

Consolidated Balance Sheet as at 30 June 2011

PROPERTY AND ASSETS	(Figures in BDT)	
	30 June 2011 (Un-audited)	31 Dec 2010
Cash		
In hand (including foreign currencies)	20,000	15,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	56,595,558	37,200,011
Total Cash	56,615,558	37,215,011
Balance with other banks and financial institutions		
In Bangladesh	435,778,748	715,956,397
Outside Bangladesh	-	-
Total Balance with other banks and financial institutions	435,778,748	715,956,397
Money at call and on short notice		
	-	-
Investments		
Government	-	-
Others	970,029,505	1,257,130,031
Total Investments	970,029,505	1,257,130,031
Loans, advances and leases		
Loans, advances and leases etc.	9,420,857,439	8,720,700,063
Bills purchased and discounted	-	-
Total Loans, advances and leases	9,420,857,439	8,720,700,063
Fixed assets including premises, furniture and fixtures		
Other assets	325,960,220	323,617,525
Non banking assets	2,572,677,462	1,857,327,845
	-	-
Total assets	13,781,918,932	12,911,946,872

Consolidated Balance Sheet - Continued

LIABILITIES AND CAPITAL	(Figures in BDT)	
	30 June 2011 (Un-audited)	31 Dec 2010
Liabilities		
Borrowings from other banks, financial institutions and agents	3,275,827,049	3,645,457,340
Deposits and other accounts		
Current and other accounts	-	-
Bills payable	-	-
Savings account	-	-
Term deposits	4,052,749,867	3,760,306,212
Bearer certificates of deposit	-	-
Other deposits	-	-
Total Deposits and other accounts	4,052,749,867	3,760,306,212
Other liabilities	2,053,598,320	1,612,598,871
Total liabilities	9,382,175,236	9,018,362,423
Capital/shareholders' equity		
Paid up capital	1,624,502,880	902,501,600
Statutory reserve	651,297,442	651,297,442
Other reserve	-	-
Retained earnings	1,458,271,063	1,715,745,762
Minority interest	443,728,561	402,095,895
Revaluation reserve	221,943,750	221,943,750
Total shareholders' equity	4,399,743,696	3,893,584,449
Total liabilities and shareholders' equity	13,781,918,932	12,911,946,872

Consolidated Balance Sheet - Continued

OFF-BALANCE SHEET ITEMS	30 June 2011 (Un-audited)	(Figures in BDT) 31 Dec 2010
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	-	150,000,000
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Total Contingent liabilities	-	150,000,000
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 and other commitments	-	-
Total Other commitments	-	-
Total off-Balance Sheet items including contingent liabilities	-	150,000,000


Md. Mizanur Rahman FCA
 Chief Financial Officer


Asad Khan
 Managing Director

Consolidated Profit and Loss Account

(Figures in BDT)	for the half year ended 30 June		for the 2nd quarter ended 30 June	
	2011	2010	2011	2010
Interest income	628,953,114	552,060,403	248,687,289	291,360,426
Interest paid on deposits, borrowings, etc.	(459,054,896)	(411,792,875)	(168,137,216)	(214,418,536)
Net interest income	169,898,218	140,267,528	80,550,073	76,941,890
Investment income	305,221,794	870,690,764	76,847,483	573,224,986
Fees, commission, exchange and brokerage	106,534,405	119,909,155	66,317,776	68,365,490
Other operating income	163,250,125	35,402,101	97,537,310	26,354,543
Total operating income (A)	744,904,542	1,166,269,548	321,252,642	744,886,909
Salaries and other employee benefits	50,987,381	31,543,786	24,221,935	16,915,912
Rent, taxes, insurance, electricity etc.	6,013,461	5,720,769	4,243,260	3,621,090
Legal expenses	1,511,632	828,618	73,487	633,298
Postage, stamp, telecommunication etc.	7,433,825	8,948,532	6,972,192	6,126,689
Stationery, printing, advertisements etc.	5,442,209	3,686,164	2,648,257	1,676,171
Managing Director's salary and fees	1,935,060	2,304,750	879,112	1,207,875
Directors' fees	725,000	364,000	495,000	180,000
Auditors' fees	-	-	-	-
Charges on loan losses	-	-	-	-
Depreciation and repair of assets	4,002,358	3,212,902	1,642,427	1,579,444
Other expenses	14,671,349	11,059,061	9,228,358	6,779,614
Total operating expenses (B)	92,722,275	67,668,582	50,404,028	38,720,093
Profit before provision (C=A-B)	652,182,267	1,098,600,966	270,848,614	706,166,816
Provision for loans, advances and leases				
General provision	(51,788,437)	34,590,617	13,358,128	14,175,819
Specific provision	93,615,348	8,555,745	26,232,558	4,579,266
Provision for diminution in value of investments	(576,911)	(13,146,362)	(25,840,686)	(18,755,085)
Other provisions	-	-	-	-
Total provision (D)	41,250,000	30,000,000	13,750,000	-
Profit before tax (C-D)	610,932,267	1,068,600,966	257,098,614	706,166,816
Provision for tax				
Current	104,773,020	75,000,000	45,528,706	72,500,000
Deferred	-	(19,500,000)	(14,625,000)	-
Total Provision for tax	104,773,020	55,500,000	45,528,706	57,875,000
Net profit after tax	506,159,247	1,013,100,966	211,569,908	648,291,816

Consolidated Profit and Loss Account - Continued

(Figures in BDT)	for the half-year ended 30 June		for the 2nd quarter ended 30 June	
	2011	2010	2011	2010
Attributable to				
Shareholders of the company	464,526,581	1,013,100,966	188,005,277	648,291,816
Minority shareholders	41,632,666	-	23,564,631	-
Retained surplus	506,159,247	1,013,100,966	211,569,908	648,291,816
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Proposed cash dividend	-	-	-	-
Proposed stock dividend	-	-	-	-
Retained surplus	506,159,247	1,013,100,966	211,569,908	648,291,816
Earnings per share (restated)	2.86	6.24	1.16	3.99
No. of outstanding shares	162,450,288	162,450,288	162,450,288	162,450,288


Md. Mizanur Rahman FCA
 Chief Financial Officer


Asad Khan
 Managing Director

Consolidated Cash Flow Statement

for the half-year ended 30 June

	2011	(Figures in BDT) 2010
OPERATING ACTIVITIES (A)		
Interest receipts	568,185,688	498,913,625
Interest payments	(424,185,302)	(407,377,560)
Fees and commissions receipts	338,095	119,909,155
Dividend receipts	9,542,980	9,603,795
Capital gain from sale of listed shares	224,921,565	683,413,172
Cash payments to employees	(36,697,634)	(20,387,798)
Cash payment to suppliers and management expenses	(58,693,576)	(28,545,567)
Income tax paid	(107,790,216)	(7,352,382)
Receipts from other operating activities	31,774,161	202,865,239
Payments for other operating activities	-	-
Cash generated from operating activities before changes in Operating assets and liabilities	207,395,761	1,051,041,679
Increase/(decrease) in operating assets and liabilities		
Net Loans and advances to customers	(663,075,323)	(2,329,017,684)
Other assets	-	-
Loans and deposits from banks and other customers	(77,186,635)	892,600,966
Trading liabilities	-	-
Other liabilities	-	-
Cash generated from operating assets and liabilities	(740,261,958)	(1,436,416,718)
Net cash generated from operating activities	(532,866,197)	(385,375,039)
INVESTMENT ACTIVITIES (B)		
Acquisition of property, plant and equipment	(2,559,315)	(14,815,363)
Sale of securities	485,410,339	1,041,921,560
Investment in securities	(210,761,929)	(868,210,814)
Investment in Prime Finance AMCL	-	(14,700,000)
Net cash used in investing activities	272,089,095	144,195,383
FINANCING ACTIVITIES (C)		
Dividend paid	-	(64,464,400)
Issuance of shares	-	-
Net cash used in financing activities	-	(64,464,400)
Net increase in cash and cash equivalents (D=A+ B + C)	(260,777,102)	(305,644,056)
Effects of exchange rate changes on cash and cash equivalents (E)	-	-
Cash and cash equivalents at beginning of the period (F)	753,171,408	321,976,961
Cash and cash equivalents at end of the period (D+E+F)	492,394,306	16,332,905
Cash and cash equivalents represents		
Cash in hand	20,000	15,000
Balance with Bangladesh Bank and its agent bank	56,595,558	46,027,031
Balance with other banks and financial institutions	435,778,748	(29,709,126)
Total Cash and cash equivalents	492,394,306	16,332,905

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2011

(Figures in BDT)	Paid up Capital	Statutory Reserve	Other reserve	Retained Earnings	Minority Interest	Total
Balance as at 1 January 2011	902,501,600	651,297,442	221,943,750	1,715,745,762	402,095,895	3,893,584,449
Changes during the period						
Issuance of bonus shares (FY-2010)	722,001,280	-	-	(722,001,280)	-	-
Minority interest	-	-	-	-	41,632,666	41,632,666
Net profit for the period	-	-	-	464,526,581	-	464,526,581
Total change	722,001,280	-	-	(257,474,699)	41,632,666	506,159,247
Balance as on 30 June 2011	1,624,502,880	651,297,442	221,943,750	1,458,271,063	443,728,561	4,399,743,696
Balance as at 1 January 2010						
Balance as at 1 January 2010	644,644,000	306,013,615	221,943,750	653,788,612	-	1,826,389,977
Changes during the period						
Issuance of bonus shares (FY-2009)	257,857,600	-	-	(257,857,600)	-	-
Cash dividend (FY- 2009)	-	-	-	(64,464,400)	-	(64,464,400)
Net profit for the period	-	-	-	1,013,100,966	-	1,013,100,966
Total change	257,857,600	-	-	690,778,966	-	948,636,566
Balance as on 30 June 2010	902,501,600	306,013,615	221,943,750	1,344,567,578	-	2,775,026,543

Balance Sheet as at 30 June 2011

PROPERTY AND ASSETS	30 June 2011	(Figures in BDT)
	(Un-audited)	31 Dec 2010
Cash		
In hand (including foreign currencies)	15,000	15,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	56,595,558	37,200,011
Total Cash	56,610,558	37,215,011
Balance with other banks and financial institutions		
In Bangladesh	413,920,946	405,768,755
Outside Bangladesh	-	-
Total Balance with other banks and financial institutions	413,920,946	405,768,755
Money at call and on short notice	-	-
Investments		
Government		
Others	958,551,739	1,257,130,031
Total Investments	958,551,739	1,257,130,031
Loans, advances and leases		
Loans, advances and leases etc.	7,960,297,218	8,720,700,063
Bills purchased and discounted	-	-
Total Loans, advances and leases	7,960,297,218	8,720,700,063
Fixed assets including premises, furniture and fixtures	321,624,718	323,617,525
Other assets	2,967,761,990	2,456,394,681
Non banking assets	-	-
Total assets	12,678,767,169	13,200,826,066

Balance Sheet - Continued

LIABILITIES AND CAPITAL	(Figures in BDT)	
	30 June 2011 (Un-audited)	31 Dec 2010
Liabilities		
Borrowings from other banks, financial institutions and agents	3,275,827,049	3,645,457,340
Deposits and other accounts		
Current and other accounts	-	-
Bills payable	-	-
Savings account	-	-
Term deposits	4,052,749,867	3,760,306,212
Bearer certificates of deposit	-	-
Other deposits	-	-
Total Deposits and other accounts	4,052,749,867	3,760,306,212
Other liabilities	1,459,767,961	2,306,717,803
Total liabilities	8,788,344,877	9,712,481,355
Capital/shareholders' equity		
Paid up capital	1,624,502,880	902,501,600
Statutory reserve	651,297,442	651,297,442
Other reserve	-	-
Retained earnings	1,392,678,220	1,712,601,919
Revaluation reserve	221,943,750	221,943,750
Total shareholders' equity	3,890,422,292	3,488,344,711
Total liabilities and shareholders' equity	12,678,767,169	13,200,826,066

Balance Sheet - Continued

OFF-BALANCE SHEET ITEMS	30 June 2011 (Un-audited)	(Figures in BDT) 31 Dec 2010
<u>Contingent liabilities</u>		
Acceptances and endorsements	-	-
Letters of guarantee	-	150,000,000
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Total Contingent liabilities	-	150,000,000
<u>Other commitments</u>		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total Other commitments	-	-
Total off-Balance Sheet items including contingent liabilities	-	150,000,000


Md. Mizanur Rahman FCA
 Chief Financial Officer


Asad Khan
 Managing Director

Profit and Loss Account

(Figures in BDT)	for the half year ended 30 June		for the 2nd quarter ended 30 June	
	2011	2010	2011	2010
Interest income	536,201,132	552,060,403	272,488,576	291,360,426
Interest paid on deposits, borrowings, etc.	(459,054,896)	(411,792,875)	(242,656,053)	(214,418,536)
Net interest income	77,146,236	140,267,528	29,832,523	76,941,890
Investment income	305,221,794	870,690,764	76,847,483	573,224,986
Fees, commission, exchange and brokerage	338,095	119,909,155	256,430	68,365,490
Other operating income	162,009,328	35,402,101	96,306,513	26,354,543
Total operating income (A)	544,715,453	1,166,269,548	203,242,949	744,886,909
Salaries and other employee benefits	40,775,153	31,543,786	17,591,459	16,915,912
Rent, taxes, insurance, electricity etc.	5,299,432	5,720,769	3,771,731	3,621,090
Legal expenses	143,057	828,618	69,737	633,298
Postage, stamp, telecommunication etc.	7,403,825	8,948,532	6,982,192	6,126,689
Stationery, printing, advertisements etc.	5,051,469	3,686,164	2,421,953	1,676,171
Managing Director's salary and fees	649,415	2,304,750	472,499	1,207,875
Directors' fees	395,000	364,000	245,000	180,000
Auditors' fees	-	-	-	-
Charges on loan losses	-	-	-	-
Depreciation and repair of assets	3,591,745	3,212,902	1,584,949	1,579,444
Other expenses	8,221,591	11,059,061	5,980,179	6,779,614
Total operating expenses (B)	71,530,687	67,668,582	39,119,699	38,720,093
Profit before provision (C=A-B)	473,184,766	1,098,600,966	164,123,250	706,166,816
Provision for loans, advances and leases				
General provision	(63,038,437)	34,590,617	2,108,128	14,175,819
Specific provision	93,615,348	8,555,745	26,232,558	4,579,266
Provision for diminution in value of investments	(576,911)	(13,146,362)	(25,840,686)	(18,755,085)
Other provisions	-	-	-	-
Total provision (D)	30,000,000	30,000,000	2,500,000	-

Profit and Loss Account – Continued

(Figures in BDT)	for the half-year ended 30 June		for the 2nd quarter ended 30 June	
	2011	2010	2011	2010
Profit before tax (C-D)	443,184,766	1,068,600,966	161,623,250	706,166,816
Provision for tax				
Current	41,107,185	75,000,000	8,964,922	72,500,000
Deferred	-	(19,500,000)	-	(14,625,000)
Total Provision for tax	41,107,185	55,500,000	8,964,922	57,875,000
Net profit after tax	402,077,581	1,013,100,966	152,658,328	648,291,816
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Proposed cash dividend	-	-	-	-
Proposed stock dividend	-	-	-	-
Retained surplus	402,077,581	1,013,100,966	152,658,328	648,291,816
Earnings per share (restated)	2.48	6.24	0.94	3.99
No. of outstanding shares	162,450,288	162,450,288	162,450,288	162,450,288


Md. Mizanur Rahman FCA
 Chief Financial Officer


Asad Khan
 Managing Director

Cash Flow Statement

for the half-year ended 30 June

	2011	(Figures in BDT) 2010
OPERATING ACTIVITIES (A)		
Interest receipts	541,528,442	498,913,625
Interest payments	(424,185,302)	(407,377,560)
Fees and commissions receipts	338,095	119,909,155
Dividend receipts	9,542,980	9,603,795
Capital gain from sale of listed shares	224,689,386	683,413,172
Cash payments to employees	(32,073,141)	(20,387,798)
Cash payment to suppliers and management expenses	(56,219,902)	(28,545,567)
Income tax paid	(107,790,216)	(7,352,382)
Receipts from other operating activities	-	202,865,239
Payments for other operating activities	-	-
Cash generated from operating activities before changes in Operating assets and liabilities	155,830,342	1,051,041,679
Increase/(decrease) in operating assets and liabilities		
Net Loans and advances to customers	(348,075,323)	(2,329,017,684)
Other assets	-	-
Loans and deposits from banks and other customers	(77,186,635)	892,600,966
Trading liabilities	-	-
Other liabilities	-	-
Cash generated from operating assets and liabilities	(425,261,958)	(1,436,416,718)
Net cash generated from operating activities	(269,431,616)	(385,375,039)
INVESTMENT ACTIVITIES (B)		
Acquisition of property, plant and equipment	(1,598,938)	(14,815,363)
Sale of securities	485,410,339	1,041,921,560
Investment in securities	(186,832,047)	(868,210,814)
Investment in Prime Finance AMCL	-	(14,700,000)
Net cash used in investing activities	296,979,354	144,195,383
FINANCING ACTIVITIES (C)		
Dividend paid	-	(64,464,400)
Issuance of shares	-	-
Net cash used in financing activities	-	(64,464,400)
Net increase in cash and cash equivalents (D=A+ B + C)	27,547,738	(305,644,056)
Effects of exchange rate changes on cash and cash equivalents (E)	-	-
Cash and cash equivalents at beginning of the period (F)	442,983,766	321,976,961
Cash and cash equivalents at end of the period (D+E+F)	470,531,504	16,332,905
Cash and cash equivalents represents		
Cash in hand	15,000	15,000
Balance with Bangladesh Bank and its agent bank	56,595,558	46,027,031
Balance with other banks and financial institutions	413,920,946	(29,709,126)
Total Cash and cash equivalents	470,531,504	16,332,905

Statement of Changes in Equity

for the half year ended 30 June 2011

(Figures in BDT)	Share Capital	Retained Earnings	Statutory Reserve	Revaluation Reserve	Total
Balance as at 1 January 2011	902,501,600	651,297,442	221,943,750	1,712,601,919	3,488,344,711
Changes during the period					
Issuance of bonus shares (FY-2010)	722,001,280	-	-	(722,001,280)	-
Net profit for the period	-	-	-	402,077,581	402,077,581
Total change	722,001,280	-	-	(319,923,699)	402,077,581
Balance as on 30 June 2011	1,624,502,880	651,297,442	221,943,750	1,392,678,220	3,890,422,292

Balance as at 1 January 2010	644,644,000	306,013,615	221,943,750	653,788,612	1,826,389,977
Changes during the period					
Issuance of bonus shares (FY-2009)	257,857,600	-	-	(257,857,600)	-
Cash dividend (FY- 2009)	-	-	-	(64,464,400)	(64,464,400)
Net profit for the period	-	-	-	1,013,100,966	1,013,100,966
Total change	257,857,600	-	-	690,778,966	948,636,566
Balance as on 30 June 2010	902,501,600	306,013,615	221,943,750	1,344,567,578	2,775,026,543

Selected Explanatory Notes

Legal Framework

Prime Finance & Investment Limited is one of the leading Non Banking Financial Institutions known for its diversified financial services. The company was incorporated in the year 1996 as a Public Limited Company under the Companies Act, 1994 and licensed by Bangladesh Bank under the Financial Institutions Act, 1993.

Basis of Preparation

These half yearly financial statements are being prepared in condensed form in accordance with the requirements of Bangladesh Accounting Standard (BAS)-34 "Interim Financial Reporting" and Rule 13 of the Securities and Exchange Rules 1987. These financial statements are un-audited and are being submitted to the shareholders. In the opinion of the management of the Company, the half-yearly financial statements presented herein fairly represent the financial position, results of the operation, and cash flows of the Company for the relevant period in accordance with Bangladesh Accounting Standards (BAS), Financial Institutions Act, 1993, the Companies Act, 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Accounting Policies

The Accounting policies and method of computation adopted for the preparation of these accounts are the same as those applied in preparation of accounts for the preceding year ended 31 December 2010.

Capitalization of Bonus shares

The shareholders approved 80 percent stock dividend in the 15th Annual General Meeting of the Company held on 29 March 2011. As per the decision of the shareholders, 80 percent stock dividend has been capitalized on that date and Company's paid up capital increased to Tk. 1,624.50 million from Tk. 902.50 million.

Commencement of business by Prime Finance Capital Management Limited

Prime Finance Capital Management Limited, a 60 percent owned subsidiary of Prime Finance started its commercial operation on/from 01 January 2011. The half yearly performance of the company was taken into consideration for the purpose of preparing consolidated financial statements.

Approval of half-yearly report

The half-yearly financial statements for the period ended 30 June 2011 were approved on 27 July 2011.

General

The half yearly financial statements for the period ended 30 June 2011 are un-audited. The comparative figures have been restated and rearranged whenever considered necessary to ensure comparability with the current financial statements.

Copies of the half-yearly report

The Company will send its half-yearly report to the shareholders within 31 July 2011 and will make copies available from the registered office of the company at 63 Dilkusha C.A., Dhaka and on the Company's website at www.primefinancebd.com