700

The unlisted investments are shown at cost.

6.1.3 Unit fund

	Cost price
Prime Finance 1st Unit Fund	30,000,000
	30,000,000

(Figures in Taka)	2015	2014
6.1.4 Sector wise investments (at cost price)		
Banking sector	-	204,777,970
Non Banking Financial Institutions sector	48,466,249	36,622,573
Insurance sector	58,306,482	207,570,714
Investment companies	354,190,737	309,247,568
Fuel & power sector	-	50,064,281
Manufacturing sector and others	91,667,361	68,928,987
	552,630,829	877,212,093
Maturity wise grouping		
Up to 1 month	74,553,532	106,755,585
1 month to 3 months	223,660,597	161,028,070
3 months to 1 year	-	214,223,503
1 year to 5 years	-	224,488,000
More than 5 years	254,416,700	170,716,935
	552,630,829	877,212,093
6.a INVESTMENTS (consolidated)		
Prime Finance & Investment Limited	552,630,829	877,212,093
Prime Finance Capital Management Limited	375,134,309	382,395,655
	927,765,138	1,259,607,748
7.0 LOANS, ADVANCES AND LEASES		
Inside Bangladesh:		
Lease finance (note 7.1)	917,048,052	783,473,036
Advance against lease finance (note 7.2)	49,999,999	149,792,842
Term finance (note 7.3)	10,975,371,895	10,035,396,597
Real estate finance (note 7.4)	261,711,349	307,185,971
Housing finance (note 7.5)	20,338,256	40,242,687
Loan against deposits (note 7.6)	23,001,609	48,295,494
Hire purchase finance (note 7.7)	7,048,843	7,048,843
Staff loan (note 7.8)	56,108,291	52,898,623
Factoring finance (note 7.9)	31,472,618	24,967,453
Car finance (7.10)	538,966	2,210,812
Personal loan (7.11)	756,494	1,719,242
	12,343,396,372	11,453,231,600
Outside Bangladesh	-	-
	12,343,396,372	11,453,231,600
7.1 Lease finance		
Principal outstanding (note 7.1.1)	831,564,858	693,501,579
Accounts receivable	85,483,194	89,971,457
	917,048,052	783,473,036
7.1.1 Principal outstanding		
Gross rental receivables	948,187,104	872,141,913
Unearned lease income	(116,622,246)	(178,640,334)
Net investment	831,564,858	693,501,579
Movement of lease finance:		
Cost of lease assets (A)		
Balance at 1 January	1,777,816,538	2,018,635,342
Addition during the year	454,516,177	385,977,200
Disposal during the year	(477,491,222)	(626,796,004)
Balance at 31 December	1,754,841,493	1,777,816,538

(Figures in Taka)	2015	2014
Accumulated depreciation (B)		
Balance at 1 January	1,084,314,959	1,102,031,468
Addition during the year	309,243,150	442,412,825
Adjustment due to disposal	(470,281,474)	(460,129,334)
Balance at 31 December	923,276,635	1,084,314,959
Written down value of lease assets (A-B)	831,564,858	693,501,579

7.1.2 Aging analysis of lease receivable

Up to one year	221,709,487	363,973,896
Above one year to three years	400,684,022	347,163,676
Above three years to five years	290,133,512	70,128,913
More than five years	4,521,031	2,206,551
	917,048,052	783,473,036

7.2 Advance against lease finance

Advance against lease finance	49,999,999	149,792,842
	49,999,999	149,792,842

These represent amount paid for procurement of lease assets, which are yet to be executed. On execution of lease, advances will be transferred to lease finance.

7.3 Term finance

Principal outstanding	10,254,253,982	9,541,787,394
Accounts receivable	721,117,913	493,609,203
	10,975,371,895	10,035,396,597

Term finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.

Movement of term finance (Principal outstanding):

Balance at 1 January	9,541,787,394	9,052,411,038
Investment during the year	3,171,990,185	2,889,526,679
Recovery/ adjustment during the year	(2,459,523,597)	(2,400,150,323)
Balance at 31 December	10,254,253,982	9,541,787,394

7.3.1 Aging analysis of term finance

Up to one year	1,919,776,210	4,621,241,581
Above one year to three years	2,627,237,982	2,860,305,859
Above three years to five years	2,310,094,138	1,434,601,650
More than five years	4,118,263,565	1,119,247,507
	10,975,371,895	10,035,396,597

7.4 Real estate finance

This represents disbursement made to the real estate developers usually for a period not exceeding 60 (sixty) months. Details are as under:

Principal outstanding	232,158,258	294,274,780
Accounts receivable	29,553,091	12,911,191
	261,711,349	307,185,971

Real estate finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.

Movement of real estate finance (Principal outstanding):

Balance at 1 January	294,274,780	95,415,501
Investment during the year	7,255,802	219,245,704
Recovery/ adjustment during the year	(69,372,324)	(20,386,425)
Balance at 31 December	232,158,258	294,274,780

(Figures in Taka) 2015 2014

7.4.1 Aging analysis of real estate finance

Up to one year	126,273,591	78,384,833
Above one year to three years	92,601,487	117,629,282
Above three years to five years	42,836,271	111,171,856
More than five years	-	-
	261,711,349	307,185,971

7.5 Housing finance

This includes disbursement made against Bangladesh Bank Housing refinancing scheme and also includes housing finance to individuals. The usual term of the finance is matched with the facilities provided by the Bangladesh Bank. Details are as under:

Principal outstanding	20,338,256	40,167,497
Accounts receivable	-	75,190
	20,338,256	40,242,687

Housing finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.

Movement of housing finance (Principal outstanding):

Balance at 1 January	40,167,497	3,575,282
Investment during the year	-	40,500,000
Recovery/ adjustment during the year	(19,829,241)	(3,907,785)
Balance at 31 December	20,338,256	40,167,497

7.5.1 Aging analysis of Housing Finance

Up to one year	1,355,937	1,960,825
Above one year to three years	3,441,254	8,816,749
Above three years to five years	6,783,781	6,095,113
More than five years	8,757,284	23,370,000
	20,338,256	40,242,687

7.6 Loan against deposits

This represents outstanding loans given to depositors against term deposits. As per company's policy, Prime Finance provides finance facilities to depositors based on the agreement done with the depositors on TDR value. Generally Interest is charged on such loan @ 2% above the interest offered on TDR.

Principal outstanding	23,001,609	48,295,494
	23,001,609	48,295,494

7.6.1 Movement of loan against term deposit:

Balance at 1 January	48,295,494	85,690,619
Investment during the year	47,256,510	113,567,476
Recovery/adjustment during the year	(72,550,395)	(150,962,601)
Balance at 31 December	23,001,609	48,295,494

7.7 Hire purchase finance

This represents outstanding loan under hire purchase scheme at the balance sheet date. Such loan was provided to the hire purchasers for procurement of motor vehicles, office equipment, household durables and others consumable items for a period ranging usually from 12 to 72 months. Details are as under:

Principal outstanding	-	7,048,843
Accounts receivable	7,048,843	-
	7,048,843	7,048,843

(Figures in Taka)	2015	2014
7.7.1 Movement of hire purchase finance (Principal outstanding):		
Balance at 1 January	7,048,843	7,048,843
Investment during the year	-	-
Recovery/adjustment during the year	-	-
Balance at 31 December	7,048,843	7,048,843
7.8 Staff loan		
Staff loan includes loan provided to the eligible employees as per company's approved policy.		
Employee's home loan	47,026,932	43,825,332
Employee's car loan	9,081,359	9,073,291
	56,108,291	52,898,623
7.9 Factoring finance		
This represents disbursement made to borrowers usually for a period not exceeding 90 days. Details are as under:		
Principal outstanding	31,472,618	24,967,453
Accounts receivable	-	-
	31,472,618	24,967,453
7.9.1 Movement of factoring finance (Principal outstanding):		
Balance at 1 January	24,967,453	-
Investment during the year	88,098,443	116,901,154
Recovery/adjustment during the year	(81,593,278)	(91,933,701)
Balance at 31 December	31,472,618	24,967,453
7.9.2 Aging analysis of factoring finance		
Up to one year	18,524,820	24,967,453
Above one year to three years	12,947,798	-
Above three years to five years	-	-
More than five years	-	-
	31,472,618	24,967,453
7.10 Car finance		
This represents disbursement made to individuals usually for a period not exceeding 60 months. Details are as under:		
Principal outstanding	538,966	2,210,812
Accounts receivable	-	-
	538,966	2,210,812
7.10.1 Movement of car finance (Principal outstanding):		
Balance at 1 January	2,210,812	-
Investment during the year	-	2,500,000
Recovery/adjustment during the year	(1,671,846)	(289,188)
Balance at 31 December	538,966	2,210,812
7.10.2 Aging analysis of Car Finance		
Up to one year	366,052	613,588
Above one year to three years	172,914	1,346,156
Above three years to five years	-	251,068
More than five years	-	-
	538,966	2,210,812

(Figures in Taka) 2015 2014

7.11 Personal loan

This represents disbursement made to individuals usually for a period not exceeding 24 months. Details are as under:

Principal outstanding	756,494	1,719,242
Accounts receivable	-	-
	756,494	1,719,242

7.11.1 Movement of personal loan (Principal outstanding):

Balance at 1 January	1,719,242	-
Investment during the year	-	2,000,000
Recovery/adjustment during the year	(962,748)	(280,758)
Balance at 31 December	756,494	1,719,242

7.11.2 Aging analysis of personal loan

Up to one year	756,494	962,749
Above one year to three years	-	756,493
Above three years to five years	-	-
More than five years	-	-
	756,494	1,719,242

7.12 Classification wise loans, advances and leases

Unclassified:		
Standard (SME)	2,426,424,628	1,738,813,829
Standard (other than SME)	8,298,640,526	8,085,524,976
Special Mention Account (SMA)	359,010,841	958,151,253
	11,084,075,995	10,782,490,058
Classified:		
Sub-standard	85,720,396	66,143,319
Doubtful	777,488,316	135,410,884
Bad/loss	396,111,665	469,187,339
	1,259,320,377	670,741,542
	12,343,396,372	11,453,231,600

7.13 Geographical location wise loans, advances and leases

Dhaka Division	9,576,554,702	9,370,217,902
Chittagong Division	2,240,588,685	2,063,667,094
Rajshahi Division	353,113,657	19,346,604
Khulna Division	90,691,859	-
Rangpur Division	82,447,469	-
	12,343,396,372	11,453,231,600

7.14 Sector wise loans, advances and leases

As per Bangladesh Bank circular, sector wise loans and advances are as follows:

Sectors		
Trade and Commerce	3,793,820,858	3,402,291,826
Industry		
Garments and knitwear	517,318,238	631,409,341
Textile	55,831,298	479,626,721
Jute and jute products	167,821,945	-
Food products and processing industry	554,064,154	422,024,617
Plastic industry	302,152,918	162,073,811
Leather and leather-goods	-	119,194,961

(Figures in Taka)	2015	2014
Iron, still and engineering	1,061,590,157	1,075,500,943
Pharmaceuticals and chemicals	137,387,811	100,656,687
Cement and allied industry	274,871,810	175,411,687
Telecommunication and information technology	4,485,943	922,678
Paper, printing and packaging	416,292,598	178,013,317
Glass, glassware and ceramic industry	-	50,118,313
Ship manufacturing industry	351,505,549	309,352,489
Electronics and electrical products	100,678,927	26,584,019
Power, gas, water and sanitary service	124,396,354	249,727,057
Transport and aviation	414,294,914	458,069,709
Agriculture	738,537,780	418,417,477
Housing	346,944,635	369,758,803
Others:		
Merchant banking	1,597,011,440	1,495,797,874
Margin loan	-	-
Others	1,384,389,043	1,328,279,270
Grand Total	12,343,396,372	11,453,231,600

7. 15 Significant concentration wise loans, advances and leases

Loans, advances and leases to-

Directors and their concerns	79,380,449	559,060,264
Chief executive and other senior executives	56,108,291	52,898,623
Customer groups	12,207,907,632	10,841,272,713
	12,343,396,372	11,453,231,600

7. 16 Details of large loans, advances and leases

As per Section 14 (1) (ga) of the Financial Institutions Act 1993, a financial institution can not sanction any loan exceeding 30 percent of its capital (capital plus reserve) without permission from Bangladesh Bank. During the year 2015 Prime Finance has not disbursed large loans, advances and leases.

No. of clients	-	-
Amount of outstanding loans, advances and leases	-	-
Amount of classified loans, advances and leases	-	-
Measures taken for recovery	Not applicable	Not applicable
	-	-

(Figures in Taka)		2015	2014
7. 17 Particulars of loans, advances and leases			
SL	Particulars		
I.	Loans considered good in respect of which the Company is fully secured	11,689,561,810	10,833,759,494
II.	Loans considered good against which the Company holds no other security than the debtors' personal guarantee	435,880,947	76,234,475
III.	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	217,953,615	543,237,631
IV.	Loans/leases adversely classified; provision not maintained there against	-	-
Total		12,343,396,372	11,453,231,600
V.	Loans due by directors or officers of the Company or any of them either severally or jointly with any other persons	65,825,020	612,831,096
VI.	Loans due by companies or firms in which the directors or officers of the Company are interested as directors, partners or managing agents or, in case of private companies, as members	69,663,720	559,060,264
VII.	Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the company or any of them either severally or jointly with any other persons	13,050,000	612,831,096
VIII.	Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the company are interested as directors, partners or managing agents or, in case of private companies, as members	2,799,000	559,060,264
IX.	Due from banking companies/financial institutions	-	-
X.	Classified loan for which interest not charged	1,259,320,377	670,741,542
A.	Increase/decrease of provision (specific)	192,703,012	23,760,424
	Amount of debts written off	23,888,231	258,999,568
	Amount realized against the debts previously written off	20,289,690	19,323,239
B.	Provision kept against the debt classified as bad/loss at the date of balance sheet	21,525,102	43,848,830
C.	Amount of interest creditable to the interest suspense account	222,642,691	130,453,084
XI.	Cumulative amount of the written off loans/leases:		
	Opening balance	788,655,342	529,655,774
	Amount written off during the year	23,888,231	258,999,568
	Cumulative to date	812,543,573	788,655,342
	The amount of written off loans for which law suit filed	812,543,573	788,655,342

7. 18 Write-off of loans, advances and leases

As per FID Circular no. 03 dated 15 March 2007 of Bangladesh Bank, a financial institution should write-off its loans/ leases to clean-up its financial statements subject to fulfillment of the following criteria:

- Loans/ leases classified as Bad and Losses against which 100% provision has been made;
- Approval from the Board of Directors is required;
- Best endeavors shall be made to recover the written-off loans/ leases and legal process should be initiated if not started before.

As per Bangladesh Bank guidelines, Prime Finance has written-off its loans/ leases as under:

	During 2015	Cumulative	
		As on 31-Dec-15	As on 31-Dec-14
Net outstanding loans/ leases written-off	23,888,231	812,543,573	788,655,342
No. of agreements written-off	1	63	62
No. of clients written-off	1	48	47
Interest suspense against written-off loans/ leases	(3,892,418)	(141,389,222)	(137,496,804)
Provision adjusted against written-off loans/ leases	(19,130,153)	(651,055,147)	(631,924,994)
Recovery against write-off loans/ leases	20,289,690	174,921,772	154,632,082

7. 19 Particulars of required provision for loans, advances and leases

Required provision has been made as per Bangladesh Bank guidelines. As per BB guidelines, provisions at the following rates have been made in the financial statements depending on the status of classification.

Investment up to 5 years term	Classification status	Provision (%)
Up to 2 months*	UC (SME)	0.25
Up to 2 months	UC (other than SME)	1
3 to 5 months	SMA	5
6 to 11 months	SS	20
12 to 17 months	DF	50
18 months and above	BL	100
Investment exceeding 5 years term	Classification status	Provision (%)
Up to 5 months*	UC (SME)	0.25
Up to 5 months	UC (other than SME)	1
6 to 11 months	SMA	5
12 to 17 months	SS	20
18 to 23 months	DF	50
24 months and above	BL	100

Required provision according to classification status is mentioned below:

	Base for provision	Rate	Provision 2015	Provision 2014
Unclassified - General provision				
Standard (SME)*	2,426,424,628	0.25%	6,066,061	4,347,035
Standard (Other than SME)	8,298,640,526	1%	166,243,138	84,712,249
Special Mention Account (SMA)	351,318,606	5%	17,565,930	46,123,593
	11,076,383,760		189,875,129	135,182,877
Classified - Specific provision				
Sub-standard	55,008,473	20%	11,001,695	5,299,209
Doubtful	384,359,235	50%	192,179,618	1,985,516
Bad/loss	21,525,102	100%	21,525,102	43,848,830
	460,892,810		224,706,415	51,133,555
Required provision for loans, advances and leases			414,581,544	186,316,432
Total provision maintained for loans, advances and leases			414,581,544	191,316,432
Excess provision for loans, advances and leases			-	5,000,000

* As per DFIM circular letter no. 03, dated 29 April 2013 of Bangladesh Bank general provision of 0.25% is required to be maintained for Standard SME loans, advances and leases.

(Figures in Taka)	2015	2014
7.20 Maturity wise grouping		
Repayable on demand	-	-
Not more than 3 months	484,870,959	3,295,703,537
3 months to 1 year	1,826,893,252	1,851,745,724
1 year to 5 years	5,900,090,282	5,160,958,279
More than 5 years	4,131,541,879	1,144,824,060
	12,343,396,372	11,453,231,600

7.a LOANS, ADVANCES AND LEASES (consolidated)

Prime Finance & Investment Limited	12,343,396,372	11,453,231,600
Prime Finance Capital Management Limited	3,616,251,842	3,486,180,593
Adjustment for dealing with subsidiary	(1,597,011,440)	(1,495,797,861)
	14,362,636,774	13,443,614,332

8.0 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

Cost:

Land	305,151,022	305,151,022
Furniture and fixtures	18,269,818	15,726,473
Office decoration	25,971,748	18,119,701
Electric equipment	29,637,837	23,864,142
Owned vehicles	12,041,694	12,041,694
Leased vehicles	12,197,061	12,197,061
Intangible assets (software)	2,080,850	1,772,025
Total cost	405,350,030	388,872,118
Less: Accumulated depreciation / amortization / impairment	67,729,198	57,791,698
Written down value at the end of the year	337,620,832	331,080,419

Details are shown in Annexure - A.

8.a FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES (consolidated)

Prime Finance & Investment Limited	337,620,832	331,080,419
Prime Finance Capital Management Limited	22,693,415	30,443,543
	360,314,247	361,523,962

Land

Prime Finance acquired 15 kathas of land at a cost of Taka 305.15 million at 10 Panthapath, Dhaka for constructing the Company's corporate office.

9.0 OTHER ASSETS

Income generating other assets:

Investment in associates (note 9.1)	1,145,169,945	1,215,882,592
Investment in subsidiary (note 9.2)	960,000,000	960,000,000
Accrued interest	83,079,927	79,039,466
	2,188,249,872	2,254,922,058

Non income generating other assets:

Advance office rent	14,522,560	3,484,830
Advance for office decoration of head office	5,450,770	1,850,012
Deposits with T & T, Petroleum Corporation etc.	394,100	394,100
Advance corporate tax	551,534,306	538,069,655

(Figures in Taka)	2015	2014
Deferred tax assets (note 12.4.2)	4,030,582	4,756,279
Receivable from brokerage houses against sale of shares	3,940,004	4,852,954
Receivable from provident fund account	503,682	585,995
Interest During the Construction Period (IDCP) receivable	9,099,070	6,663,328
Transfer price receivable	1,035,073	1,035,073
Advance against advertisement	200,000	-
Others	85,499,550	163,470,540
	676,209,697	725,162,766
Total	2,864,459,569	2,980,084,824

9.1 Investment in associates

Investment in associates are recorded under the equity method as per the Bangladesh Accounting Standard (BAS) 28, 'Investment in Associates'. Under the equity method, the investments in the associates are carried in the Balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associates. Losses in excess of the cost of the investment in an associate are recognized when the company has incurred obligations on its behalf. Profit and loss account reflects the Company's share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Prime Finance has three associate companies on reporting date.

Movement of investment in associates

	Balance as at Jan 01, 2015	Investment/ (Adjustment)	Revaluation reserve	Profit/(loss) under equity method	Balance as at Dec 31, 2015
PFI Securities Limited	1,168,359,757	-	-	(71,292,333)	1,097,067,424
Prime Finance AMCL	37,567,267	-	-	4,695,927	42,263,194
Prime Prudential Fund Limited	9,955,568	-	-	(4,116,241)	5,839,327
	1,215,882,592	-	-	(70,712,647)	1,145,169,945

A brief description of the associates, percentage of shareholding by Prime Finance and book value of shares in brief are given below:

Name of the company	Nature of the business	Type of shares held	% of share holding	Face value of shares	Book value per share
PFI Securities Limited	Stock brokerage	Ordinary	46.15	10	12.53
Prime Finance AMCL	Asset management	Ordinary	49.00	100	115.77
Prime Prudential Fund Ltd.	Investment in securities, debentures, bonds etc.	Ordinary	40.00	10	5.52

The book value per share is calculated based on audited financial statements of respective company.

9.2 Investment in subsidiary

Prime Finance has one subsidiary company as on the reporting date. Consolidated financial statements has been prepared for subsidiary following the requirements of Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'.

Prime Finance Capital Management Limited	960,000,000	960,000,000
	960,000,000	960,000,000

The subsidiary company engaged in merchant banking activities having paid-up capital of Tk. 2,032.80 million. Prime Finance holds 60% of ordinary shares of this company. As on 31 December 2015 book value per share of this company stood at Tk. 9.91 against face value of Tk. 10 per share.

(Figures in Taka)	2015	2014
9.a OTHER ASSETS (consolidated)		
Prime Finance & Investment Limited	2,864,459,569	2,980,084,824
Prime Finance Capital Management Limited	732,796,989	682,037,501
Adjustment for dealing with subsidiary	(960,000,000)	(960,000,000)
	2,637,256,558	2,702,122,325

10.0 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

In Bangladesh

Secured	-	-
Un secured		
Bank loan (note 10.1)	1,028,379,878	981,194,275
ADB fund under refinancing scheme (note 10.2)	26,786,183	36,098,462
Fund from Bangladesh Bank under refinancing scheme (note 10.3)	271,139,639	97,745,180
Short term borrowing (note 10.4)	1,156,373,449	1,757,755,590
	2,482,679,149	2,872,793,507
Outside Bangladesh	-	-
Total	2,482,679,149	2,872,793,507

10.1 Bank loan

This represents long term loan taken from different commercial banks and its movement is as under:

Balance at 1 January	981,194,275	1,477,087,494
Received during the year	1,300,000,000	752,400,000
Repayment during the year	(1,252,814,397)	(1,248,293,219)
Balance at 31 December	1,028,379,878	981,194,275

Bank Loans are secured by way of first charge on all fixed and floating assets of the Company, ranking pari passu among all the lenders. The period of such loans ranges from one year to five years.

10.2 ADB fund under refinancing scheme

Fund received from Asian Development Bank (ADB) through Rupantarita Prakritik Gas Company Limited (RPGCL) & refinancing scheme. Details are as under:

Balance at 1 January	36,098,462	44,915,708
Received during the year	-	-
Repayment during the year	(9,312,279)	(8,817,246)
Balance at 31 December	26,786,183	36,098,462

10.3 Fund from Bangladesh Bank under refinancing scheme

This fund was reimbursed from Bangladesh Bank under refinancing scheme against financing to small & medium enterprises as well as agricultural projects. The period of loan ranges from one to five years, matching the terms of respective projects. Details are as under:

Balance at 1 January	97,745,180	27,196,469
Received during the year	209,531,900	78,790,145
Repayment during the year	(36,137,441)	(8,241,434)
Balance at 31 December	271,139,639	97,745,180

10.4 Short-term borrowings

This represents money at call and on short notice and bank overdraft availed to meet short-term fund requirements.

Money at call and on short notice

As on the reporting date Taka 500.00 million was received from different banks as money at call and short notice. According to FID circular no. 05, dated June 08, 2005, non-banking financial institution can avail call money facility maximum up to 15% of its net assets. Based on the circular mentioned above, the maximum limit of call money for the company was Taka 1502.50 million (calculated based on the half yearly report of 2015 of the Company).

(Figures in Taka) 2015 2014

Bank Overdraft

This represents Taka 656,373,449 received as bank overdraft from various commercial banks.

10.5 Maturity wise grouping

Repayable on demand	500,000,000	730,000,000
Up to 1 month	757,328,026	302,378,984
1 month to 3 months	198,474,229	747,461,185
3 months to 1 year	731,779,442	431,871,387
1 year to 5 years	293,738,251	434,459,646
More than 5 years	1,359,201	226,622,305
	2,482,679,149	2,142,793,507

10.a BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS (consolidated)

Prime Finance & Investment Limited	2,482,679,149	2,872,793,507
Prime Finance Capital Management Limited	2,208,257,305	1,723,879,443
Adjustment for dealing with subsidiary	(1,597,011,440)	(1,301,705,499)
	3,093,925,014	3,294,967,451

11.0 DEPOSITS AND OTHER ACCOUNTS

This comprises interest bearing deposits from individuals and organizations for period ranging from 3 months to 15 years.

Banks and other financial institutions

Term Deposit	3,400,000,000	2,650,000,000
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Other Institutions

Term Deposit	3,098,238,137	2,762,956,401
Monthly Income Deposit	13,000,000	11,236,591
	3,111,238,137	2,774,192,992

Individuals

Term Deposit	2,488,861,800	1,908,173,444
Housing Deposit	6,321,000	6,814,000
Fortune DPS	59,014,000	39,091,500
Monthly Income Deposit	478,772,220	385,055,268
	3,032,969,020	2,339,134,212
Total	9,544,207,157	7,763,327,204

11.1 Movements of deposits:

Balance at 1 January	7,763,327,204	6,770,963,595
Received/ renewed during the year	8,474,157,810	8,219,809,968
Repayment during the year	(6,693,277,857)	(7,227,446,359)
Balance at 31 December	9,544,207,157	7,763,327,204

11.2 Maturity wise grouping

Repayable on demand	-	-
Repayable within 1 month	1,057,717,245	666,673,850
1 month to 3 months	5,759,696,821	1,017,147,596
3 months to 1 year	1,986,231,367	1,514,859,569
1 year to 5 years	613,417,887	3,064,032,076
5 years to 10 years	126,840,837	1,500,134,113
More than 10 years	303,000	480,000
	9,544,207,157	7,763,327,204

(Figures in Taka)	2015	2014
11.a DEPOSITS AND OTHER ACCOUNTS (consolidated)		
Prime Finance & Investment Limited	9,544,207,157	7,763,327,204
Prime Finance Capital Management Limited	-	-
	9,544,207,157	7,763,327,204

12.0 OTHER LIABILITIES

Provision for loans, advances and leases (note 12.1)	414,581,544	191,316,432
Provision for diminution in value of investments (note 12.2)	35,218,231	15,616,598
Interest suspense (note 12.3)	222,642,692	130,453,084
Provision for tax (note 12.4)	428,134,719	423,045,502
Financial expenses payable (note 12.5)	499,983,073	355,963,846
Advance and security deposit (note 12.6)	297,133,349	193,735,548
Excise duty payable	5,719,220	1,312,220
Withholding tax payable	91,087	22,500
Accrued expenses and other payables (note 12.7)	164,218,279	139,605,460
	2,067,722,194	1,451,071,190

Excise duty payable represents excise duty deducted from deposit and other accounts but not yet deposited to government exchequer within 31 December 2015. The amount was subsequently deposited.

Withholding tax payable represents tax and VAT deducted from various suppliers but not yet deposited to government exchequer within 31 December 2015. The amount was subsequently deposited.

12.1 Provision for loans, advances and leases

Management, on the basis of guidelines issued by Bangladesh Bank has computed provisions for loans, advances and leases. Adequate provision has been kept as per BB circular to cover possible future losses.

General provision on unclassified loans, advances and leases	189,875,129	140,182,877
Specific provision on classified loans, advances and leases	224,706,415	51,133,555
Provision as on 31 December	414,581,544	191,316,432

Movement in general provision on unclassified loans/ leases:

Provision as on 1 January	140,182,877	116,702,556
Add: Provision made/ (released) during the year	49,692,252	23,480,321
Provision as on 31 December	189,875,129	140,182,877

Movement in specific provision on classified loans/ leases:

Provision as on 1 January	51,133,555	230,697,444
Less: Adjustment for write off	(19,130,153)	(203,291,038)
Add: Provision made during the year	192,703,013	23,727,149
Provision as on 31 December	224,706,415	51,133,555
Total	414,581,544	191,316,432

12.2 Provision for diminution in value of investments

Provision as on 1 January	15,616,598	7,500,000
Add: Provision made during the year	19,601,633	8,116,598
Provision as on 31 December	35,218,231	15,616,598

12.2.1 Allocation of provision

Listed securities	35,218,231	5,616,598
Unlisted securities	-	10,000,000
	35,218,231	15,616,598

(Figures in Taka)	2015	2014
12.2.a Provision made during the year (consolidated)		
Prime Finance & Investment Limited	19,601,633	8,116,598
Prime Finance Capital Management Limited	8,553,961	1,244,561
	28,155,594	9,361,159

12.3 Interest suspense

Balance as on 1 January	130,453,084	146,300,443
Add: Transferred during the year	129,241,759	51,195,023
Less:		
Amount of interest suspense recovered	(33,159,733)	(20,440,191)
Write off during the year	(3,892,418)	(46,602,191)
Balance as on 31 December	222,642,692	130,453,084

Bangladesh Bank FID circular no. 3 of 2006 requires that interest on loans/ leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various facilities classified as SMA, SS, DF and BL has been set-aside in this interest suspense account.

12.4 Provision for tax

Provision for tax comprises provision for current tax and provision for deferred tax.

12.4.1 Provision for current tax made during the year

The Company calculated taxable profit/ losses based on Income Tax Ordinance 1984 and determined current tax liability as per applicable rate enacted through Finance Act 2015.

	2015	2014
Balance at 1 January	423,045,502	406,045,502
Provision made during the year	5,089,217	17,000,000
Balance at 31 December	428,134,719	423,045,502

12.4.1.a Provision for current tax (consolidated)

Prime Finance & Investment Limited	5,089,217	17,000,000
Prime Finance Capital Management Limited	2,798,120	11,403,027
	7,887,337	28,403,027

12.4.2 Provision for deferred tax

Provision for deferred tax has been kept in the financial statements as per the requirement of Bangladesh Accounting Standard (BAS) 12, 'Income Taxes'. Deferred tax asset is arrived at as follows:

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
Year: 2015			
Fixed assets including premises, furniture and fixtures	32,469,809	42,546,265	(10,076,456)
Gratuity	-	-	-
	32,469,809	42,546,265	(10,076,456)
Applicable tax rate			40.00%
Deferred tax assets (A)			(4,030,582)
Year: 2014 (B)			(4,756,279)
Deferred tax expense (A-B)			725,697

12.4.2.a Provision for deferred tax (consolidated)

Prime Finance & Investment Limited	725,697	(4,756,279)
Prime Finance Capital Management Limited	(774,593)	(456,436)
	(48,896)	(5,212,715)

(Figures in Taka)	2015	2014
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12.5 Financial expenses payable

This comprises interest accrued on borrowings, deposits and other accounts.

12.6 Advance and cash security deposit

The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/ installments or repaid at the end of term. This is made up as under:

Balance at 1 January	193,735,548	145,868,928
Received during the year	296,824,027	168,529,571
Adjusted during the year	(193,426,226)	(120,662,951)
Balance at 31 December	297,133,349	193,735,548

Breakup of advances and cash security deposits on the basis of category of finance is as under:

Lease advance	29,687,390	43,581,315
Term finance advance	55,451,159	65,325,433
Stock on hire advance	8,000	8,000
Cash security deposit	211,986,800	84,820,800
	297,133,349	193,735,548

Advance and cash security deposit reduce the exposure with the clients and thereby reduce the risks. No interest is payable on advances while cash security deposits are interest bearing.

12.7 Accrued expenses and other payables

Suspense receipts	61,130,711	63,592,851
Accrued management expenses	23,863,972	5,988,477
Other payables	79,223,596	70,024,132
	164,218,279	139,605,460

Suspense receipts represent amount received from clients for various reasons such as rentals adjustment, transfer price, advance rentals, IDCP and other advances. When combined cheques are given by the clients that also initially posted into suspense receipts account.

12.a OTHER LIABILITIES (consolidated)

Prime Finance & Investment Limited	2,067,722,194	1,451,071,190
Prime Finance Capital Management Limited	526,227,671	841,153,268
Adjustment for dealing with subsidiary	-	(194,092,361)
	2,593,949,865	2,098,132,097

13.0 SHARE CAPITAL

As at 31 December 2015, a total of 272,916,483 (FY 2014: 272,916,483) ordinary shares of Taka 10 each were issued, subscribed and fully paid up. Details are as follows:

Authorized capital

300,000,000 Ordinary shares of Taka 10 each	3,000,000,000	3,000,000,000
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Issued, subscribed, called up and paid up capital:

Total ordinary shares 272,916,483 of Taka 10 each	2,729,164,830	2,729,164,830
Total bonus shares of Taka 10 each	-	-
	2,729,164,830	2,729,164,830

Details of sponsors shareholding	No. of shares held	Percentage
Sponsor Shareholders		
Acorn Limited	24,920,420	9.13
Khaled Textile Mills Limited	22,882,420	8.38
Pedrollo Nk. Limited	26,768,991	9.80
Mawsons Limited	5,654,752	2.07
Maksons (Bangladesh) Ltd.	21,370,516	7.83
East Coast Shipping Lines Limited	24,407,338	8.94
GQ Enterprise Limited	23,222,142	8.50
Agami Apparels Ltd.	23,088,632	8.47
Abeeco Industries Ltd.	758,634	0.28
Mr. Tauseef Iqbal Ali	5,458,363	2.00
Professor Salma Rahman	2,820,666	1.03
Mr. Md. Aliuzzaman	142,427	0.05

Composition of shareholdings

Composition of shareholdings as on 31 December 2015 and 2014 was as under:

Group	No. of Shareholders		No. of Shares		Percentage	
	2015	2014	2015	2014	2015	2014
Sponsors (Institutions)	9	9	173,073,845	173,073,845	63.42	63.42
Sponsors (Individuals)	3	3	8,421,456	8,421,456	3.08	3.08
General Public (Institutions)	274	301	20,725,390	14,441,891	7.59	5.29
General Public (Individuals)	20,217	24,390	70,695,792	76,979,291	25.91	28.21
	20,503	24,703	272,916,483	272,916,483	100.00	100.00

13.1 Capital Adequacy Ratio (CAR)

As per section 4(Gha) of the Financial Institutions Regulations 1994, the minimum paid up capital of the Financial Institution shall be Taka 100 crore. Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined under the Risk Based Assets of the Company. The surplus eligible capital of the Company as on December 31, 2015, on consolidation basis, were Taka 2,316.67 million and capital adequate ratio was 19.99%,

(Figures in Taka) 2015 2014

Details of Capital Adequacy Ratio (CAR):

Tier-1 (Core capital)

Fully paid-up capital	2,729,164,830	2,729,164,830
Statutory reserve	927,108,510	927,108,510
General reserve	-	-
Retained earnings	(142,161,087)	616,137,297
Non-controlling interests	805,497,538	815,839,645
Total eligible Tier-1 capital	4,319,609,791	5,088,250,282

Tier-2 (Supplementary capital)

General provision (Unclassified loans up to specified limit + SMA+ off Balance Sheet exposure+ provision for diminution in value of investments)	204,589,129	157,044,036
Assets revaluation reserves up to 50%	110,971,875	110,971,875
Total eligible Tier-2 capital	315,561,004	268,015,911

(i) Total eligible capital **4,635,170,795** **5,356,266,193**

(ii) Total Risk Weighted Assets (RWA) **23,185,018,082** **22,531,727,116**

(iii) Minimum Capital Requirement (MCR) (10% of RWA) **2,318,501,808** **2,253,172,712**

(iv) Excess {(i) - (iii)} **2,316,668,987** **3,103,093,481**

Capital Adequacy Ratio (CAR) {(i) / (ii)} [%] **19.99%** **23.77%**

(Figures in Taka)	2015	2014
14.0 NON-CONTROLLING INTEREST		
Persuant to the Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements', non-controlling interest has been presented in the consolidated Balance Sheet within equity, separately from the equity of the owners of the parent. Non-controlling interest is made up as follows:		
Balance as on 1 January	815,839,645	778,863,918
Profit/(loss) after tax for the year	(10,342,108)	36,975,727
Balance as on 31 December	805,497,537	815,839,645
15.0 STATUTORY RESERVE		
Balance as on 1 January	927,108,510	851,649,949
Add: Transferred during the year	-	75,458,561
Balance as on 31 December	927,108,510	927,108,510
16.0 RETAINED EARNINGS		
Balance as on 1 January	352,377,830	459,918,313
Payment of cash dividend	(341,145,604)	(409,374,725)
Profit/(loss) after tax for the year	(401,639,619)	377,292,803
Transferred to statutory reserve	-	(75,458,561)
Balance as on 31 December	(390,407,393)	352,377,830
17.0 INCOME STATEMENT		
Income:		
Interest, discount and similar income (note 18)	1,271,899,451	1,623,666,595
Dividend income (note 20)	29,795,556	13,803,874
Gains less losses arising from dealing in securities	-	-
Fees, commission, exchange and brokerage (note 21)	7,417,931	7,128,599
Gains less losses arising from investment in securities (note 20)	(48,978,425)	121,731,153
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-banking assets	-	-
Other operating income (note 22)	52,742,664	148,565,597
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
Total income (A)	1,312,877,177	1,914,895,818
Expenses:		
Interest paid on deposits, borrowings etc. (Note 19)	1,201,932,878	1,263,149,704
Administrative expenses	219,560,848	182,134,717
Depreciation and impairment on banking assets	9,972,546	7,863,670
Other operating expenses	15,238,712	16,887,135
Total expenses (B)	1,446,704,984	1,470,035,226
Operating surplus (A-B)	(133,827,807)	444,860,592
18.0 INTEREST INCOME		
Income from lease finance	101,927,707	118,275,772
Income from term finance	938,034,340	1,399,120,217
Income from real estate finance	25,578,171	23,709,413
Income from other finance	206,359,233	82,561,193
	1,271,899,451	1,623,666,595

To reduce single borrower exposure limit with subsidiary and associate company, as was prescribed by Bangladesh Bank vide the DFIM circular letter no. 14 dated 31 December 2013 and their subsequent letter no. DFIM(S)1055/49/2015-921 dated 11 May 2015, the Board of Directors in its meeting held on 29 July 2015 decided to restructure the loan for 15 years with structured repayment schedule and block the interest with effect from 1 July 2015.

(Figures in Taka)	2015	2014
18.a INTEREST INCOME (consolidated)		
Prime Finance & Investment Limited	1,271,899,451	1,623,666,595
Prime Finance Capital Management Limited	286,270,000	234,119,917
Adjustment for dealing with subsidiary	(115,502,731)	(227,193,826)
	1,442,666,720	1,630,592,686
19.0 INTEREST PAID ON DEPOSITS, BORROWINGS etc.		
Interest on bank loan	122,655,314	209,254,797
Interest on IDA and ADB fund under re-financing scheme of Bangladesh Bank	2,081,704	2,290,580
Interest on fund from Bangladesh Bank under re-financing schemes	8,066,724	1,459,899
Interest on term deposits	933,505,840	893,450,864
Interest on money at call and on short notice	62,399,181	87,881,986
Interest on cash security deposit	13,973,528	5,273,339
Interest on obligation under capital leases	-	102,397
Interest on overdraft facility	59,250,587	63,435,842
	1,201,932,878	1,263,149,704
19.a INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)		
Prime Finance & Investment Limited	1,201,932,878	1,263,149,704
Prime Finance Capital Management Limited	310,249,525	246,497,984
Adjustment for dealing with subsidiary	(115,502,731)	(227,193,826)
	1,396,679,672	1,282,453,862
20.0 INVESTMENT INCOME		
Capital gain on sale of securities (note 20.1)	(48,978,425)	121,731,153
Dividend income	29,795,556	13,803,874
	(19,182,869)	135,535,027
20.1. Capital gain on sale of securities		
Gain on sales of securities	17,409,937	139,861,660
Loss on sales of securities	(66,388,362)	(18,130,507)
Net gain from sale of securities	(48,978,425)	121,731,153
20.a INVESTMENT INCOME (consolidated)		
Prime Finance & Investment Limited	(19,182,869)	135,535,027
Prime Finance Capital Management Limited	18,796,739	110,483,658
	(386,130)	246,018,685
21.0 FEES, COMMISSION, EXCHANGE AND BROKERAGE		
Service charge, factoring charge etc.	7,417,931	7,128,599
	7,417,931	7,128,599
21.a FEES, COMMISSION, EXCHANGE AND BROKERAGE (consolidated)		
Prime Finance & Investment Limited	7,417,931	7,128,599
Prime Finance Capital Management Limited	54,023,107	67,525,639
	61,441,038	74,654,238

(Figures in Taka)	2015	2014
22.0 OTHER OPERATING INCOME		
Income from associates (note 9.1)	(70,712,647)	9,449,906
Delinquent interest, IDCP etc.	99,225,904	112,816,181
Renewals and proceeds	476,495	1,323,091
Others	23,752,912	24,976,419
	52,742,664	148,565,597
22.a OTHER OPERATING INCOME (consolidated)		
Prime Finance & Investment Limited	52,742,664	148,565,597
Prime Finance Capital Management Limited	6,254,420	2,775,719
	58,997,084	151,341,316
23.0 SALARIES AND OTHER EMPLOYEE BENEFITS		
Salaries & allowances (a)	127,185,613	107,148,974
Medical & employee welfare (b)	46,671,594	32,316,854
	173,857,207	139,465,828
(a) Salaries and allowances include contribution to approved Gratuity Fund and Superannuation Fund amounting Taka 8,442,947 and Taka 8,132,947 respectively. Management of the company believes that provisions made against the fund are adequate.		
(b) Medical and employee welfare includes, among others, provision for retirement benefits, death and disability benefits and hospitalization benefits. The funds are managed separately by a board of trustee and management believes that company's contribution to these funds are adequate.		
23.a SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)		
Prime Finance & Investment Limited	173,857,207	139,465,828
Prime Finance Capital Management Limited	38,294,164	29,009,690
	212,151,371	168,475,518
24.0 RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
Office rent	22,503,340	17,190,034
Electricity bill	766,776	1,632,910
	23,270,116	18,822,944
24.a RENT, TAXES, INSURANCE, ELECTRICITY ETC. (consolidated)		
Prime Finance & Investment Limited	23,270,116	18,822,944
Prime Finance Capital Management Limited	9,736,025	12,978,650
	33,006,141	31,801,594
25.0 LEGAL EXPENSES		
Legal expenses include fees for professional services for tax consultancy, credit rating, RJSC consultancy, corporate governance certification etc.		
25.a LEGAL EXPENSES (consolidated)		
Prime Finance & Investment Limited	485,725	1,051,939
Prime Finance Capital Management Limited	219,850	145,750
	705,575	1,197,689
26.0 POSTAGE, STAMP, TELECOMMUNICATION ETC.		
Postage, telephone, telex, fax, and e-mail	2,265,731	2,486,294
Charges, levies, stamps and duties	3,544,015	1,348,860
	5,809,746	3,835,154

(Figures in Taka)	2015	2014
26.a POSTAGE, STAMP, TELECOMMUNICATION ETC. (consolidated)		
Prime Finance & Investment Limited	5,809,746	3,835,154
Prime Finance Capital Management Limited	266,572	259,444
	6,076,318	4,094,598
27.0 STATIONERY, PRINTING, ADVERTISEMENTS ETC.		
Printing and stationery	5,466,484	6,639,777
Books and periodicals	64,919	62,647
Advertisement and publicity	1,111,651	4,131,428
	6,643,054	10,833,852
27.a STATIONERY, PRINTING, ADVERTISEMENTS ETC. (consolidated)		
Prime Finance & Investment Limited	6,643,054	10,833,852
Prime Finance Capital Management Limited	548,899	515,200
	7,191,953	11,349,052
28.0 MANAGING DIRECTOR'S SALARY AND FEES		
Managing Director's salary includes basic salary, house rent allowance, house maintenance allowance, medical allowance, entertainment allowance, recreation allowance and fuel bill up to a certain limit.		
29.0 DIRECTORS' FEES		
The Company pays fees to its Directors for attending the Board meetings and its committee meetings as permitted by the Bangladesh Bank. Details of Directors' fees are as under.		
Total board meetings (nos.)	11	9
Total board audit committee meetings (nos.)	5	5
Total board executive committee meetings (nos.)	13	9
Total fees paid	750,000	630,000
No. of members in the Board	10	11
No. of members in the Audit Committee	5	5
No. of members in the Executive Committee	5	5
29.a DIRECTORS' FEES (consolidated)		
Prime Finance & Investment Limited	750,000	630,000
Prime Finance Capital Management Limited	246,116	555,000
	996,116	1,185,000
30.0 AUDITORS' FEES		
Auditors' fees	300,000	300,000
VAT on audit fees	45,000	45,000
	345,000	345,000
30.a AUDITORS' FEES (consolidated)		
Prime Finance & Investment Limited	345,000	345,000
Prime Finance Capital Management Limited	57,500	57,500
	402,500	402,500
31.0 DEPRECIATION AND REPAIR OF ASSETS		
Depreciation of fixed assets - freehold	8,984,812	6,971,183
Depreciation of fixed assets - leasehold vehicle	776,557	718,811
Amortization of intangible assets	211,177	173,676
	9,972,546	7,863,670

As on 31 December 2015, the company assesses the indication of impairment of assets and as per the assessment no such indication of an impairment loss present.

(Figures in Taka)	2015	2014
31.a DEPRECIATION AND REPAIR OF ASSETS (consolidated)		
Prime Finance & Investment Limited	9,972,546	7,863,670
Prime Finance Capital Management Limited	6,646,578	6,974,561
	16,619,124	14,838,231
32.0 OTHER EXPENSES		
HR development	1,739,923	1,016,663
Travelling and conveyance	2,629,874	2,604,275
Motor vehicle expenses	1,816,684	2,943,239
Subscription and fees	2,252,629	3,825,741
Meeting expenses	66,000	55,500
AGM expenses (note 32.1)	533,582	506,805
Entertainment, public relation etc.	834,259	1,155,744
Others	5,365,761	4,779,168
	15,238,712	16,887,135
32.1 AGM expenses		
Rent for AGM venue	310,000	310,000
Printing, database management etc.	7,000	9,775
Publication of notice	107,000	85,000
Entertainment	63,277	64,750
Others	46,305	37,280
	533,582	506,805
32.a OTHER EXPENSES (consolidated)		
Prime Finance & Investment Limited	15,238,712	16,887,135
Prime Finance Capital Management Limited	7,756,819	6,680,685
	22,995,531	23,567,820
33.0 RECEIPTS FROM OTHER OPERATING ACTIVITIES		
Delinquent interest, IDCP etc.	106,729,285	112,816,181
Renewals and proceeds	476,495	1,323,091
Others	13,278,637	24,976,419
	120,484,417	139,115,691
34.0 PAYMENTS FOR OTHER OPERATING ACTIVITIES		
Advance against office rent, renovation & decoration	(18,132,121)	(4,010,263)
Advance against advertisement	(200,000)	(837,620)
	(18,332,121)	(4,847,883)
35.0 EARNINGS PER SHARE		
Earnings per share (EPS) is calculated in accordance with Bangladesh Accounting Standard (BAS) 33, 'Earnings per share', which has been shown on the face of profit and loss account.		
Basic earnings per share		
The calculation of basic earnings per share at 31 December 2015 was based on the profit/(loss) attributable to ordinary shareholders of Tk. (401,639,619) (2014: Tk. 377,292,803) and a weighted average number of ordinary shares outstanding as at 31 December 2015 of 272,916,483 (2014: 272,916,483)		
Profits attributable to ordinary shareholders		
Net profit for the year	(401,639,619)	377,292,803
Weighted average number of ordinary shares		
Ordinary shares at 1 January	272,916,483	272,916,483
Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483
Earnings per share (EPS)	(1.47)	1.38

(Figures in Taka) 2015 2014

Diluted earnings per share

The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2015 and hence no diluted earnings per share is required to be calculated.

35.a EARNINGS PER SHARE (consolidated)

Profits attributable to ordinary shareholders of the Company

Net profit for the year	(417,152,781)	432,756,393
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Weighted average number of ordinary shares

Ordinary shares at 1 January	272,916,483	272,916,483
Weighted average number of ordinary shares at 31 December	272,916,483	272,916,483

Earnings per share (consolidated)	(1.53)	1.59
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36.0 MARKET CAPITALISATION AND SHARE PRICE

Market Capitalization of the Company, which is the number of ordinary shares in issue, multiplied by the market value of a share. Total number of ordinary shares outstanding as at 31 December 2015 was 272,916,483 and the market value per share on last trading day (31 December 2015) was Tk. 11.40 in Dhaka Stock Exchange (DSE). Thus market capitalization based on DSE value was Tk. 3,111.25 million.

Market for Prime Finance's ordinary shares

Prime Finance's ordinary shares are traded on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) under the symbol of 'PRIMEFIN'. The following table indicated the high and low prices for shares of Prime Finance, as reported by DSE and CSE sets forth for each quarter in the year 2015.

	Quarters	DSE		CSE	
		High	Low	High	Low
High low share price	First quarter	22.30	14.90	22.30	14.90
	Second quarter	15.60	12.80	15.60	12.90
	Third quarter	14.30	12.10	14.20	12.10
	Fourth quarter	13.20	9.80	13.10	9.70
No. of shareholders		There were 20,503 shareholders as per Share Register as on 31 December 2015.			

37.0 RELATED PARTY TRANSACTIONS

Prime Finance in normal course of business carried out a number of transactions with other entities that fall within the definition of related party mentioned in Bangladesh Accounting Standard 24: Related Party Disclosures. At 31 December 2015, there were no loans/leases to related parties that were non-performing.

Prime Finance also takes deposits from its related parties. Total on-balance sheet exposure with the related parties as at 31 December 2015 was as under:

Name of the related party	Relationship	Nature of transaction	2015
			Ourstanding receivable/ (payable)
Prime Islami Life Insurance Company Limited	Common Directors	Term deposit	(37,630,501)
PFI Properties Limited	Common Directors	Term finance	58,243,475
Prime Finance Asset Mgt Company Limited	Associate Company	Term deposit	(45,000,000)
PFI Securities Limited	Associate Company	Term finance	2,807,467,881
Prime Finance Capital Management Limited	Subsidiary Company	Term finance	1,597,011,440
Total			4,380,092,295

Key management personnel	2015	2014
Managing Director's salary and allowance	8,400,000	7,150,000
	8,400,000	7,150,000

37.1 Significant contract where Prime Finance is party and wherein Directors have interest

As on 31 December 2015 no such contract exists.

37.2 Share issued to Directors and executives without consideration or exercisable at a discount

As on 31 December 2015 no share issue exists.

37.3 Lending policy to related parties

Loans, advances and leases extended to related parties were as per the credit policy of the company.

37.4 Investment in the securities of directors and their related concern

As on 31 December 2015 no such investments exists.

38.0 PARTICULARS OF THE DIRECTORS

Sl. No.	Directors	Nominated by	Designation	Address	% of shares as at 31 December 2015
1.	Mr. Md. Aminul Haque	Acorn Limited	Chairman	Acorn Limited, Plot-68, Block-H, Road-11, Level-5, Banani, Dhaka.	9.13
2.	Mr. Shahriar Khaled	Maksons (Bangladesh) Ltd.	Director	40/1, Gulshan North Avenue, Gulshan-2, Dhaka	7.83
3.	Mr. K. M. Mobarak Hossain	Khaled Textile Mills Ltd.	Director	GETCO Group, 26, Shyamoli, Mirpur Road, Dhaka-1207	8.38
4.	Mr. Waheed Mahmud Khaled	Mawsons Limited	Director	House # 63, Avenue # 5, Block # A, Section # 6, Mirpur, Dhaka-1216.	2.07
5.	Mr. Mohammad Masudur Rahim	East Coast Shipping Lines Ltd.	Director	East Coast Centre, SW(G), 8 Gulshan Avenue, Gulshan-1, Dhaka-1212.	8.94
6.	Mr. M. Shahadat Hossain Kiron	Agami Apparels Ltd.	Director	Suvastu Zenim Plaza, House # 37(New), Road # 27 (Old), 16(New), Dhanmondi R/A, Dhaka -1209	8.47
7.	Mr. Qazi Saleemul Huq	GQ Enterprise Ltd.	Director	331/2 Tajuddin Ahmed Swaroni, Bara Maghbazar, Dhaka-1217	8.50
8.	Mr. Tauseef Iqbal Ali	N/A	Director	House # CEN-C2, Road # 95, Gulshan-2, Dhaka-1212.	2.00
9.	Prof. Dr. Parimal Chandra Datta	N/A	Independent Director	Flat # G-15, Z.A. Tower, 115 Shantinagar, Dhaka-1217	NIL
10.	Mr. Kazi Md. Mortuza Ali	N/A	Independent Director	6/1, Eskaton Garden, Triumph Tower, Flat No. B-8, Dhaka - 1217.	NIL

39.0 DIRECTORS AND THEIR ENTITIES IN WHICH THEY HAVE INTEREST

Sl. No	Name of the Directors	Designation	Entities where they have interest
1	Mr. Md. Aminul Haque	Chairman	1 Prime Bank Ltd. 2 Acorn Limited 3 Asia Gate Ltd. 4 Fareast Stocks & Bonds Ltd 5 B-Trac Engineering Ltd. 6 Prime Prudential Fund Ltd. 7 THANE Technology 8 Bangla Trac Oil & Gas Ltd. 9 Anirban Enterprise Ltd. 10 Bangla Trac Power Ltd.

2	Mr. Shahriar Khaled	Director	1 Prime Financial Securities Ltd. 2 Prime Property Holdings Ltd. 3 PFI Properties Ltd. 4 Prime Finance Capital Management Ltd. 5 PFI Securities Ltd. 6 Fareast Stocks & Bonds Ltd. 7 MAKSONS Associates Ltd. 8 MAKSONS (Bangladesh) Ltd. 9 Primeasia Foundation 10 Primeasia University
3	Mr. K. M. Mobarak Hossain	Director	1 GETCO Digital 2 Prime Islami Life Securities Ltd.
4	Mr. Waheed Mahmud Khaled	Director	1 Mawsons Limited 2 Prime Finance Capital Management Limited 3 Everest Homes Ltd 4 Everest Trading Ltd.
5	Mr. Mohammad Masudur Rahim	Director	1 Radiant Alliance Ltd. 2 Bangladesh Trade Syndicate Ltd.
6	Mr. M. Shahadat Hossain Kiron	Director	1 Dekko Garments Ltd. 2 Dekko Apparels Ltd. 3 Globus Garments Ltd. 4 Agami Fashions Ltd. 5 Dekko Fashion Ltd. 6 Dekko Accessories Ltd. 7 Roxy Paints Ltd. 8 Agami Accessories Ltd. 9 Dekko Foods Ltd. 10 Agami Washing Ltd. 11 Agami Distribution Ltd. 12 Agami Apparels Ltd. 13 Dekko Designs Ltd. 14 Dekko Washing Ltd. 15 Yolk Apparels Ltd. 16 Shamrin Tex Ltd. 17 Dekko Holdings Ltd. 18 Dekko Ready Wears Ltd. 19 Dekko Textile Mills Ltd. 20 Dekko Oil Refinery Ltd. 21 Singardighi Fish Park Ltd. 22 PFI Securities Ltd.
7	Mr. Qazi Saleemul Huq	Director	1 GQ Industries Ltd. 2 Maladesh International (Pvt) Ltd. 3 GQ Foods Limited 4 GQ Enterprise Ltd. 5 GQ Ball Pen.
8	Mr. Tauseef Iqbal Ali	Director	1 Prime Finance Capital Management Limited
9	Prof. Dr. Parimal Chandra Datta	Independent Director	1 Prime Finance Capital Management Limited
10	Mr. Kazi Md. Mortuza Ali	Independent Director	1 Prime Finance Capital Management Limited

40.0 DISCLOSURES ON THE BOARD AUDIT COMMITTEE

Composition and qualification:

The Audit Committee consists of the following directors of the Board:

Name	Status with the Company	Status with the Committee	Educational Qualification
Prof. Dr. Parimal Chandra Datta	Independent Director	Chairman	M. Com, Ph. D in Accounting & Finance from Preston University, USA
Mr. M. Shahadat Hossain Kiron	Director	Member	Bachelor of Commerce
Mr. Waheed Mahmud Khaled	Director	Member	Masters in International Banking and Finance from University of Greenwich, London, UK

Mr. Shahriar Khaled	Director	Member	Graduate in Software Engineering from Seneca College, Toronto, Ontario, Canada
Mr. K. M. Mobarak Hossain	Director	Member	MBA Graduate of Australian Institute of Business, Adelaide, Australia.

Audit Committee meetings held during the year:

SL	Meeting no.	Meeting date
1	62 no. Audit Committee Meeting	25-Feb-2015
2	63 no. Audit Committee Meeting	28-Mar-2015
3	64 no. Audit Committee Meeting	14-May-2015
4	65 no. Audit Committee Meeting	29-Jul-2015
5	66 no. Audit Committee Meeting	29-Oct-2015

The Committee discussed the following issues during the year:

- Reviewed the draft financial statements of the Company and its Subsidiary.
- Recommended the Board for appointment of statutory auditors and fixation of their remuneration.
- Reviewed the effectiveness of external audit process.
- Reviewed the Internal Audit Plan.
- Reviewed and approved the 'Audit Committee Report'.
- Reviewed the report on internal control and risk management system.
- Reviewed the quarterly financial statements.
- Reviewed the amendment of 'Anti Money Laundering and Combating Terrorist Financing Policy', 'Credit Risk Management Policy', 'Asset Liability Management Policy' and 'Internal Control & Compliance Policy'.
- Reviewed the policy on 'Finance & Accounting Manual', 'Treasury Manual' and 'Incentive Policy on Outstanding Recovery'.
- Reviewed the quarterly report on compliance of internal policy and operations report.

41.0 CONTINGENT LIABILITIES & OTHER COMMITMENTS

	Amount in Taka	
	2015	2014
Contingent liabilities:	-	-
Other commitments:		
Un-disbursed contracted loans, advances and leases	281,182,425	209,694,854
	281,182,425	209,694,854

This represents loans, advances and leases sanctioned during the year but not yet disbursed.

42.0 LEGAL PROCEEDINGS

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

43.0 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2015, 11 (Eleven) Board Meetings were held. As on 31 December 2015, there were 10 members in the Board, which include two Independent Director. As per FID circular no. 09 dated 11 September 2002, a non-banking financial institution shall have maximum 11 (eleven) Directors in the Board. The Managing Director is an ex-officio Director having no voting right.

44.0 NUMBER OF EMPLOYEES

A total number of 119 employees, including 20 sub staffs were employed in Company as at 31 December 2015. All the employees received salary of Taka 36,000 and above per annum during the year 2015.

45.0 REPORTING CURRENCY AND LEVEL OF PRECISION

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest integer.

46.0 IMPACT OF INFLATION AND CHANGING PRICES

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs.

47.0 EVENTS AFTER THE REPORTING PERIOD

Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors of the Company on 18 February 2016

48.0 FOREIGN CURRENCY EXPOSURE PROFILE

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

49.0 COMPARATIVE FIGURES

Comparative information in respect of the preceding period as specified in BAS 1, para 38 has been disclosed in respect of the year 2015 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Previous years figures have been rearranged whenever considered necessary to ensure comparability with the current period.

50.0 FINANCIAL HIGHLIGHTS

Key financial highlights of the company are annexed as Annexure-B.

51.0 GEOGRAPHICAL AREA OF OPERATION

Prime Finance continues its business operation through its offices at Dilkusha, Gulshan, Chittagong, Rajshahi and Uttara.

52.0 INTERIM FINANCIAL REPORTING

Prime Finance prepared its interim financial statements on quarterly and half-yearly basis as per the requirements of Bangladesh Accounting

Standard (BAS) 34, 'Interim financial reporting'. The Company publishes its interim financial statements in the website of the Company as required by the Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2008-183/Admin/03-34, dated September 27, 2009.

53.0 DISAGREEMENT WITH AUDITORS

There were no disagreement with the Auditors on accounting and financial disclosures.

54.0 DEPARTURE FROM BAS 1

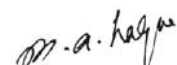
According to DFIM Circular no. 11 dated 23 December 2009 there is no scope to use the name or include Statement of Financial Position and Other Comprehensive Income. As such the company does not use the captioned and also not prepare the same.

55.0 DEPARTURE FROM BAS 39

The requirement of DFIM Circular no. 11 dated 23 December 2009 contradicts with the requirement of BAS 39. As per BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year end is to be taken to profit and loss account or revaluation reserve respectively. Prime Finance followed the guidelines of Bangladesh Bank Circular in recognizing investment in share and maintaining provision on the same.

56.0 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 18 February 2016.


Company Secretary
Managing Director
Director
Chairman

Schedule of fixed assets Including premises, furniture and fixtures

as at 31 December, 2015

Annexure-A

Particulars	Cost			Depreciation/Amortization/Impairment					Written down Value as at Dec' 31, 2015
	Balance as at Jan' 01, 2015	Addition during the year	Disposal/ adjustment during the year	Balance as at Dec' 31, 2015	Rate of depreciation/ amortization	Charged during the year	Disposal/ adjustment during the year	Balance as at Dec' 31, 2015	
Freehold assets:									
Land	305,151,022	-	-	305,151,022	-	-	-	-	305,151,022
Furniture and fixtures	15,726,473	2,649,935	106,590	18,269,818	15%-20%	1,276,433	31,977	11,858,139	6,411,679
Office decoration	18,119,701	7,852,047	-	25,971,748	20%	3,478,129	-	15,247,120	10,724,628
Electrical equipment	23,864,142	5,792,105	18,410	29,637,837	20%	3,019,954	3,069	18,998,374	10,639,463
Owned vehicles	12,041,694	-	-	12,041,694	20%	1,210,296	-	8,772,160	3,269,534
Intangible assets:									
Software	1,772,025	308,825	-	2,080,850	10%	211,177	-	1,368,186	712,664
Leasehold assets:									
Leased vehicles	12,197,061	-	-	12,197,061	20%	776,557	-	11,485,219	711,842
As at 31 December 2015	388,872,118	16,602,912	125,000	405,350,030		9,972,546	35,046	67,729,198	337,620,832
As at 31 December 2014	371,197,709	20,173,552	2,499,143	388,872,118		7,863,670	608,988	57,791,698	331,080,419

HIGHLIGHTS

Annexure - B

Sl. No	Particulars	Financial Year	
		2015	2014
1	Paid-up capital	2,729,164,830	2,729,164,830
2	Total capital	4,635,170,795	5,356,266,193
3	Capital surplus/ (shortage)	2,316,668,987	3,103,093,481
4	Total assets	19,773,635,575	18,466,620,784
5	Total deposits	9,544,207,157	7,763,327,204
6	Total loans, advances and leases	14,362,636,774	13,443,614,332
7	Total Contingent liabilities and commitments	281,182,425	209,694,854
8	Loans deposits ratio (%)	150.49	173.17
9	Percentage of classified loans against total loans, advances and leases	10.20	5.86
10	Net profit after tax and provision	(427,494,889)	469,732,120
11	Classified loans, advances and leases during the year	1,259,320,377	670,741,542
12	Provision against classified loans, advances and leases	224,706,415	51,133,555
13	Surplus/ (shortage) in provision against loans, advances and leases	-	5,000,000
14	Fund cost (%)	10.44	11.43
15	Interest earning assets	18,924,872,100	17,619,557,355
16	Non-interest earning assets	848,763,475	847,063,429
17	Return on average investment (ROI) (%)	(2.59)	3.20
18	Return on average assets (ROA) (%)	(2.19)	2.77
19	Income from debentures, bonds etc.	-	-
20	Net income per share	(1.53)	1.59
21	Earnings per share	(1.53)	1.59
22	Price earnings ratio (times)	(7.46)	13.50

This Annexure - B has been prepared as per the requirement of Bangladesh Bank's DFIM circular no. 11, dated 23 December 2009.



Directors' Report

for the financial year 2015

Dear Shareholders,

The Directors have the pleasure in presenting their Report with the audited financial statements of the Company for the year ended on 31 December 2015 together with the Auditors' Report thereon for consideration and approval of our valued Shareholders. These Reports were approved by the Board of Directors of the Company on 18 February 2016.

The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and other applicable rules & regulations.

Global Economy

Economic performance

Global growth declined in the first half of 2015, reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. It is now at 3.1% for 2015 as a whole, slightly lower than in 2014, and 0.2% point below of 2015 according to World Economic Outlook (WEO) update. Global growth moderated in the first half of 2015, and global industrial production and world trade volumes slowed markedly. Global activity is projected to gather pace in 2016. In emerging market and developing economies, the pickup in 2016 mainly reflects a gradual improvement in countries in economic distress in 2015.

Global industrial production remained weak through 2014, consistent with the uneven strength in demand across major economies and groups of countries, and slowed markedly over the course of the first half of 2015, reflecting some building of inventories in late 2014 and early 2015 but also lower investment growth. World trade volumes also slowed in 2015. Weak investment worldwide, particularly in mining, as well as the trade spillovers of China's growth transition, has likely contributed to this slowing.

Headline inflation has declined in advanced economies, mostly reflecting the decline in the prices of oil and other commodities. Core inflation has remained more stable, but generally is below central banks' inflation objectives, as are nominal unit labor costs.

In global oil markets, spot prices have declined again after rising from the lows reached in January 2015. More resilient supply, including in North America, and weaker global activity likely have been the main factors behind the renewed downward pressure on prices.

Global financial market

Financial market volatility spiked in August following an increase in global risk aversion triggered by concerns about China's growth outlook and emerging market prospects more broadly. But financial conditions have remained favorable in advanced economies. Slightly higher yields on longer-term bonds primarily reflect improving activity and the bottoming out of headline inflation.

Higher yields partly reflect improving economic activity and the bottoming out of headline inflation; in the euro area, they also reflect a correction after earlier declines to extremely compressed levels in response to increased bond purchases by the European Central Bank.

Low long-term interest rates, easy monetary policy conditions, and still-compressed spreads in advanced economies support the recovery and have favorable impacts on debt dynamics.

Financial conditions have in contrast tightened in most emerging market and developing economies, albeit very differently across countries and regions. Corporate and sovereign dollar bond spreads have risen by 40 to 50 basis points on average since the spring, and long-term local-currency bond yields by close to 60 basis points on average.

Monetary conditions generally remain accommodative in many emerging market economies. Real policy rates are low, while currencies have depreciated in real effective terms. However, in a number of emerging market economies with inflationary pressures or external vulnerabilities, central banks have raised policy rates. Real credit growth has slowed in many emerging market economies after credit booms and rapid increases in credit-to-GDP ratios.

World capital market outlook

Stock prices have weakened, and exchange rates have depreciated or come under pressure, particularly in commodity exporters. The evolution of policy rates in

recent months has also differed across regions, reflecting differences in inflation pressure, other domestic macroeconomic conditions, and the external environment. U.S. equities advanced in the fourth quarter, but markets were far from tranquil. While the S&P 500 Index rose just over 7% for the quarter, 2015 was the weakest year for U.S. equities since the global financial crisis. In the fourth quarter, equity performance was challenged by the same issues that burdened investors throughout 2015, including plunging oil prices, a strong U.S. dollar, slowing economic growth in China, and uncertainty over the timing and extent of Federal Reserve action on interest rates. The Fed's long-anticipated initial move came in December, when it raised short-term rates by 0.25%, the first such increase in almost a decade.

Regarding the emerging markets, the general assessment will continue to disappoint. The biggest risk by far in the emerging-markets equation would be China, where the economic slowdown could conceivably lead to an outright contraction in Chinese growth. That would likely have ripple effects around the globe, and this could potentially result in more serious consequences than cascading stock market dislocations. Europe still holds positive potential for international equity investors, although the region's economy is unlikely to boom.

Bangladesh Economy

Economic performance

Despite political agitation early in 2015 that adversely affected transport services, exports, and private investment, growth in Bangladesh held up well because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment.

Inflation moderated in FY2015 much as forecast in Asian Development Outlook (ADO) 2015 from 7.4% a year earlier, reflecting large public stocks of food grains, normal weather, a supportive monetary policy, and lower global food and commodity prices that a steady exchange rate allowed to pass through.

The average inflation in November 2015 stood slightly lower at 6.20%, from 6.21% in October 2015. Although, Bangladesh has never experienced a negative economic growth during the last 44 years since its independence and maintained more than 6% GDP growth rate for last one and half decade, the high rate of inflation always lessened the benefit of good GDP rate.

Export growth was 3.3% in FY2015, down significantly from 12.1% in FY2014. Garments-accounting for about 80% of total exports-grew slowly by 4.1%, reflecting supply chains disrupted by political demonstrations in early 2015, soft demand from the European Union and the US, and a marked decline in prices for cotton, a major input cost that can affect pricing. Imports rose by 11.2%, accelerating from 8.9% growth in FY2014. Larger imports of food grains, machinery, fertilizer, and industrial raw materials helped to propel the expansion. As exports grew significantly more slowly than imports, the trade deficit has widened markedly.

Import payments during the month of October 2015 in the FY2015 stand higher by 53.11 % USD 2,995.10 million,

against USD 2,356.50 million during the same month of FY2014.

Despite a strong recovery in remittances, the current account recorded a small deficit slightly higher than the ADO 2015 forecast. Workers' remittance is very important foreign earnings of Bangladesh to fill-up the huge gap between foreign exchange earnings and expenditure. During the FY2015 total remittances receipts increased in November 2015 by 4.01% to USD 1,142.48 million against USD 1,098.46 million in October 2015.

In recent months, the foreign exchange reserves continuously break new records. The gross foreign exchange reserve of the Bangladesh Bank in November 2015 was decreased by 2.41% to USD 26,407.63 million against USD 27,058.39 million in October 2015.

Financial sector outlook

Declining inflation, reduced lending rates, stable exchange rate and reserve build up show the central bank's monetary policy worked well. 12.4% broad money growth in FY2015 languished below the Monetary Policy Statement target of 16.5%, primarily due to a 10% domestic credit growth shortfall compared to 20.2% target. It reflects weak credit demand from private sector and the government. Net foreign assets grew by 18.2%, compared with FY2015 3.6% target. The banking sector face challenges with estimated average earning decline by 7% in FY2015 vis-à-vis 7.5% growth in FY2014.

Overall fiscal deficit was contained at 3.6% of GDP, despite low tax collections due to political disruptions, and a shift towards low duty commodity import. NBR revenue collection fell short, at Tk. 1,208.2 billion in FY2015 compared to Tk. 1,497.2 billion targets. The Annual Development Program (ADP) implementation lags behind with an out turn of Tk. 685 billion though improved from last year. Domestic financing of budget deficit increased to 1.4% of GDP in FY2015 from 1.1% in FY2014. This came entirely from 93% increase in non-bank borrowing.

Pace of structural reforms is slow with delays in implementing IMF program reforms. Implementation of United States Trade Representative Action Plan show impressive progress but not completed yet. Hence, Bangladesh was not in the list of 122 GSP eligible countries, renewed in July 15. Macroeconomic outlook seems positive with moderate, uneven global growth at 3.1% in 2015. In FY2015, implementation remains the main challenge.

Capital market scenario

The ups and down of capital market are common phenomena all over the world and the capital market of Bangladesh is not an exception in this regard. At the outset of the year 2015 the political instability made the capital market somewhat shrank. The capital market lost its normal pace for the go-slow policy applied by the institutional and individual investors. In the middle of the year we got some hope but the market got disturbed at the end of the year. The trade, index and market capital of 2015 decreased from that of 2014. With regard to foreign trade the year 2015 has broken all the earlier records creating new milestone. In 2015 the total foreign trade was Tk. 7,465 crore and 45 lacs, of which the amount of

money to buy the securities was Tk. 3,825 crore & 46 lacs and the amount of money got from selling securities Tk. 3,639 crore and 98 lacs.

For the capital market, overall, 2014 had been a year of some recovery and relative stability. There was a slight fall in the market indices. In the whole year the Index moved from 4,000 to 4,900 points. At the outset of the year the Benchmark DSE Broad Index (DSEX) was 4,941.52 (January 01, 2015) and at the end of the year it was 4,629.64 (December 31, 2015) witnessing a negative change of 311.88 points. DSEX downed to 3,959.74 on May 4, 2015 which was its highest mark of 4,969.73 points on January 13, 2015.

The year 2015 faced a fixed trend of transaction throughout the 1st, 2nd, 3rd and 4th quarters and downward trend in terms of daily average traded value compared to the previous year. During the year 2015, trading took place on 244 days which was the 238 days in 2014. A total of 26,106.07 million securities worth Tk. 1,031,398.64 million were traded in 2015 against 25,996.17 million securities valued Tk. 1,188,521.54 million in 2014. The turnover rose to the highest peak with Tk. 129,354 million in August with daily average of Tk. 5,880 million and lowest was in February of Tk. 53,603 million with the daily average of Tk. 2,680 million. Total market capitalization in December 31, 2015 is 3,159,757.75 million in taka while the market capitalization was 3,259,246.76 million in taka on December 30, 2014.

Manufacturing sector dominated the DSE turnover in 2015, accounting for a 52.82% of the total DSE turnover in which individually fuel and power sector dominated the overall market by 16.52%. Financial sector contributed 15.11% to the turnover with banks remaining on the top by 7.77%. In terms of individual sectoral performance pharmaceuticals & chemicals sector contributed 15.95% followed by engineering with 15.45%.

A total of 12 companies floated IPOs worth Tk. 13,275.87 million in 2015 while the numbers of IPOs were 20 in 2014 with amount of Tk. 17,125.06 million. Of the total IPO amount of Tk. 8,307.22 million was offered for the public. A total of 14 companies with an issued capital of Tk. 15,514.63 million have been listed in the country's premier bourse in 2015.

Industry outlook

It is very difficult to say that the merchant banks performed well in 2015. Actually most of the merchant banks are concentrating on issue management and underwriting, the very primary jobs of a merchant bank. The job of corporate adviser, which may have a broader explanation, is almost untouched by any of the merchant banks. The merchant bank, which is the unit of any sort of a financial institution, has an edge over other merchant banks. It may be mentioned here that out of total 55 merchant banks only 12 companies floated IPOs were found active during the period 2015. In underwriting income commercial banks can take a share by acting as underwriters of the IPOs along with the licensed merchant banks and hence income from underwriting business for a merchant bank reduces further.

Company outlook

Prime Finance Capital Management Limited (PFCML) is a subsidiary of country's leading financial institution-Prime Finance & Investment Limited. Since 1996, PFCML has been in the capital market as a full-fledged merchant bank under the merchant banking wing of Prime Finance & Investment Limited to serve individual clients, small and large companies with a full range of issue management, underwriting, portfolio management and corporate advisory services. However, as per BSEC's guideline, the merchant banking wing was converted into separate subsidiary Company and was incorporated in 18 March 2010 as a public limited Company with an authorized capital of Tk. 2,500 million (two thousand five hundred million) and an initial paid-up capital of Tk. 1,000 million (one thousand million).

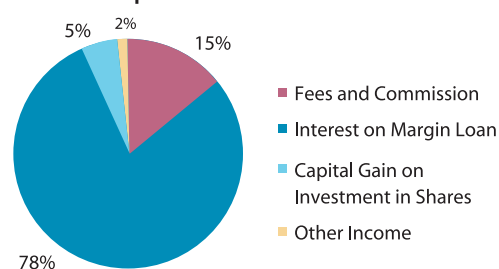
Principal activities

The main objectives of the Company are to carry out business of merchant banking in all respect, including acting as manager to the issues and offers, whether by way of public offer or otherwise, of securities, underwriting and/or management of issues, managing portfolio of investors whether discretionary or nondiscretionary, advising clients on merger and amalgamation, capital restructuring etc.

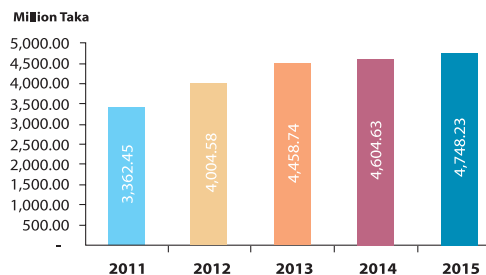
Operational performance

The Company reported net profit after tax attributable to equity holders of the Company of Tk. (25,855,270) for the year 2015 against Tk. 92,439,318 for the year 2014. The Company has made a provision of Tk. 2,798,120 as income tax. Total investment of the Company as margin loan was Tk. 3,616,251,842 and investment in shares including unquoted shares was Tk. 375,134,309 at the end of the year 2015.

Revenue Composition 2015



Total Assets



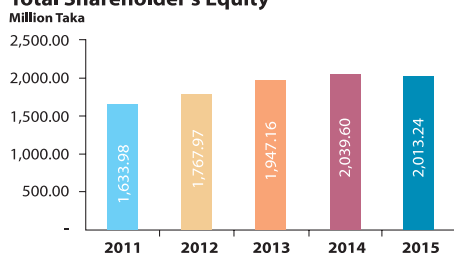
Fixed assets addition

During the year 2015 total assets stood at Tk. 4,748,228,818 compared to Tk. 4,604,631,824 in 2014. In the current year, new purchase of electrical equipments was for Tk. 143,450 and cost of disposal of office vehicles Tk. 2,494,000.

Reserve & surplus

The reserve & surplus of the Company includes retained earnings only. As on 31 December 2015 balance of retained earnings stood at Tk. (19,056,156) which was Tk. 103,599,114 on 31 December 2014.

Total Shareholder's Equity



Book closure

According to Section 42 of the Companies Act 1994, a Company may on giving seven day's previous notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situated close the register of members for any time or times not exceeding on the whole forty-five days in each year but not exceeding thirty days at a time. Accordingly, Register of Members and Share Transfer Book of the Company will remain closed on 15 March 2016.

Annual General Meeting

The 6th Annual General Meeting of the Company will be held on 31 March 2016 to transact the following ordinary businesses:

- To receive, consider and adopt the audited financial statements of the Company for the year ended on 31 December 2015 including the reports of the Directors and the Auditors;
- To elect/ re-elect Directors in terms of the relevant provision of the Articles of Association of the Company;
- To appoint the statutory auditors for the year 2016 and fixation of their remuneration;

Auditors

M. M. Rahman & Co., Chartered Accountants of 17-18 Hossain Housing Society, Shyamoli, Dhaka-1207, was appointed as the Auditors of the Company for the year 2015 in the 5th Annual General Meeting. The Auditors will retire in the 6th Annual General Meeting. Being eligible under Section 212 of the Companies Act 1994, the Auditors have consented to continue their office for the year 2016. The Board recommended to the Shareholders to re-appoint the existing Auditors for the year 2016 at a remuneration of Tk. 50,000 /- plus VAT.

Retirement and appointment of Directors

Retirement by rotation:

As per Article-126 of the Articles of Association of the Company, one-third of the total number of Directors for

the time being, shall retire from the office in every Annual General Meeting. As per Article-128 of the Articles of Association of the Company, the retiring Directors are eligible for re-election.

Accordingly, following Directors as per Article 126 of the Article of Association of the Company shall retire by rotation from the Board in the 6th Annual General Meeting:

- 1) Mr. Tauseef Iqbal Ali
- 2) Prof. Dr. Parimal Chandra Datta
- 3) Kazi Md. Mortuza Ali
- 4) Mr. K. M. Rakib Hasan

As per Article 128 of the Article of Association of the Company the retiring directors are eligible for re-election. Hence, the Board recommended for re-appointment of the retiring directors in the 6th Annual General Meeting of the Company.

Compliance of corporate governance

The Company has complied with condition no. 5 of the Corporate Governance Guideline imposed by Bangladesh Securities and Exchange Commission vide their notification no. SEC/CMRRCD/2006/134/Admin/44 dated 7 August 2012.

Events occurring after the reporting date

As at the date of this Report, the Directors are not aware of any matter or circumstance that has arisen since the end of the year 2015 that has significantly affected or may significantly affect the operations of the Company.

Conclusion

There are a number of dynamics, both political and economic, which could significantly affect money market and capital markets in which the Company operates. As recent turmoil in the market indices, investors remain concerned about stock prices, interest rates, inflation and growth, all of which will inevitably determine capital market's future directions. We are convinced of our ability to continue to thrive in all areas of our business.

Finally, we are thankful to you for having confidence on us. Your continued support is the driving force behind the growth and development of our business. Thanks to the commitment, dedication and hard work of the Company's employees who are core to our success. I also take this opportunity to recall with appreciations the support and cooperation we have received from our shareholders, clients, government agencies, regulatory bodies and everyone with whom the company is connected to in conducting its affairs and business.

On behalf of the Board,

Rubaiyat Khaled
Chairman
Board of Directors
Prime Finance Capital Management Limited



M. M. RAHMAN & CO.
Chartered Accountants

M. Obaidur Rahman, FCA
Rafiqul Islam Khan, FCA
Md. Shah Alam Mridha, FCA

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E-mail: rikhan@agni.com
m.mrahman58@yahoo.com

Independent Auditors' report
To the Shareholders
Of

Prime Finance Capital Management Limited

We have audited the accompanying financial statements of Prime Finance Capital Management Limited (the Company), which comprise the statement of financial position as at December 31, 2015, the statement of comprehensive income and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh financial reporting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstance.

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 reasonable assurance about whether the financial statements 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 auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers 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 circumstance, 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 preparation 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 give a true and fair view of financial position of **Prime Finance Capital Management Limited** as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh financial reporting Standards (BFRS) and comply with applicable sections of the companies Act, 1994 and other applicable laws and regulations.

We also report that:

- We have obtained all the information and explanations which to the best of our knowledge and the belief were necessary for the purposes of our audit and made due verification thereof;
- 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 those books;
- The company's financial position and statements of comprehensive income dealt with the report are in agreement with the books of accounts and returns; and
- The expenditure incurred was for the purpose of the company's business.

Dated: 18 February 2016




M. M. RAHMAN & CO.
Chartered Accountants

Prime Finance Capital Management Limited

Statement of financial position

as at 31 December

(Figures in Taka)	2015	2014
Non-current assets		
Property, plant and equipment	22,693,415	30,443,543
Investment in shares	375,134,309	382,395,655
Deferred tax assets	1,324,312	549,719
Total non-current assets	399,152,036	413,388,917
Current assets		
Margin loan	3,616,251,842	3,486,180,593
Advance, deposit and prepayment	371,166,209	334,391,407
Accounts receivable	360,306,469	347,096,375
Cash and cash equivalents	1,352,263	23,574,532
Total current assets	4,349,076,782	4,191,242,907
Total assets	4,748,228,818	4,604,631,824
Shareholders' equity		
Share capital	2,032,800,000	1,936,000,000
Retained earnings	(19,056,156)	103,599,114
	2,013,743,844	2,039,599,114
Non-current liabilities		
Term loan-long term maturity	36,749,609	173,763,803
Total non-current liabilities	36,749,609	173,763,803
Current liabilities		
Margin deposit	21,149,950	18,823,809
Current account with Parent Company	1,597,011,440	1,301,705,499
Term loan-short term maturity	139,814,036	106,453,548
Short term loan	298,026,713	273,830,556
Overdraft facility	136,655,507	148,343,387
Corporate tax liability	303,510,078	300,711,958
Accounts payable	32,479,320	64,597
Other payables and accruals	169,088,321	241,335,553
Total current liabilities	2,697,735,365	2,391,268,907
Total shareholders' equity and liabilities	4,748,228,818	4,604,631,824


Chairman


Director


Managing Director & CEO

Dhaka, 18 February 2016

As per our annexed report of same date.


M.M. Rahman & Co.
Chartered Accountants

Prime Finance Capital Management Limited

Statement of Comprehensive Income

for the year ended on 31 December

(Figures in Taka)	2015	2014
Operating income		
Fees and commission	54,023,107	67,525,639
Interest on margin loan	286,270,000	234,119,917
Capital gain on sale of listed shares	18,796,739	110,483,658
Other income	6,254,420	2,775,719
Total operating income	365,344,267	414,904,933
Operating expenses		
Financial expenses	310,249,525	246,497,984
Management expenses	70,372,524	63,776,480
Total operating expenses	380,622,048	310,274,463
Profit before provision and tax	(15,277,782)	104,630,470
Provision for doubtful loss	8,553,961	1,244,561
Profit before tax	(23,831,743)	103,385,909
Provision for Taxation:		
Current tax	2,798,120	11,403,027
Deferred tax	(774,593)	(456,436)
	2,023,527	10,946,591
Profit after tax	(25,855,270)	92,439,318


Chairman


Director


Managing Director & CEO

Dhaka, 18 February 2016

As per our annexed report of same date.


M.M. Rahman & Co.
Chartered Accountants

Prime Finance Capital Management Limited

Statement of Changes in Equity

for the year ended on 31 December

(Figures in Taka)

	Share capital	Retained earnings	Total
Balance as at 1 January 2015	1,936,000,000	103,599,114	2,039,599,114
Bonus dividend for the year 2014	96,800,000	(96,800,000)	-
Profit after tax for the period	-	(25,855,270)	(25,855,270)
Balance as at 31 December 2015	2,032,800,000	(19,056,156)	2,013,743,844
Balance as at 1 January 2014	1,760,000,000	187,159,796	1,947,159,796
Bonus dividend for the year 2013	176,000,000	(176,000,000)	-
Profit after tax for the period	-	92,439,318	92,439,318
Balance as at 31 December 2014	1,936,000,000	103,599,114	2,039,599,114

Prime Finance Capital Management Limited

Statement of Cash flows

for the year ended on 31 December

(Figures in Taka)

	2015	2014
A. Cash flows from operating activities		
Net received from/(payment to) portfolio customers	(69,740,553)	(87,271,867)
Net received from brokers	281,148,818	219,318,446
Received of issue management fee	1,915,980	3,410,630
Received of underwriting commission	497,761	1,599,698
Received of advisory fees	1,250,000	1,288,359
Payment for management expense	(58,036,942)	(47,605,696)
Received of dividend income	4,592,229	1,438,841
Received of IPO commission	-	3,488
Received of interest income	52,591	118,204
Bank charge paid	(97,678)	(66,883)
Tax paid	(982,520)	(65,014,429)
Net Cash flows from/ (used in) operating activities	160,599,686	27,218,791
B. Cash flows from investing activities		
Payment for acquisition of fixed assets	(143,450)	(17,469,974)
Payment for employees home loan	-	(2,750,000)
Received against/ (payment for) employees car loan	(1,400,000)	448,400
Received from investment in bond	294,129	-
Net received from/(payment for) investment in shares	20,411,450	17,133,560
Payment as advance against fixed assets	(35,000,000)	-
Net cash flows from/ (used in) investing activities	(15,837,871)	(2,638,014)
C. Cash flows from financing activities		
Net loan repayment to FFIL	(26,628,500)	-
Net loan repayment to ICB	(44,143,486)	138,356,611
Payment for obligation under finance lease	-	(132,003)
Net received from PFI Securities	33,843,473	-
Payment for financial expenses	(46,617,589)	(66,372,490)
Net Received against/ (payment for) other loan	(23,830,556)	49,128,500
Net received from/ (payment for) overdraft facility	(11,687,880)	40,117,187
Net loan payment to ILFSL	(32,881,874)	(22,936,525)
Net loan payment to inter company	(15,037,673)	(141,349,701)
Net cash flows from/ (used in) financing activities	(166,984,085)	(3,188,421)
D. Net cash flows for the period (A+B+C)	(22,222,269)	21,392,356
E. Opening cash and cash equivalents	23,574,532	2,182,176
F. Closing cash and cash equivalents (D+E)	1,352,263	23,574,532

PRIME FINANCE & INVESTMENT LIMITED

Registered Office: 63, Dilkusha, C.A., Dhaka-1000

Notice of the 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Prime Finance & Investment Limited will be held on Thursday, 31 March 2016 at 10:30 a.m. at PSC Convention Hall, Police Staff College Bangladesh, Mirpur-14, Dhaka to transact the following businesses:

AGM 16-20-01 : To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December 2015 together with the reports of the Directors' and Auditors' thereon;

AGM 16-20-02 : To declare dividend for the year ended 2015 as recommended by the Board of Directors;

AGM 16-20-03 : To re-appoint the retiring Directors;

AGM 16-20-04 : To re-appoint Auditors and fixation of their remuneration;

Dated: 15 March 2016

By order of the Board of Directors,



Syed Moniruzzaman FCS
Company Secretary

Notes :

- i. 13 March 2016 was the 'RECORD DATE' for determining rights of Shareholders to attend and vote at the meeting.
- ii. Pursuant to Section 85 of the Companies Act, 1994, the Company gives notice that only the Shareholders whose names were entered in the Depository Register on record date will be entitled to attend and vote at the meeting and at any adjournment thereof.
- iii. As per Article 47 of the Articles of Association of the Company, a shareholder may appoint Proxy to attend

and on a Poll, to vote instead of him/her. The instrument appointing a Proxy and the Power of Attorney, where applicable, must be received at the Company Secretariat Department of the Company at 63 Dilkusha Commercial Area, Dhaka-1000 at least 72 hours before the time for holding the meeting. Completion of the Proxy form will not preclude a shareholder from attending and voting in person instead of his/her proxy.

- iv. For convenience, the Shareholders/Proxy are requested to record their entry at AGM on 31 March 2016 in between 8:00 a.m. to 10:15 a.m.

As per BSEC Directive no. SEC/CMRRCD/2009-193/154 dated 24.10.2013 'No Gift, Gift Coupon or Food Box' shall be distributed to the Members at the 20th AGM.



Prime Finance
& Investment Limited

Registered Office: 63, Dilkusha, C.A., Dhaka-1000

Proxy Form

Proxy no.

(This form is for use at the 20th Annual General Meeting of Prime Finance & Investment Limited to be held on 31 March 2016)

I/We address:
..... of being a member of the Company do hereby appoint
Mr./Ms. address:
to be my/ our proxy to attend and vote on my/our behalf at the 20th Annual General Meeting of the Company to be held
on Thursday, 31 March 2016 at 10:30 a.m. at PSC Convention Hall, Police Staff College Bangladesh, Mirpur-14, Dhaka and
at any adjournment thereof.

Signed this..... day of2016.

Number of shares held:

.....
Signature of the member

Dated:..... 2016



.....
Signature of the Proxy

Signature verified by

Authorized Officer
Prime Finance & Investment Limited

Notes: The proxy form, duly filled and stamped, must be deposited at the Company's registered office at least 72 hours
before commencement of the AGM.



Prime Finance
& Investment Limited

Attendance Slip

Proxy no.

I/we do hereby record my/our attendance at the 20th Annual General Meeting of the Company to be held on Thursday, 31
March 2016 at 10:30 a.m. at PSC Convention Hall, Police Staff College Bangladesh, Mirpur-14, Dhaka.

Name of the Member/Proxy :

BO ID :

Number of shares held :

Signature of the Member/Proxy :

Date :

Signature verified by

Authorized Officer
Prime Finance & Investment Limited

Note : Members/Proxy/Attorney is requested to present this slip at the registration corner on the AGM date in between
8:30 a.m. to 10:15 a.m. Signature of the member must be in accordance with the specimen recorded with depository
register.

Future-oriented Statements

This proclamation is subject to the process of developing assumptions based on the ambience. Postulations and estimates are based upon information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in organizational mandate and strategic objectives. Much of the future-oriented financial information is based on these assumptions, best estimates and judgment and gives due consideration to materiality. At the time of preparation of these statements, management believes that the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The report also covers future-oriented statements in the form of endeavor, assumptions, expectations or forecasts. These statements are based on the plans, estimates, and predictions currently available to the management of Prime Finance. Future-oriented statements therefore only apply on the day on which they are made. We do not undertake any obligation to update such statements in light with new information or future events. By their nature, future-oriented statements contain risks factors and factors of uncertainty. A number of important factors can contribute to actual results deviating considerably from future-oriented statements. Such factors include but not limited to management of credit, market, liquidity & funding and operational risks; the strength of Bangladesh and global economies the effects of changes in monetary policy including change in interest rate policy of Bangladesh Bank, the effects of competition in the market in which we operate, the impact of changes in the laws and regulations regulating financial products and services; our ability to obtain accurate and complete information from and on behalf of our clients. Other factors that may affect future results include changes in our estimates relating to provision; timely development and introduction of new products, changes in tax law, natural disaster, political conditions and the reliability of our principles and procedures and method of risk managements as well as other risks associated with our business activity. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relaying on our future-oriented statements to make decisions with respects to the company, investors and other should carefully consider the foreign factors and other uncertainties and potential events in or out of the country including macro and micro economies.

This annual report is also
available at our official web site
www.primefinancebd.com



Prime Finance
& Investment Limited