

## Abridged Version of Prospectus

# Fareast Finance & Investment Limited

Registered Office: Eunoo's Centre (8th level), 52-53 Dilkusha Commercial Area, Dhaka-1000, Bangladesh  
Phone & Fax: 88-02-7162328, 9554174, 9559621, 9563253, 9572169; E-mail: ffil@bdcom.net; Website: www.ffilbd.com

Public offer of 45,000,000 ordinary shares of Tk. 10/- each at par totaling to Tk. 450,000,000/-

## Subscription for general public

**Opening date:**  
**July 14, 2013**

**Closing date:**  
**July 18, 2013**

## Name, address and telephone number of the Manager to the Issue

## Subscription for NRB applicants

## Grameen Capital Management Limited

Grameen Bank 1<sup>st</sup> Building (2<sup>nd</sup> Floor) Mirpur-2, Dhaka-1216  
Phone: 9004923, 9005257-69 Ext-1293 Fax: 8057618  
E-mail: gramcap@yahoo.com, Website: www.grameencapitalbd.org

**Opening date:**  
**July 14, 2013**

**Closing date:**  
**July 27, 2013**

## CREDIT RATING STATUS

Rating Company: Credit Rating Information and Services Limited (CRISL)	
Long Term: A	Short term: ST-3

## DISCLAIMER

"CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR".

## SPECIAL NOTE

Please read the prospectus carefully which includes "Risk Factors" before taking your investment decision.

An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.

The applicants shall provide with the same bank account number in the application form as it is in the BO account of the application.

The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

## FAREAST FINANCE &amp; INVESTMENT LIMITED - COMPANY PROFILE

Fareast Finance & Investment Limited (FFIL) was incorporated in Bangladesh as a public limited company on June 21, 2001 under The Companies Act, 1994. The company commenced its business on June 21 of the same year. The company obtained license from Bangladesh Bank as a Non-Banking Financial Institution under the Financial Institution Act, 1993 on July 03, 2001 to operate as a leasing and financing company as provided under the relevant law. On 01 January 2002, FFIL initiated its commercial operation. In the same year, the company signed first lease agreement and took part in a syndicated lease agreement.

Particulars	Registration/Licence/Reference No.	Date of obtaining
Certificate of Incorporation	C-43400(2759)/2001	21 June 2001
Certificate for commencement of business	15172	21 June 2001
FI License	FID (L)/26	3 July 2001
TIN certificate	003-201-4861	10 April 2002

Fareast operates its business to serve its clients with high ethical standards and accountability. Because it has a team staffed with some of the most qualified, experienced and innovative personnel in this sector. Furthermore, Fareast believes that each of its activities must provide satisfaction to its customers and will start progress for them. Fareast management also feels for what its clients feel to make their life style more comfortable, convenient and peaceful.

## NATURE OF BUSINESS

The company concentrates its activities for full payout leases and term finances, extended on the basis of recovering the full capital cost of the asset/finance plus imputed interest charges. The company extends lease finance for all types of machinery, equipment, household durables including vehicles for the purpose of industrial, commercial, agricultural and personal use in Bangladesh and also term finance to its clients within the purview of the Law.

## AVAILABILITY OF PROSPECTUS

The Prospectus of Fareast Finance & Investment Limited may be obtained from the Issuer Company, Issue Manager, the Underwriters and The Stock Exchanges as follows:

Issuer Company	Contact Person	Telephone Number
Fareast Finance & Investment Limited Eunoo's Centre (8th Level), 52-53 Dilkusha C.A., Dhaka-1000	Mr. Sheikh Khaled Zahir Company Secretary	9563253, 9572169
Manager to the Issue		
Company	Contact Person	Telephone Number
Grameen Capital Management Limited Grameen Bank Complex (10th Floor), Mirpur-2, Dhaka-1216	Mr. Shieadul Morsalin Head of Merchant Banking	9004923, 9005257-69 Ext-1293
Underwriters		
Company	Contact Person	Telephone Number
Grameen Capital Management Limited Grameen Bank 1st Building (2nd Floor), Mirpur-2, Dhaka-1216	Mr. Shieadul Morsalin Head of Merchant Banking	9004923, 9005257-69 Ext-1293
GSP Finance Company (Bangladesh) Ltd 1, Paribagh, Mymensingh Road, Ramna, Dhaka-1000	Mr. Toaha Muhammad GM & COO (MBU)	9674306
ICB Capital Management Limited BDBL Bhaban (16th Floor), 8, RAJUK Avenue Dhaka-1000	Mr. Md. Moshirul Rahman Chief Executive Officer	7160326-27
Jamuna Bank Capital Management Ltd 2, Dilkusha C.A. (3rd Floor) Hadi Mansion, Dhaka-1000	Mr. Md. Altaf Hossain Assistant Vice President	7113204
LankaBangla Investments Limited Eunoo's Centre (Level 21), 52-53 Dilkusha C.A., Dhaka-1000	Mr. M. Shakil Islam Bhuiyan Chief Executive Officer	7113585, 9561238
MTB Capital Limited 68 Dilkusha C.A. (6th Floor), Dhaka-1000	Mr. Khairul Bashar Abu Taher Chief Executive Officer	7170138-9
Prime Finance Capital Management Ltd 68, Dilkusha C.A., Dhaka-1000	Mr. M. Mosharraf Hossain PhD, FCA MD & CEO	9563883
Prime Bank Investment Limited People's Insurance Bhaban, 11th Floor, 36 Dilkusha C.A., Dhaka-1000	Mr. Khondoker Raihan Ali Assistant Vice President	9555874
PLFS Investments Limited Paramount Heights (13 Floor), 65/21, Box Culvert Road, Pura Paltan, Dhaka	Mr. Mustofa Kamal Chief Executive Officer	7119654
Southeast Bank Capital Services Ltd Eunoo's Centre (Level 2), 52-53 Dilkusha C.A., Dhaka-1000	Mr. Md. Alamgir Hossain Assistant Vice President	9571115
Union Capital Limited Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka-1205	Mr. Abdul Munim Khan EVP & Head of Business	9662888
Stock Exchanges		
Available at	Telephone Number	
Dhaka Stock Exchange Limited (DSE) 9/F, Motiheel C.A., Dhaka-1000	DSE Library	9564601-7
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080 Sheikh Mujib Road, Agrabad, Dhaka-4100	CSE Library	(031) 714632-3 (031) 720871-3

Prospectus is also available on the websites [www.ffilbd.com](http://www.ffilbd.com), [www.grameencapitalbd.org](http://www.grameencapitalbd.org), [www.secd.org](http://www.secd.org), [www.dsebd.org](http://www.dsebd.org), [www.csebd.com](http://www.csebd.com) and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

## NAME AND ADDRESS OF THE AUDITOR

## AHMED ZAKER &amp; CO.

Chartered Accountants  
Saihan Sky View Tower (2<sup>nd</sup> Floor)  
45, Shaheed Nazrul Islam Sarani, Bijoy Nagar, Dhaka-1000  
Phone: 8391440-3 and Fax: 8391011

## USE OF IPO PROCEEDS

The public issue of Fareast Finance & Investment Limited is to meet the compliance of the statutory requirement of the company. The net proceeds will strengthen the capital base and liquidity of the company. Besides, it will augment business expansion as net proceeds of the present issue of 45,000,000 ordinary shares of Tk. 10.00 each at par, totaling Tk. 450,000,000 will be utilized in the normal business operations such as investment, industrial development, leasing, lending, refinancing etc. and refund of high cost borrowing of the Company within 1 (One) year of listing.

Sd/-  
Managing Director  
Sd/-  
Mohammad Hafizur Rahman  
SVP & Chief Financial Officer

## REFUND OF SUBSCRIPTION MONEY

As per Bangladesh SEC Notification dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form:-

● Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or

● Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

"Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, such date and amount remitted with details of the bank through and to which bank such remittance has been effected."

## AUDITORS' REPORT UNDER SECTION 135(1) AND PARAGRAPH 24(1) OF PART-II OF THIRD SCHEDULE OF THE COMPANIES ACT, 1994

As per section 135(1) and Para 24(1) of Part-II of the Schedule-III of the Companies Act, 1994 Fareast Finance & Investment Limited has prepared and presented the following statements of assets and liabilities and statements of operating result for the year ended 31 December 2011, 2010, 2009, 2008 and 2007 to us. Our responsibility is to review the corresponding audited financial statements and confirm the related information that have been correctly extracted from the relevant financial statements.

A. The statements of assets and liabilities (Balance Sheet) of the company as at 31 December 2011, 2010, 2009, 2008 and 2007 are as follows:

Particulars	2011	2010	2009	2008	2007
Amount in Taka					
<b>PROPERTY AND ASSETS</b>					
Cash	35,539,776	18,563,655	13,812,132	6,374,491	6,349,315
In hand (including foreign currencies)	12,540	46,000	2,837,705	2,729,850	538,300
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	35,527,236	18,517,655	10,974,427	3,644,641	5,811,015
<b>Balance with other banks and financial institutions</b>	<b>216,579,703</b>	<b>129,091,294</b>	<b>24,630,896</b>	<b>14,797,205</b>	<b>10,230,809</b>
In Bangladesh	216,579,703	129,091,294	24,630,896	14,797,205	10,230,809
Outside Bangladesh	0	0	0	0	0
<b>Money at call and short notice</b>	<b>0</b>	<b>250,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investments</b>	<b>192,708,218</b>	<b>144,929,265</b>	<b>147,169,755</b>	<b>101,753,144</b>	<b>93,311,314</b>
Government	0	0	0	0	0
Others	192,708,218	144,929,265	147,169,755	101,753,144	93,311,314
<b>Loans, advances and leases</b>	<b>4,944,245,906</b>	<b>3,868,415,282</b>	<b>1,964,563,784</b>	<b>1,795,330,309</b>	<b>1,453,278,647</b>
Loans, cash credits, overdrafts, leases, etc.	4,944,245,906	3,868,415,282	1,964,563,784	1,795,330,309	1,453,278,647
Bills purchased and discounted	0	0	0	0	0
<b>Fixed assets including premises, furniture and fixtures</b>	<b>24,135,641</b>	<b>11,876,707</b>	<b>11,541,094</b>	<b>7,305,370</b>	<b>7,064,859</b>
<b>Non-current assets</b>	<b>1,101,190,798</b>	<b>868,547,853</b>	<b>269,990,710</b>	<b>22,227,644</b>	<b>41,730,593</b>
<b>Total assets</b>	<b>6,514,400,042</b>	<b>5,291,424,056</b>	<b>2,431,708,371</b>	<b>1,947,788,163</b>	<b>1,611,965,537</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	<b>1,888,107,716</b>	<b>2,032,427,567</b>	<b>970,866,827</b>	<b>1,013,422,901</b>	<b>821,923,996</b>
<b>Deposits and other accounts</b>	<b>2,322,858,796</b>	<b>1,171,199,591</b>	<b>872,004,713</b>	<b>437,594,755</b>	<b>348,542,414</b>
Current deposits	0	0	0	0	0
Bills payable	0	0	0	0	0
Savings deposits	0	0	0	0	0
Term deposits	2,322,858,796	1,171,199,591	872,004,713	437,594,755	348,542,414
Bearer certificate of deposit	0	0	0	0	0
Other deposits	0	0	0	0	0
<b>Other liabilities</b>	<b>570,590,497</b>	<b>463,551,717</b>	<b>214,793,794</b>	<b>183,044,823</b>	<b>178,386,415</b>
<b>Capital/Shareholders' equity</b>	<b>4,781,557,009</b>	<b>3,667,178,875</b>	<b>2,057,665,334</b>	<b>1,634,422,479</b>	<b>1,348,852,825</b>
<b>Capital/Shareholders' equity</b>	<b>4,781,557,009</b>	<b>3,667,178,875</b>	<b>2,057,665,334</b>	<b>1,634,422,479</b>	<b>1,348,852,825</b>
Paid up capital	1,732,843,033	1,624,245,181	374,043,037	313,365,684	263,112,712
Reserves	1,048,015,248	871,680,100	195,750,100	195,750,100	195,750,100
Statutory reserve	114,643,818	92,324,248	47,308,589	35,173,118	25,122,323
Revaluation reserve	463,643,750	463,643,750	0	0	0
Retained earnings	108,539,225	195,996,983	130,984,348	82,442,466	42,240,089
<b>Total liabilities and Shareholders' equity</b>	<b>6,514,400,042</b>	<b>5,291,424,056</b>	<b>2,431,708,371</b>	<b>1,947,788,163</b>	<b>1,611,965,537</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
<b>Contingent liabilities</b>	<b>750,000,000</b>	<b>750,850,000</b>	<b>79,100,000</b>	<b>6,650,000</b>	<b>0</b>
Acceptances and endorsements	0	0	0	0	0
Letter of guarantee	750,000,000	750,850,000	70,000,000	6,650,000	0
Irrevocable letter of credit	0	0	0	0	0
Bills for collection	0	0	0	0	0
Other contingent liabilities	0	0	0	0	0
<b>Other commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Documentary credits and short term trade related transactions	0	0	0	0	0
Forward assets purchased and forward deposits placed	0	0	0	0	0
Undrawn note issuance and revolving underwriting facilities	0	0	0	0	0
Spot and foreign exchange rate contract	0	0	0	0	0
Undrawn formal standby facilities, credit lines and other commitments	0	0	0	0	0
<b>Total off-balance sheet items including contingent liabilities</b>	<b>750,000,000</b>	<b>750,850,000</b>	<b>79,100,000</b>	<b>6,650,000</b>	<b>0</b>
<b>Net asset value per share of Tk.10 each</b>	<b>16.57</b>	<b>18.63</b>	<b>19.11</b>	<b>16.01</b>	<b>13.44</b>

B. The statements of operating result (Profit and Loss Account) of the company for the year ended 31 December 2011, 2010, 2009, 2008 and 2007 are as follows:

Particulars	2011	2010	2009	2008	2007
Amount in Taka					
Interest income on loans, advances and leases	678,445,423	435,045,891	272,443,427	254,036,000	202,506,208
Interest expenses on borrowings, deposits, etc.	(505,662,959)	(370,047,641)	(208,253,198)	(195,527,087)	(158,692,334)
<b>Net interest income</b>	<b>172,782,464</b>	<b>64,998,250</b>	<b>64,190,229</b>	<b>58,508,913</b>	<b>43,813,874</b>
Investment income	(16,763,268)	234,703,102	42,041,674	30,447,627	68,048,468
Commission, exchange and brokerage	3,827,000	4,958,257	380,371	48,555	64,602
Other operating income	71,756,463	133,043,817	17,914,947	26,542,801	10,299,693
<b>Total operating income</b>	<b>231,582,659</b>	<b>437,703,426</b>	<b>124,522,221</b>	<b>117,547,896</b>	<b>122,226,577</b>
Salary and allowances	25,681,580	23,725,263	16,099,790	11,103,678	8,422,189
Rent, taxes, insurance, electricity, etc.	7,152,912	10,648,559	2,758,921	2,092,848	2,040,988
Legal expenses	1,801,805	2,094,620	1,527,688	1,471,700	261,512
Postage, stamp, telecommunication, etc.	713,299	269,232	197,560	279,865	193,906
Stationery, printing, advertisements, etc.	3,576,354	3,264,659	2,920,600	2,653,902	1,151,527
Managing Director's salary and allowances	4,794,430	4,020,000	3,440,000	2,880,000	2,880,000
Directors' fees	830,000	866,000	564,000	628,000	784,000
Auditors' fees	130,625	230,000	130,625	130,625	102,226
Charges on losses regarding loans, advances and leases	0	0	0	0	0
Depreciation and repairs of company's assets	6,506,529	4,223,884	3,663,203	3,288,395	2,872,372
Other operating expenses	7,803,753	12,756,713	5,264,554	6,211,094	5,852,432
<b>Total operating expenses</b>	<b>58,991,287</b>	<b>62,098,938</b>	<b>36,566,921</b>	<b>30,740,372</b>	<b>24,561,176</b>
<b>Profit before provisions</b>	<b>172,591,372</b>	<b>375,604,488</b>	<b>87,960,300</b>	<b>86,807,524</b>	<b>97,665,401</b>
Provisions for loans, advances and leases:	24,129,961	107,868,915	54,484,228	20,583,023	41,708,094
Provision for the diminution in the value of investments	20,702,180	4,157,279	(5,701,281)	3,971,529	1,512,334
Other provisions	0	0	0	0	0
<b>Total provisions</b>	<b>44,832,041</b>	<b>112,026,194</b>	<b>18,782,947</b>	<b>24,554,552</b>	<b>43,221,428</b>
<b>Total profit before income tax</b>	<b>127,759,331</b>	<b>263,578,294</b>	<b>69,177,353</b>	<b>62,252,972</b>	<b>54,443,973</b>
Provision for income tax	19,161,479	35,500,000	8,500,000	12,000,000	2,000,000
<b>Net profit after income tax</b>	<b>108,597,852</b>	<b>228,078,294</b>	<b>60,677,353</b>	<b>50,252,972</b>	<b>52,443,973</b>
Retained earnings brought forward from previous years	195,996,983	130,984,348	82,442,466	42,240,089	22,034,911
<b>Profit available for appropriations</b>	<b>304,594,835</b>	<b>359,062,642</b>	<b>143,119,819</b>	<b>92,493,061</b>	<b>74,478,884</b>
<b>Appropriations</b>					
Statutory reserve	21,719,570	45,615,629	12,135,471	10,050,595	10,488,795
Dividend (Bonus shares)	174,336,040	117,450,000	0	0	21,750,000
	196,055,610	163,065,629	12,135,471	10,050,595	32,238,795
<b>Retained earnings carried to the balance sheet</b>	<b>108,539,225</b>	<b>195,996,983</b>	<b>130,984,348</b>	<b>82,442,466</b>	<b>42,240,089</b>
<b>Earnings per share of Tk.10 each (Basic)</b>	<b>1.04</b>	<b>6.89</b>	<b>3.10</b>	<b>2.57</b>	<b>2.68</b>
<b>Earnings per share of Tk.10 each (Restated)</b>	<b>1.04</b>	<b>2.18</b>	<b>0.58</b>	<b>0.48</b>	<b>0.50</b>
<b>Weighted average number of outstanding shares</b>	<b>104,601,624</b>	<b>33,108,043</b>	<b>19,575,010</b>	<b>19,575,010</b>	<b>19,575,010</b>
<b>Restated weighted average number of outstanding shares</b>	<b>104,601,624</b>	<b>104,601,624</b>	<b>104,601,624</b>	<b>104,601,624</b>	<b>104,601,624</b>