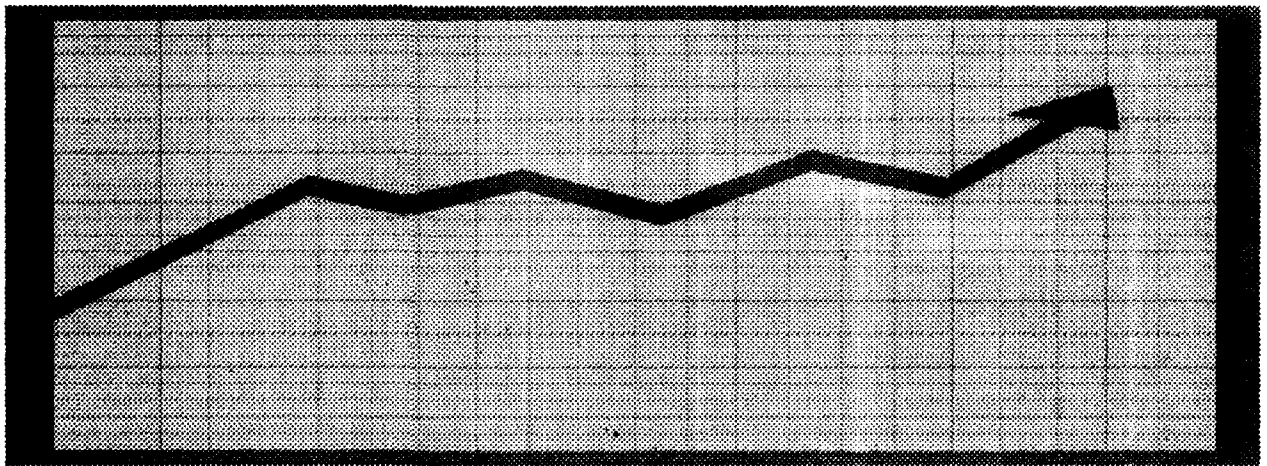


PREM SOMANI

FINANCIAL SERVICES LIMITED

15TH ANNUAL REPORT



2005-2006

PREM SOMANI

FINANCIAL SERVICES LIMITED

Board of Directors : *Mr. Nawneet Somani*

Mr. V. K. Mundra

Mrs. Prem Lata Somani

Mr. Satveer Singh Shekhawat (upto 12th Aug. 06)

Mr. Mangu Singh Shekhawat (upto 12th Aug. 06)

Mr. Virendra Krishnia (w.e.f. 12th Aug. 06)

Mr. Vikas Khator (w.e.f. 12th Aug. 06)

Registered Office : *52, Sangram Colony,
C-Scheme, Jaipur-302 001*

Bankers : *The Federal Bank Limited
Andhra Bank Limited
HDFC Bank Ltd.*

Auditors : *V. Bangar & Company
Chartered Accountants
Jaipur*

NOTICE

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Members of PREM SOMANI FINANCIAL SERVICES LIMITED will be held on Wednesday, 27th Sept. 2006 at 11.30 am at 42, Jaijawan Colony, Scheme No. 3, J.L.N. Marg, Jaipur to transact with or without modifications as may be premissible, the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2006 and Profit & Loss Account for the financial year ended on that date the Reports of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a director in place of Shri V.K. Mundra, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :
"RESOLVED that Shri Virendra Krishnia in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director under the provisions of Section 257 of the Companies Act, 1956 and who is also eligible for appointment to the office of a Director, be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :
"RESOLVED that Shri Vikas Khator in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director under the provisions of Section 257 of the Companies Act, 1956 and who is also eligible for appointment to the office of a Director, be and is hereby appointed as a Director of the Company."

BY ORDER OF THE BOARD OF DIRECTORS
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR

DATED : 14.08.2006

(NAWNEET SOMANI)

Director

(PREM LATA SOMANI)

Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY; PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBER AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM THURSDAY THE 21TH SEP. 2006 TO WEDNESDAY THE 27TH SEP. 2006 (BOTH DAY INCLUSIVE)
3. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.

4. Information Required to be furnished under the listing agreement
Particular of the Director who is proposed to be re-appointed is given below :-
Mr. Vishnu Kant Mundra, Aged 42 is a graduate in commerce and he has vast experience in the field of stock market and he doesn't hold any other directorship.
5. THE RELEVANT EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE BUSINESS UNDER ITEMS No. 4 & 5 TO BE TRANSACTED AT THE MEETING ARE ANNEXED HERETO AND FORM PART OF THIS NOTICE.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4**

The Board at its meeting held on 12.08.2006 appointed Shri Virendra Krishnia as Additional Director of the Company. In terms of the provision of Sec. 260 of the Companies Act, 1956 he holds office as a Director upto the next annual general meeting. A notice has been received proposing the candidature of Shri Virendra Krishnia to the office of Director.

Shri Virendra Krishnia aged 51 is a graduate in Arts and he has experience in the field of insurance and he doesn't hold any other directorship.

None of the Director except Shri Virendra Krishnia is concerned or interested in the resolution.

Item No. 5

The Board at its meeting held on 12.08.2006 appointed Shri Vikas Khator as Additional Director of the Company. In terms of the provision of Sec. 260 of the Companies Act, 1956 he holds office as a Director upto the next annual general meeting. A notice has been received proposing the candidature of Shri Vikas Khator to the office of Director.

Shri Vikas Khator aged 23 is a Post Graduate in Commerce and he doesn't hold any other directorship.

None of the Director except Shri Vikas Khator is concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR
DATED : 14.08.2006

(NAWNEET SOMANI)
Director

(PREM LATA SOMANI)
Director

DIRECTORS REPORT

To,

The Members,

Your directors have pleasure in presenting the FIFTEENTH Annual Report together with the audited statements of accounts for the year ending 31st March 2006.

1. OPERATIONS

The Summarised financial highlights are as under :

PARTICULARS	FOR THE YEAR ENDED 31.03.06	FOR THE YEAR ENDED 31.03.05
Net Sales / Income from Operation	652831.54	6,37,356.80
Rent Received	104500.00	1,02,900.00
Other Income	1153309.13	5,700.00
	1910640.67	7,45,956.80
Total Expenditure	318803.16	4,34,390.84
Operating Profit /(Loss)	1591837.51	3,11,565.96
Depreciation	86193.00	87,472.00
Profit /(Loss) before tax	1505644.51	2,24,093.96
Provision for taxation	32648.63	17,126.00
Deferred Tax Assets Created* / W / Back	55206.00	2,03,954.00
Profit /(Loss) after tax	1417789.88	3013.96
Balance Carried Forward form last year	(12985520.20)	(1,29,88,534.16)
Balance Carried to Balance Sheet	(11567730.32)	(1,29,85,520.20)

* Deferred tax assets has been created to comply with AS-22 issued by the institute of Chartered Accountants of India.

2. DIVIDEND

In view of the carried forward losses and inadequate profit during the year, your directors are unable to declare any dividend for the year.

3. DEPOSITS

The Company has not accepted any Deposits from Public within the meaning of Section 58-A of the Companies Act, 1956 and rules made thereunder.

4. CAPITAL

During the year the Authorised & Issued Subscribed and Paid-up Capital remained unchanged at Rs. 7,00,00,000/- and Rs. 3,30,34,000/- respectively.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information required as per section 217 (1) (e) of the Companies Act, 1956 is not applicable on us however constructive efforts are being made to conserve energy. There were no foreign exchange earnings and outgo during the year.

6. AUDITORS

M/s V. Bangar & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s V. Bangar & Co., to the effect that their appointment if made, would be within the limits under section 224(1-B) of the Companies Act, 1956. Accordingly, M/s V. Bangar & Co., Chartered Accountants will be appointed as auditors of the Company.

7. AUDITOR'S REPORT

The notes to the Accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

8. DIRECTORS

In accordance with the Articles of Association of the Company, Shri V.K. Mundra will retire by rotation and being eligible offers himself for reappointment. Shri Virendra Krishnia & Shri Vikas Khator were appointed as additional directors during the year and it is proposed to appoint them as regular directors in the ensuing AGM. Mr. Satveer Singh Shekhawat and Mangu Singh Shekhawat has resigned as a Director in the board meeting held on 12th August, 2006. Board appreciates the services and guidance received from them during their tenure as a director of the company.

9. AUDIT COMMITTEE

Audit Committee consists of following Directors.

MR. VIRENDRA KRISHNIA,
MR. VIKAS KHATOR,
MR. NAWNEET SOMANI,

CHAIRMAN
MEMBER
MEMBER

Meeting of the committee was held during the financial year in accordance with section 292A of the Companies Act, 1956.

10. CORPORATE GOVERNANCE

A detailed Report on Corporate Governance & Compliance Certificate duly certified by the Company's Statutory Auditors form part of this Report.

11. DIRECTOR'S RESPONSIBILITY STATEMENT

In term of Section 217 (2AA) of the Companies Act. 1956, the directors would like to state that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affair of the company at the end of the financial year under review.
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the directors have prepared the annual accounts on a going concern basis.

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report on Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchange is annexed and forms part of the Director's Report.

13. PERSONNEL

There were no employees whose remuneration were in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

14. ACKNOWLEDGMENT

The Board takes this opportunity to express its sense of gratitude to all the Shareholders, Government Departments, Bankers and other business constituents of the Company.

BY ORDER OF THE BOARD
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR
DATED : 14.08.2006

(NAWNEET SOMANI)
Director

(PREM LATA SOMANI)
Director

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhance interest of other stockholders. It brings into focus the fiduciary and the trusteeship role of the Board of align and direct the actions of the organisation keeping in mind the interest of the shareholders, stockholders and the society.

2. BOARD OF DIRECTORS

The constitution of the Board is given below :

Directors	Executive/ Non-Executive Independent	No. of other Directorship in Public Co.	Membership in other Public Company
Smt. Prem Lata Somani	Non Executive	0	0
Shri Nawneet Somani	Non Executive	1	0
Shri V.K. Mundra	Non Executive	0	0
Shri Mangu Singh Shekhawat*	Non Executive	0	0
Shri Satveer Singh Shekhawat*	Non Executive	0	0
Shri Virendra Krishnia**	Non Executive	0	0
Shri Vikas Khator**	Non Executive	0	0

* upto 12th Aug. 2006

** w.e.f. 12th Aug. 2006

Attendance of Directors at Board Meeting and last Annual General Meeting. :

The Board of Company met nine times during the period 01.04.2005 to 31.03.2006, on the following dates : 29.04.2005, 19.05.2005, 29.07.2005, 02.09.2005, 03.10.2005, 29.10.2005, 19.11.2005, 16.01.2006, 30.01.2006.

The company placed before the Board the annual operating plans, budgets, performance of the Company and various other information, including those specified in the Listing Agreement, from time to time.

The attendance at the Board Meetings and the last Annual General Meeting were as under :

ATTENDANCE

<u>NAME OF DIRECTOR</u>	<u>BOARD MEETING</u>	<u>AGM</u>
Smt. Prem Lata Somani	9	Yes
Shri Navneet Somani	9	Yes
Shri Vishnu K. Mundra	9	Yes
Shri Mangu Singh Shekhawat	3	No
Shri Satveer Singh Shekhawat	3	No

3. AUDIT COMMITTEE

The Audit Committee which was constituted met four times on 29th April 2005, 23th July 2005, 29th Oct. 2005 and 30th Jan, 2006 during the financial year 2005-2006

The Committee consists of following Directors and the attendance of each member of the Committee is given below. :

Name	Designation	Committee Meetings attended
Mr. Virendra Krishnia*	Chairman	Nil
Mr. Vikas Khator*	Member	Nil
Mr. Nawneet Somani	Member	4
Smt. Prem Lata Somani	Member	3
Mr. Vishnu Kant Mundra	Member	3
Mr. Mangu Singh Shekhawat**	Member	1
Mr. Satveer Singh Shekhawat**	Members	1

* (w.e.f. 12th Aug. 2006)

** (w.e.f. 19th Nov. 2005)

All the meetings of the Audit Committee were attended by the representatives of the statutory auditors of the Company.

Terms of reference of the Audit Committee include the following :

- To oversee the Company's financial information disclosure, review the adequacy of internal control systems.
- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems and observations of the auditors.
- To review the un-audited financial statements before submission to the Board.
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act. 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice, if necessary.
- To have full access to information contained in the records of the company.
- The recommendations of the Audit Committee on any matter relating to financial management including the audit report shall be binding on the Board.
- To make recommendations to the Board on any matter relating to the financial management of the Company including the Audit Report.

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising of Sh. Nawneet Somani, Chairman with Shri Mangu Singh Shekhawat and Shri Satveer Singh Shekhawat as member. The Committee also look into redressal of Shareholder complaints like transfer of share, non-receipt of balance sheet etc.

5. CODE OF CONDUCT

The Board of Directors has adopted the code of conduct for Director & Senior Management. The said code has been confirmed.

6. GENERAL BODY MEETINGS

The location and time of the Annual General Meeting held during the last 3 years are as follows :

Annual General Meeting (AGM)	Date	Time	Venue
12th AGM	03.09.2003	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR
13th AGM	03.09.2004	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR
14th AGM	02.09.2005	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR

7. DISCLOSURES

Related party disclosures as required by AS-18 issued by the institute of Chartered Accountants of India, are given in the notes of accounts forming part of this annual report.

8. MEANS OF COMMUNICATION

The annual, half-yearly and quarterly results are regularly submitted to the Stock Exchange and published in newspaper in accordance with the listing Agreement.

9. GENERAL SHAREHOLDER INFORMATION**a) Annual General Meeting**

Day & Date : Wednesday, 27th Sep. 2006

Venue : 42, Jai Jawan Colony, J.L.N. Marg, JAIPUR

b) Financial Calendar

Financial reporting for Following Months

Quarter ending June 30, 2006 July, 2006

Half Year ending Sept. 30, 2006 October, 2006

Quarter ending December 31, 2006 January 2007

For the year ending March, 2007 April 2007

Annual General Meeting for the year ending March, 2007 Sept. 2007

c) Date of Closure

21.09.2006 to 27.09.2006

d) Dividend Payment Date

Not Applicable

e) Registered Office

52, Sangram Colony, C-Scheme, Jaipur-302 001

f) Listing on Stock Exchange

The Stock Exchange, Mumbai Code (30669)

g) Stock Market Data

There was no trading of Company's shares at the exchange during the year.

h) Registrar and Transfer Agent

In house transfer

i) Distribution of Shareholding as on 31st March, 2006

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
0-5000	2083	70.348	5515000/-	16.695
5001-10000	487	16.447	3937000/-	11.918
10001-20000	212	7.160	3169000/-	9.593
20001-100000	158	5.336	6401000/-	19.377
above-100000	21	0.709	14012000/-	42.417
	<u>2961</u>	<u>100</u>	<u>33034000/-</u>	<u>100</u>

Categories of shareholders as on 31st March 2006

Categories	No. of Shares	Amount in Rs.	%
1. Promoter	1016700	10167000/-	30.7774
2. Body Corporate	136300	1363000/-	4.1260
3. Mutual funds	150000	1500000/-	4.5408
4. Public-Indian	1976900	19769000/-	59.8444
5. Non Resident Indian	23500	235000/-	0.7114
	<u>3303400</u>	<u>3303400</u>	<u>100</u>

j) Dematerialisation of Shares

As per the notification issued by the Securities and Exchange Board of India (SEBI), Company's shares are under compulsory demat category. For this purpose the Company has started its efforts and will comply with shortly.

k) Share Transfer System

Company has an In-house share transfer system and all the Share Certificates lodged with the Company are duly treated in accordance with the provisions of the Companies Act, 1956.

l) Outstanding GDRs/ADRs/Warrants or any convertible Instruments :

NIL

m) Investor Correspondence

Mr. Bajrang Sharma acts as the compliance officer of the company, address for investors correspondence is 52, Sangram Colony, C-Scheme, Jaipur-302 001.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Prem Somani Financial Services Limited is pleased to present its report analyzing the Company's operations. The report contains expectations of the Company's business based on the current market trends.

BUSINESS ORGANIZATION

The Company is into the field of Financial Services, Investments etc.

INDUSTRY STRUCTURE AND DEVELOPMENT IN THE INDUSTRY

Although Financial Services Industry is amongst the oldest industries in India but it is not growing very rapidly. It is an industry, which has evolved into a highly competitive and innovative driven industry, characterized by the presence of various sizes of players varying from solo-operators to small-to-medium sized niche players as well as established big players operating in different spaces in the entire spectrum of services.

OPPORTUNITIES AND THREATS

Revival of stock markets and bullish sentiments appears to be opportunity for the company. Tough competition, slow economic growth and depressed stock markets seems to be the biggest threats to the industry.

PERFORMANCE OF THE COMPANY

During the year under review, Company's performance was not upto the mark, However, The Board of Directors of the Company is determined to show a better performance in the years to come.

OUTLOOK

Looking at good market sentiments steep rise is expected in near future. As a result, stock market will boost up and the Company is expected to show a better performance in the years to come.

RISK & CONCERNS

Tough competition, slow economic growth, rapid changing statutes and regulatory framework, etc. are the major risk areas in the Company's business. By using our experience we hope to perform better in the year to come in spite of these risks.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

The Company had adequate internal control system commensurate with its size and nature of business.

FINANCIAL & OPERATIONAL PERFORMANCE

During the Financial Year 2005-2006, Company recorded a net profit of Rs. 1417789.88 as compared to Net Profit of Rs. 3013.96 in the last financial year. However it should be noted that this profit includes Rs. 55206.00 on account of Provision for Deferred Tax assets written back & provision for Income tax Rs. 32648.63.

DEVELOPMENT IN HUMAN RESOURCES

The company has formulated a personnel policy.

AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE

To,

The Members of

PREM SOMANI FINANCIAL SERVICES LIMITED

We have reviewed the records concerning the Company's compliance conditions of Corporate governance as stipulated in clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2006.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review, in our opinion, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, except with respect to Audit Committee, however the company has duly formed the Audit Committee as on 12th Aug. 2006.

We future state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and of behalf of
V. BANGAR & CO.
Chartered Accountants

PLACE : JAIPUR
DATED : 14.08.2006

(SUSHIL KUMAR JALAN)
Partner
Membership No. 73170

AUDITOR'S REPORT
TO THE MEMBERS OF PREM SOMANI FINANCIAL SERVICES LTD.

We have audited the attached Balance Sheet of PREM SOMANI FINANCIAL SERVICES LIMITED, JAIPUR as at 31.03.2006 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the informations and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act. 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) or sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2006;
 - (ii) In the case of the Profit & Loss Account, of the Profit for the period ended on that date.

For and of behalf of
V. BANGAR & CO.
Chartered Accountants

(SUSHIL KUMAR JALAN)
Partner
Membership No. 73170

PLACE : JAIPUR
DATED : 14.08.2006

ANNEXURE

Referred to in paragraph 1 of the Auditors Report of M/s PREM SOMANI FINANCIAL SERVICES LIMITED, JAIPUR, on the accounts for the year ended on 31st March, 2006.

1. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the year and no discrepancies have been noticed on such verification as compared to the book records. No substantial part of fixed assets has been disposed off during the year.
2. Since the company has no inventory, there was no requirement for physical verification of inventory.
3. The company has not taken unsecured loans from companies, firms or other parties covered in the register maintained U/s 301 of the Act. The company has granted loans to Companies, Firms or other Parties covered in the register maintained U/s 301 of the Act. Rate of interest and other terms and conditions of loans taken by the company are prima facie not prejudicial to the interest of the company.
4. Internal control procedure is adequate commensurate with the size of the company and nature of its business. There was no continuing failure to correct major weaknesses in internal control.
5. The transactions that need to be entered into register in pursuance of section 301 of the Act have been so entered. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the market prices at the relevant time.
6. The Company has not accepted deposits from the public.
7. The Company has appointed outside independent firm of Chartered Accountants as its internal auditors and the internal audit system is commensurate with its size and nature of its business.
8. The Central Government has not prescribed for maintenance of cost records U/s 209 (1) (d) of the Companies Act, 1956 for products of the company.
9. The company is regular in depositing undisputed statutory dues with the appropriate authorities. As on 31st March, 2006 there were no arrears of undisputed outstanding statutory dues for a period of the more than six months from the date they became payable.
10. The Company does not have accumulated losses at the end of financial year more than 50% of its networth. The company has incurred cash loss in the financial year as well as in the immediately preceding financial year. However due to write back of provision for sub standard assets, there is a book profit in profit & loss a/c for the current year.
11. The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any special statute like chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.

14. In relation to dealing in or trading in shares, securities, debentures and other investments, proper records have been maintained of the transactions and contracts and timely entries made therein. All the shares, securities, debentures and other investment are held in the name of company itself or lying with NSE/ BSE broker as margin or otherwise.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. There is no term loan as on 31.03.2006 or at any time during the financial year.
17. The funds raised on short term basis have not been used for long term investments or vice versa.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
19. No securities have been created in respect of debentures issued.
20. No money was raised by public issues during the year.
21. No fraud on or by the company has been noticed or reported during the year.

For V. BANGAR & CO.
Chartered Accountants

PLACE : JAIPUR
DATED : 14.08.2006

(SUSHIL KUMAR JALAN)
Partner
Membership No. 73170

Balance Sheet as at 31st March, 2006

PARTICULARS	SCHEDULE		AS AT 31.03.06		AS AT 31.03.05
SOURCES OF FUNDS					
Shareholder's Funds					
(a) Share Capital	I	33034000.00		33034000.00	
(b) Reserve and Surplus	II	750000.00		750000.00	
			33784000.00		33784000.00
Loan Funds					
(a) Secured Loans		0.00		0.00	
(b) Unsecured Loans		0.00	0.00	0.00	0.00
Total Funds Employed			33784000.00		33784000.00
APPLICATION OF FUNDS					
Fixed Assets	III				
Gross Block		1399386.80		1358366.80	
Less : Depreciation		721452.80		640249.80	
Net Block			677934.00		718117.00
Investments	IV		14974870.55		15694219.68
Current Assets, Loans and Advances					
(a) Current Assets	V	525989.54		904082.66	
(b) Loans and Advances	VI	10782152.69		9311317.69	
		11308142.23		10215400.35	
Less : Current Liabilities and Prov.					
Current Liabilities	VII	10310.00		9310.00	
Provisions	VIII	5650307.10		6791093.23	
		5660617.10		6800403.23	
Net Current Assets			5647525.13		3414997.12
Deferred Tax Assets Created			915940.00		971146.00
Miscellaneous Expenditure (to the extent not written off or adjusted)			0.00		0.00
Profit and Loss Account			11567730.32		12985520.20
			33784000.00		33784000.00

As per our Report of even date attached XI

For **V. BANGAR & CO.**
Chartered AccountantsFOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For **PREM SOMANI FINANCIAL SERVICES LIMITED****(SUSHIL KUMAR JALAN)**
Partner
Membership No. 73170**(NAWNEET SOMANI)**
Director**(PREM LATA SOMANI)**
DirectorPLACE : JAIPUR
DATED : 14.08.2006

Profit & Loss Account for the year ended 31st March, 2006

PARTICULARS	SCHEDULE		AS AT 31.03.06		AS AT 31.03.05
INCOME					
Income from Operations	IX	652831.54		637356.80	
Prov. For Sub-Stand. Assets W/back		606000.00		0.00	
Provision for Diminution in Investment		547309.13		5700.00	
Rent Received		104500.00		102900.00	
			1910640.67		745956.80
Total			1910640.67		745956.80
EXPENDITURE					
Administrative and Others Expenses	X	318803.16		434390.84	
Depreciation		86193.00		87472.00	
			404996.16		521862.84
Total			404996.16		521862.84
Profit / (Loss) Before Tax			1505644.51		224093.96
Provision for Taxation / FBT			32648.63		17126.00
Deferred Tax Assets W/Back			55206.00		203954.00
Profit after Tax			1417789.88		3013.96
Balance Brought Forward from last year			-12985520.20		-12988534.16
Profit available for Appropriation			-11567730.32		-12985520.20
Appropriations			0.00		0.00
Balance Carried to the Balance Sheet			-11567730.32		-12985520.20
Significant Accounting Policies & Notes of The Accounts	XI				

As per our Report of even date attached.

For **V. BANGAR & CO.**
Chartered AccountantsFOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For **PREM SOMANI FINANCIAL SERVICES LIMITED****(SUSHIL KUMAR JALAN)**
Partner
Membership No. 73170**(NAWNEET SOMANI)**
Director**(PREM LATA SOMANI)**
DirectorPLACE : JAIPUR
DATED : 14.08.2006

**Schedules Annexed to and Forming Part of Balance Sheet
as at 31st March, 2006**

(Amount in Rs.)

PARTICULARS	AS AT 31.03.06	AS AT 31.03.05
<u>SCHEDULE-I</u>		
<u>SHARE CAPITAL</u>		
AUTHORISED		
7000000 Equity Shares of Rs. 10/- each	70000000.00	70000000.00
Issued, Subscribed and Paid-Up		
3303400 Equity Shares of Rs. 10/- each fully paidup	33034000.00	33034000.00
	33034000.00	33034000.00
<u>SCHEDULE-II</u>		
RESERVE AND SURPLS		
Security Premium	750000.00	750000.00
	750000.00	750000.00
<u>SCHEDULE-V</u>		
CURRENT ASSETS		
Cash Balance in hand	75664.16	8508.16
Balance with Scheduled Banks	209217.38	742991.50
Income Tax Refundable	127957.00	71504.00
Security Deposit	7500.00	7500.00
ITDS	105651.00	73579.00
	525989.54	904082.66
<u>SCHEDULE-VI</u>		
LOAN AND ADVANCES		
Loan to Others	10782152.69	9311317.69
	10782152.69	9311317.69
<u>SCHEDULE-VII</u>		
CURRENT LIABILITIES		
Audit Fees Payable	8660.00	7660.00
Corp. Governance Certification Fees Payable	1650.00	1650.00
	10310.00	9310.00

**Fixed Assets as at 31.03.2006 and Depreciation For the Year
31.03.2006 as per Companies Act, 1956**

SCHEDULE-III

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.04.2005	Addition	Deduction	As on 31.03.2006	As on 31.03.2005	For the Year	Adjust- ment	As on 31.03.2006	As on 31.03.2006	As on 31.03.2005
Scooter	74503.00	0.00	0.00	74503.00	71194.00	856.00	0.00	72050.00	2453.00	3309.00
Computer	62800.00	46010.00	0.00	108810.00	58722.00	10833.00	0.00	69555.00	39255.00	4078.00
Furniture & Fixtures	142824.80	0.00	0.00	142824.80	118965.80	4320.00	0.00	123285.80	19539.00	23859.00
Fax Machine	48460.00	0.00	0.00	48460.00	39207.00	1288.00	0.00	40495.00	7965.00	9253.00
Acqua Guard	4990.00	0.00	4990.00	00.00	4990.00	0.00	4990.00	0.00	0.00	0.00
A.C.	80554.00	0.00	0.00	80554.00	61442.00	2660.00	0.00	64102.00	16452.00	19112.00
Motor Cycle	44235.00	0.00	0.00	44235.00	41829.00	624.00	0.00	42453.00	1782.00	2406.00
Building	900000.00	0.00	0.00	900000.00	243900.00	65612.00	0.00	309512.00	590488.00	656100.00
TOTAL	1358366.80	46010.00	4990.00	1399386.80	640249.80	86193.00	4990.00	721452.80	677934.00	718117.00
Previous Year Figures	1358366.80	0.00	4990.00	1358366.80	552777.80	87472.00	0.00	640249.80	718117.00	805589.00

Details of Investments - Shares & Debentures 2005-06**SCHEDULE-IV****A. QUOTED, EQUITY, LONG TERM, TRADE**

S. No.	NAME OF SCRIPT	FACE VALUE	QTY. 31.03.2005	QTY. 31.03.2006	AMOUNT 31.03.2005	AMOUNT 31.03.2006
1	BHUVAN TRIPURA LTD.	1.00	287000.00	117000.00	398350.48	162393.75
2	BMB MUSIC & MAGNETICS LTD.	10.00	31000.00	31000.00	1206019.23	1206019.23
3	DABUR INDIA LTD.	1.00	1000.00	1000.00	54161.01	54161.01
4	ELECTROFLAME LTD.	10.00	4500.00	4500.00	18750.00	18750.00
5	EMKAY AROMATICS LTD.	10.00	16400.00	16400.00	164000.00	164000.00
6	FISHERMAN INORGANIC LTD.	10.00	37700.00	36700.00	188500.00	183500.00
7	GATEWAY FIN. CORP. LTD.	10.00	5600.00	5600.00	50400.00	50400.00
8	GLOBAL FINANCE LTD.	10.00	67811.00	67811.00	1432168.32	1432168.32
9	INDERGIRI FINANCE LTD	10.00	200000.00	200000.00	2000000.00	2000000.00
10	INFORMATION TECH. LTD.	10.00	1495.00	1495.00	14242.19	14242.19
11	KJ INTERNATIONAL LTD.	10.00	15400.00	15400.00	192500.00	192500.00
12	MAFATLAL FINANCE LTD.	10.00	2500.00	2500.00	163087.02	163087.02
13	MALVIKA STEEL LTD.	10.00	14500.00	14500.00	145000.00	145000.00
14	NEPC AGRO FOOD LTD.	10.00	2023.00	2023.00	3956.70	3956.70
15	NEPC TEXTILES LTD.	10.00	4880.00	4880.00	13802.82	13802.82
16	PADMINI TECH. LTD.	10.00	5000.00	5000.00	20250.00	20250.00
17	PRAKASH SOLVENTS LTD.	10.00	12000.00	12000.00	80040.00	80040.00
18	PRETTO LEATHER LTD.	10.00	5000.00	5000.00	50000.00	50000.00
19	ROOPA INDUSTRIES LTD.	10.00	21700.00	0.00	217000.00	0.00
20	ROSE ZINK LTD.	10.00	5500.00	0.00	62085.34	0.00
21	SCIL HOTELS LTD.	10.00	200.00	0.00	2000.00	0.00
22	SHRIVATSA INTL. LTD.	10.00	700.00	0.00	700.00	0.00
23	SOLARSONS INDUSTRIES LTD.	10.00	1500.00	1500.00	33661.83	33661.83
24	SUPREME CONDUCTORS LTD.	10.00	42400.00	42400.00	598323.53	598323.53
25	TAI CHANG BANG TEXTILES LTD.	10.00	26900.00	10000.00	233356.80	86749.74
26	UNI LEGWEAR LTD.	10.00	58800.00	58800.00	329332.41	329332.41
27	UNION BEARING LTD.	10.00	89500.00	89500.00	447500.00	447500.00
28	VITA BIOTECH LTD.	10.00	7000.00	7000.00	35282.00	35282.00
			968009.00	752009.00	8154469.68	7485120.55

B. LONG TERM INVESTMENTS (OTHER THAN TRADE)

1	KBC INTERNATIONAL PVT. LTD.	10.00	50000	50000	500000.00	500000.00
2	PREM SOMANI SHARE BROKERS PVT. LTD.	10.00	509000	509000	5090000.00	5090000.00
3	RAJASTHAN BUILDTECH (P) LTD.	10.00	50000	50000	500000.00	500000.00
4	SOMANI SECURITIES LTD.	10.00	139975	139975	1399750.00	1399750.00
5	ASHUTOSH CEMENTS LTD.	10.00	5000	NIL	50000.00	NIL
					7539750.00	7489750.00
TOTAL A+B					15694219.68	14974870.55

(Amount in Rs.)

PARTICULARS	AS AT 31.03.06	AS AT 31.03.05
<u>SCHEDULE-VIII</u>		
PROVISION		
Provision for Diminution in Investment	5569866.10	6117175.23
Provision for Sub-Standard & Doubtfull Assets	50792.00	656792.00
Provision for Income Tax (MAT)	29649.00	17126.00
	5650307.10	6791093.23
<u>SCHEDULE-IX</u>		
INCOME FROM OPERATIONS		
Interest (Including TDS Rs. 105651/- Pre. Year Rs. 73579/-)	755729.00	651772.00
Share Trading Profit (Loss)	-103247.46	-14415.20
Dividend Received	350.00	0.00
	652831.54	637356.80
<u>SCHEDULE-X</u>		
ADMINISTRATION AND OTHER EXPENSES		
Salary	169200.00	146400.00
Bonus	12450.00	12450.00
Bank Charges	186.16	410.20
Audit Fees	6500.00	5500.00
Corporate Governance Certification Fees	1650.00	1650.00
Demat Charges	1375.00	1202.64
Courier & Postage Exp.	26329.00	24472.00
Travelling and Conveyance	10800.00	10800.00
Office Expenses	8519.00	22462.00
Listing Fees	10000.00	22600.00
Printing and Stationery	15780.00	15040.00
Rent	18000.00	18000.00
Filing Fees	3000.00	2580.00
Legal Expenses	9520.00	2800.00

(Amount in Rs.)

PARTICULARS	AS AT 31.03.06	AS AT 31.03.05
Repair and Maintenance (Others)	2550.00	4400.00
AGM Exp.	6735.00	5390.00
Advertisement Expenses	1474.00	1700.00
Internal Audit Fees	2160.00	2160.00
Electricity Exp.	4809.00	2108.00
Staff Welfare Exp.	7766.00	6770.00
Preliminary Expenses W/off	0.00	21102.00
Public Issue Expenses W/off	0.00	104394.00
	318803.16	434390.84

PREM SOMANI FINANCIAL SERVICES LIMITED

REGD. OFFICE : 52, SANGRAM COLONY, C-SCHEME, JAIPUR

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES :****(a) Convention :**

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and the provisions of the Companies Act, 1956

(b) Fixed Assets :

Fixed Assets are recorded at cost of acquisition inclusive of all relevant levies and other incidental expenses less depreciation

(c) Depreciation :

Depreciation of Fixed Assets has been provided on Written Down Method as prescribed in Schedule XIV to the Companies Act, 1956 Depreciation on Addition during the year has been provided on pro-rata basis.

(d) System of Accounting :

Company follows the accrual system of accounting.

(e) Investment

All investments held by the Company are treated as long term investments and provision is made in case if permanent diminution is the market value of investments. Investments being long term, and generally valued at cost, excepting.

- i) Investments the value of which has undergone a decline other than temporary. In respect of which the diminution is recognised.
- ii) Unquoted shares which are valued at cost.

(f) Income is not recognised in respect of non performing Assets as per the guidelines on prudential norms prescribed by the RBI.**(g) The company has made provision against NPA as per the guidelines on prudential norms prescribed by RBI.**

2. Previous year figure have been re-grouped, recast and rearranged wherever considered necessary.

3. Auditors Remuneration is paid on account of following :

	<u>31.03.06</u>	<u>31.03.05</u>
Audit Fees	6500.00	5500.00
Cor. Gov. Cert. Fees	1650.00	1650.00

4. There were no employees whose remuneration was in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956

5. Confirmation in respect of balance in the debtors, creditors, loans and advance have been received only in few cases. The efforts are on to obtain formal confirmation from others.
6. Loans & Advances includes Rs. 6686852.69 Due from Prem Somani Share Brokers Pvt. Ltd. which is a Company in which a director is interested.
7. In opinion of the Board of Directors the aggregate value of current assets, loans & advances on realisation in ordinary course of business shall not be less than the amount at which these are stated in the Balance Sheet.
8. Segment Reporting as defined in AS-17, is not applicable to the company as the company has determined only one business segment i.e. Financial Services and only one geographic segment i.e. India However, for the current year the Company had Rental Income also for which only on assets i.e. Building is used.
9. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax, as required by AS-22 of the ICAI is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the calculation of deferred tax assets under AS-22, no consideration has been given to section 115JB of the Income Tax Act, 1961 regarding applicability of MAT.
10. Values used in calculating Earnings per share (EPS) :

	<u>31.03.06</u>	<u>31.03.05</u>
a) Numerator : Profit after Tax Rs.	1417789.88	3013.96
b) Denominator : No. of Equity Shares	3303400	3303400

11. Related Party Disclosures as required by AS-18 are as under :

(A) List of Related Parties :

- | | | |
|--------------------------------------|---|-----------------------|
| 1. Prem Somani & Associates | - | Director's Prop. Firm |
| 2. Prem Somani Share Brokers P. Ltd. | - | Associate Company |
| 3. Somani Securities Ltd. | - | Associate Company |
| 4. Rajasthan Buildtech P. Ltd. | - | Associate Company |

(B) Transaction with related parties :

Name of the Related Party	Name of Transaction During the year / year end Balance	Volume of Transaction	O/s as on 31.03.2006
Prem Somani & Associates	Rent Paid	18000.00	00.00
Prem Somani Share Brokers Pvt. Ltd.	Unsecured Loan recoverable	00.00	6686852.69
Prem Somani Share Brokers Pvt. Ltd.	Intt. Recd.	349246.00	00.00

12. On the basis of information available, there are no outstanding dues to SSI undertakings.
13. Contingent Liabilities : Disputed Demand of Approx Rs. 52500/- from Delhi Stock exchange Limited towards listing fees form 1998-99. No provision for the same has been made in the books.
14. There was no employee of the company during the year drawing remuneration @ Rs. 2400000/- P.A. or more if employed for whole of the year, of Rs. 200000/- P.M. or more if employed for part of the year.
15. Foreign Exchange Earnings : Nil
- Foreign Exchange Outgo : Nil
(incurred for Foreign Travel)

**For Prem Somani Financial
Services Ltd.**

**In terms of our
audit report of even
date attached
For V. BANGAR & CO.
Chartered Accountants**

**PLACE : JAIPUR
DATED : 14.08.2006**

(NAWNEET SOMANI)
Director

(PREM LATA SOMANI)
Director

(SUSHIL KUMAR JALAN)
Partner
Membership No. 73710

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No.	17-6220
State Code	17
Balance Sheet Date	31.03.2006

2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Private Placement (Promoters Contribution)

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs Thousands)

Total Liabilities	33784.00
Total Assets	33784.00

Sources of Funds :

Paid up Capital	33034.00
Reserves and Surplus	750.00
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds :

Net Fixed Assets	677.934
Investments	14974.870
Net Current Assets	5647.525
Misc. Expenditure	Nil
Accumulated Losses	11567.730

4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover / Other Income	1910.640
Total Expenditure	404.996
Profit Before Tax	1505.644
Profit After Tax	1417.789
Earning Per Share in Rs.	0.43
Dividend Rate %	Nil

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(As per monetary terms)

ITC Code No. N.A.

ON BEHALF OF THE BOARD
For PREM SOMANI FINANCIAL SERVICES LIMITED

PLACE : JAIPUR
DATED : 14.08.2006

(NAWNEET SOMANI)
Director

(PREM LATA SOMANI)
Director

CASH FLOW STATEMENT

PARTICULARS	As At 31.03.2005 Amount in Rs.	As At 31.03.2005 Amount in Rs.	As At 31.03.2006 Amount in Rs.	As At 31.03.2006 Amount in Rs.
(A) Cash Flow From Operating Activities				
Net Profit (Loss) Before Tax & extra ordinary Items Adjustments for	-	3013.96	-	1417789.88
Depreciation	87472.00	-	86193.00	-
Loss on Sales of Investments	-	-	-	-
Misc. Expenses / W/off	125496.00	-	-	-
Prov. For Diminution of Inv. & Subs. Assets	(5700.00)	-	(1153309.13)	-
Prov. For Income Tax	17126.00	-	12523.00	-
Prov. For deferred tax Assets Created	203954.00	428348.00	55206.00	-
Operating Profit before Working Capital Charges	-	431361.96	-	418402.75
(Increase) Decrease in Debtors	-	85621.20	-	(1470835.00)
(Increase) Decrease in Other Current Assets	-	(73579.00)	-	(88525.00)
Increase (Decrease) in Current Liabilities	-	130.00	-	1000.00
Net Cash From Operating Activities	-	443534.16	-	(1139957.25)
(B) Cash Flow From Investing Activities				
Purchase / Sale of Investments	-	-	-	719349.13
Purchase / Sale of Fixed Assets	-	-	-	(46010.00)
Net Cash used in Investing Activities	-	-	-	673339.13
(C) Cash Flow From Financing Activities	-	-	-	-
Net Cash flow From Financing Activities	-	-	-	-
(D) Net Increase (Decrease) In				
Cash & Cash Equivalents (A+B+C)	-	443534.16	-	(466618.12)
Cash & Cash Equi. At the beginning of the year	-	307965.50	-	751499.66
Cash & Cash Equi. At the closing of the year	-	751499.66	-	284881.54

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of PREM SOMANI FINANCIAL SERVICES LIMITED, derived from the audited financial statements for the year ended March 31st, 2006 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with the Stock Exchange.

For **V. BANGAR & CO.**
Chartered Accountant

PLACE : JAIPUR
DATED : 14.08.2006

(**SUSHIL KUMAR JALAN**)
Partner
Membership No. 73170

Prem Somani Financial Services Limited

Registered Office : 52, Sangram Colony, C-Scheme, Jaipur-302 001

Regd. Folio No.

No. of Shares held

FORM OF PROXY

I/We
 of a member/members of the above named
 Company here by appoint
 of or, failing him/her
 of as my/our Proxy to attend and vote for me/us and on my/
 our behalf to the Fifteenth Annual General Meeting of the Company to be held on Wednesday the 27th Sep.
 2006.

at 11.30 a.m. and at any adjournment thereof.

signed this.....day of 2006

(Please
 affix revenue
 stamp)

Signature

Notes : The form in order to be effective, should be duly stamped, completed and signed and must be deposited at the
 Registered Office of the Company, not less than 48 hours before the meeting.

----- (tear here) -----

Prem Somani Financial Services Limited

Registered Office : 52, Sangram Colony, C-Scheme, Jaipur-302 001

Regd. Folio No.

No. of Shares held

ATTENDANCE SLIP

I Certify that I am registered shareholder / proxy for the registered shareholder of the Company.
 I hereby record my presence at the Fifteenth Annual General Meeting of the Company at 42, Jai Jawan
 Colony, Scheme No. 3, J.L.N. Marg, Jaipur, on Wednesday the 27th Sep. 2006 at 11.30 am.

Members / Proxy name in BLOCK LettersSignature of the Proxy

Notes : 1. Please fill up this attendance slip and hand this over at the entrance of the meeting hall.
 2. Members are requested to bring their copies of the Annual Report to the meeting.