

**Industrial Promotion and Development
Company of Bangladesh Limited**

Report and financial statements
as at and for the year ended 31 December 2009

**Auditors' Report to the Shareholders of
Industrial Promotion and Development Company of Bangladesh Limited**

We have audited the accompanying balance sheet of Industrial Promotion and Development Company of Bangladesh Limited (the "Company") as at 31 December 2009 and the related profit and loss account, cash flows statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes thereon. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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.

Opinion

In our opinion, the financial statements of the Company along with the notes thereon, prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs, and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) 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 these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c) the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- d) the expenditure incurred was for the purposes of the Company's operation;
- e) the financial position of the Company at 31 December 2009 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with generally accepted accounting principles;

- f) the financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
- g) adequate provisions have been made for leases, advances and investment in shares which are, in our opinion, doubtful of recovery;
- h) the Company has followed the instructions issued by Bangladesh Bank in matters of leases, advances and investment in shares classification, provisioning and suspension of interest;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) the Company has complied with relevant laws pertaining to reserves and maintenance of liquid assets.
- l) as there are no risk weighted assets determined by the Bangladesh Bank for Financial Institutions, therefore, we believe that the review of 80% of risk weighted assets is not applicable for Financial Institutions. We have spent around 2,005 person hours for the audit of financial statements of the Company.

Dhaka, 13 April 2010


Rahman Rahman Hossain

Industrial Promotion and Development Company of Bangladesh Limited
Balance Sheet
as at 31 December 2009

Property and assets	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Cash	5		
In hand (including foreign currencies)	5.1	35,000	30,010
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	5.2	54,748,747	40,391,097
		<u>54,783,747</u>	<u>40,421,107</u>
Balance with other banks and financial institutions	6		
In Bangladesh	6.1	124,745,120	319,196,081
Outside Bangladesh		-	-
		<u>124,745,120</u>	<u>319,196,081</u>
Money at call and short notice		-	-
Investments	7		
Government	7.2	594,364,269	-
Others	7.3	366,672,894	603,292,894
		<u>961,037,163</u>	<u>603,292,894</u>
Loans, advances and leases	8		
Loans, leases, cash credits, overdrafts, etc.		4,548,485,439	4,903,691,325
Bills purchased and discounted		-	-
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
Fixed assets including premises, furniture and fixtures	9	73,566,140	81,079,006
Other assets	10	477,670,345	519,203,644
Non financial institutional assets	11	27,500,000	27,500,000
Total assets		<u><u>6,267,787,954</u></u>	<u><u>6,494,384,057</u></u>
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	782,650,107	897,151,677
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		2,329,403,480	2,534,799,327
Bearer certificate of deposits		-	-
Other deposits		-	-
		<u>2,329,403,480</u>	<u>2,534,799,327</u>
Other liabilities	14	1,309,679,726	1,327,706,914
Total liabilities		<u>4,421,733,313</u>	<u>4,759,657,918</u>
Shareholders' equity			
Paid up capital	15	783,916,200	712,651,100
Share premium	16	167,014,000	167,014,000
Statutory reserve	17	148,586,469	126,438,907
Assets revaluation reserve	18	13,585,980	12,995,286
Retained earnings	19	732,951,992	715,626,846
Total shareholders' equity		<u>1,846,054,641</u>	<u>1,734,726,139</u>
Total liabilities and shareholders' equity		<u><u>6,267,787,954</u></u>	<u><u>6,494,384,057</u></u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	17,900,000	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		<u>17,900,000</u>	<u>-</u>
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 off-balance sheet items		<u>17,900,000</u>	<u>-</u>

The annexed notes 1 to 47 form an integral part of these financial statements.



Managing Director & CEO



Company Secretary



Director

Dhaka, 13 April 2010




Rahman Rahman Huq
Chartered Accountants

Industrial Promotion and Development Company of Bangladesh Limited
Profit and Loss Account
for the year ended 31 December 2009

Particulars	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Interest income	22	545,287,424	631,729,460
Interest paid on deposits and borrowings etc.	23	360,217,695	457,162,114
Net interest income		185,069,729	174,567,346
Investment income	24	108,994,782	60,390,270
Commission, exchange and brokerage	25	1,619,147	1,240,114
Other operating income	26	2,214,373	8,708,318
Total operating income		297,898,031	244,906,048
Salary and allowances	28	34,700,828	32,791,268
Rent, taxes, insurance, electricity, etc.	29	4,510,627	4,374,095
Legal expenses	30	6,248,353	3,179,560
Postage, stamp, telecommunications, etc.	31	1,267,699	1,649,850
Stationery, printings, advertisements, etc.	32	2,728,163	8,688,680
Managing Director's salary and allowances	33	6,306,373	2,191,570
Directors' fees	34	271,400	500,825
Auditors' fees	35	275,000	200,000
Charges on loan loss		-	-
Depreciation and repair of Company's assets	36	15,613,074	16,352,536
Other expenses	37	9,120,590	15,549,467
Total operating expenses		81,042,107	85,477,851
Profit before provision		216,855,924	159,428,197
Provision for loans, advances and leases	38		
Provision for loans and leases		79,698,179	103,623,994
Provision for diminution in value of investments		(5,267,143)	(2,878,203)
Other provisions		-	-
Total provision		74,431,036	100,745,791
Profit before tax		142,424,888	58,682,406
Provision for corporate tax			
Current tax	14.4	13,621,117	15,596,296
Deferred tax	10.2.2	18,065,963	(60,811,063)
		31,687,080	(45,214,767)
Net profit after tax		110,737,808	103,897,173
Appropriations			
Statutory reserve	17	22,147,562	20,779,435
General reserve		-	-
Proposed stock dividend		78,391,600	71,265,100
		100,539,162	92,044,535
Retaines surplus		10,198,646	11,852,638
Earnings per share (EPS)	39	14.13	13.25

The annexed notes 1 to 47 form an integral part of these financial statements.




Managing Director & CEO



Company Secretary



Director



Rahman Rahman Huq
Chartered Accountants

Dhaka, 13 April 2010

Industrial Promotion and Development Company of Bangladesh Limited
Cash flows statement
for the year ended 31 December 2009

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
A) Cash flows from operating activities			
Interest receipts in cash		542,352,484	612,343,820
Interest payments in cash		(392,106,158)	(476,953,252)
Dividend receipts in cash		75,403,198	102,338,945
Fee and commission receipts in cash		14,472,846	3,776,899
Recoveries of loan previously written off		-	-
Cash payments to employees		(41,714,629)	(36,904,664)
Cash payments to suppliers		(30,600,472)	(38,423,742)
Income taxes paid		(25,986,762)	(10,183,312)
Receipts from other operating activities	40	86,577,894	29,887,762
Payments for other operating activities		-	-
<i>Cash generated from operating activities before change in operating assets and liabilities</i>		<u>228,398,401</u>	<u>185,882,456</u>
(Increase)/decrease in operating assets and liabilities			
Statutory deposits		-	-
Purchase /sale of trading securities		(556,864,269)	-
Loans, advances and leases to other banks		51,432,003	(77,640,688)
Loans, advances and leases to customers		309,713,455	194,013,842
Other assets	41	(3,389,644)	2,141,968
Deposits from other banks and financial institutions		(620,000,000)	(820,000,000)
Deposits from customers		414,604,153	309,632,891
Other liability accounts of customers		-	-
Trading liabilities		186,166,558	(133,715,893)
Other liabilities	42	11,770,807	3,934,068
		<u>(206,566,937)</u>	<u>(521,633,812)</u>
<i>Net cash from operating activities</i>		<u>21,831,464</u>	<u>(335,751,356)</u>
B) Cash flows from investing activities			
Proceeds from sale of securities		141,620,000	310,674,133
Payments for purchase of securities		(37,500,000)	-
Purchase of property, plant and equipment		(5,168,460)	(6,301,101)
Sale proceeds of property, plant and equipment		465,107	5,012,539
Cash payments or proceeds from purchase or sale of subsidiaries		-	-
<i>Net cash used in investing activities</i>		<u>99,416,647</u>	<u>309,385,571</u>
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		-	-
Payments for redemption of loan and debt securities		-	-
Receipts from issue of ordinary share		-	-
Receipts/(payments) of long term loan		(300,668,129)	(181,370,371)
Dividends paid in cash		(668,303)	(31,753,818)
<i>Net cash from financing activities</i>		<u>(301,336,432)</u>	<u>(213,124,189)</u>
D) Net (decrease) / increase in cash (A+B+C)		(180,088,321)	(239,489,974)
E) Cash and cash-equivalents at beginning of year		<u>359,617,188</u>	<u>599,107,162</u>
F) Cash and cash-equivalents at end of year (D+E)	43	<u>179,528,867</u>	<u>359,617,188</u>

The annexed notes 1 to 47 form an integral part of these financial statements.

Industrial Promotion and Development Company of Bangladesh Limited
Statement of Changes in Equity
for the year ended 31 December 2009

	<u>Paid up share capital</u> Taka	<u>Share premium</u> Taka	<u>Statutory reserve</u> Taka	<u>Asset revaluation reserve*</u> Taka	<u>Retained earnings</u> Taka	<u>Total</u> Taka
Balance at 1 January 2009	712,651,100	167,014,000	126,438,907	12,995,286	715,626,846	1,734,726,139
Changes in accounting policy	-	-	-	-	-	-
Restated balance	712,651,100	167,014,000	126,438,907	12,995,286	715,626,846	1,734,726,139
Surplus/(deficit) on account of revaluation of properties	-	-	-	590,694	-	590,694
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2009	-	-	-	-	110,737,808	110,737,808
Payment of dividend	-	-	-	-	-	-
Issuance of bonus share	71,265,100	-	-	-	(71,265,100)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the year	-	-	22,147,562	-	(22,147,562)	-
Balance at 31 December 2009	783,916,200	167,014,000	148,586,469	13,585,980	732,951,992	1,846,054,641
Balance at 31 December 2008	712,651,100	167,014,000	126,438,907	23,627,792	715,626,846	1,745,358,645
Adjustment for deferred tax liabilities on asset revaluation reserve	-	-	-	(10,632,506)	-	(10,632,506)
Balance at 31 December 2008 (Restated)	712,651,100	167,014,000	126,438,907	12,995,286	715,626,846	1,734,726,139

*Previous year's shareholders' equity has been restated to due effect of adjustment of deferred tax liabilities on assets revaluation of reserve.

The annexed notes 1 to 47 form an integral part of these financial statements.

Industrial Promotion and Development Company of Bangladesh Limited

**Liquidity Statement
(Assets and liabilities maturity analysis)
as at 31 December 2009**

Figures in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	54,783,747	-	-	-	-	54,783,747
Balance with other banks and financial institutions	74,745,120	-	50,000,000	-	-	124,745,120
Money at call and short notice	-	-	-	-	-	-
Investments	-	238,626,045	337,238,224	168,000,000	217,172,894	961,037,163
Loans, advances and leases	132,211,826	315,089,754	1,058,078,680	2,027,159,161	1,015,946,018	4,548,485,439
Property, plant and equipment	528,900	1,057,803	4,760,112	25,387,263	41,832,062	73,566,140
Other assets	102,663	30,750,537	22,112,217	2,208,440	422,496,488	477,670,345
Non financial institutional assets	-	-	27,500,000	-	-	27,500,000
Total assets	262,372,256	585,524,139	1,499,689,233	2,222,754,864	1,697,447,462	6,267,787,954
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	546,253,458	39,567,474	131,326,055	65,503,120	-	782,650,107
Deposits	68,912,045	300,357,957	793,372,013	1,151,237,145	15,524,320	2,329,403,480
Other accounts	-	-	-	-	-	-
Provision and other liabilities	26,116,141	37,719,377	62,933,689	34,125,424	1,148,785,095	1,309,679,726
Total liabilities	641,281,644	377,644,808	987,631,757	1,250,865,689	1,164,309,415	4,421,733,313
Net liquidity gap	(378,909,388)	207,879,331	512,057,476	971,889,175	533,138,047	1,846,054,641

The annexed notes 1 to 47 form an integral part of these financial statements.

Industrial Promotion and Development Company of Bangladesh Limited

Notes to the financial statements as at and for the year ended 31 December 2009

1. Reporting entity

1.1 Company profile

With a mandate to promote economic growth in the country, Industrial Promotion and Development Company of Bangladesh Limited (IPDC) was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The company also registered itself as a financial institution under the Financial Institutions Act 1993 on 7 February 1995. The registered office of the company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The company became a listed company on 3 December 2006 in both the Dhaka Stock Exchange and the Chittagong Stock Exchange in Bangladesh. The company opened its first branch on 21 July 2007 at Dhanmondi, Dhaka.

1.2 Nature of business of the Company

IPDC specialises in providing long term and short term financing, project financing, lease financing, equity participation, syndication finance, asset backed securitisation through issuance of zero-coupon bond and related consultancies to both local and foreign private investments in Bangladesh. In 2006, the company also started retail business to increase its activities in retail segment.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company are made up to 31 December each year and are prepared under historical cost convention and in accordance with "First Schedule" (sec-38) of Bank Companies Act 1991, DFIM circular number 11 dated 23 December 2009, other Bangladesh Bank circulars, Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987 and other prevailing laws and rules applicable in Bangladesh.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated at revalued amount.

2.3 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 13 April 2010.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- | | |
|-----------------|--|
| a) Note- 10.2.2 | deferred tax assets |
| b) Note- 14.1 | cumulative provision for loans, leases and investments |
| c) Note-14.3 | measurement of defined benefit obligation (provision for gratuity) |
| d) Note- 14.4 | provision for corporate tax |
| e) Note- 14.8 | provision for expenses |
| f) Note- 20 | letters of guarantee (contingent liabilities) |

2.6 Branch accounting

The company has one branch, with no overseas branch as at 31 December 2009. Accounts of the branch are maintained at the head office from which these accounts are drawn up.

2.7 Reporting period

The financial period of the company has been determined from 1 January to 31 December each year and is followed consistently. These financial statements cover one year from 1 January 2009 to 31 December 2009.

3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Accounting for leases

The transactions for leasing operation have been recorded under finance method of accounting since all the risks and rewards associated with ownership of the assets leased to lessee under agreements are transferred substantially other than the legal title, to the lessee and all leases are full payout leases.

The aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition costs including interest during the period of acquiring the lease asset, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

The unearned lease income is usually amortised to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealised income is suspended where necessary in compliance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.2 Accounting for direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance, and unrealised principal for long-term finance are accounted for as direct finance assets of the company. Interest earnings are recognised as operational revenue periodically.

3.3 Accounting for investment

Investment comprises of investment in equity and government securities. Investment in equity is classified broadly in three categories and investment in government securities classified into held for trading and held to maturity which are accounted for as under:

3.3.1 Investment in equity

3.3.1.1 Unlisted shares

Equity finance operation consists of equity participation in the form of unlisted ordinary shares reported at cost, full provision for diminution in value of shares is taken into consideration, if required.

3.3.1.2 Listed shares

Investments in marketable ordinary securities held for trading or held for dividend income are shown under current assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

3.3.1.3 Preference shares

Investment in preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

3.3.2 Investment in Government securities

3.3.2.1 Held to maturity

Investments classified as 'held to maturity' are nonderivative financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for sale.

3.3.2.2 Held for trading

All other investment in government securities are designated as 'held for trading'. Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short term trading.

3.4 Revenue recognition

3.4.1 General

As per Bangladesh Accounting Standard (BAS) 18 *Revenue: revenue* is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognized as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mentioned Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank directives.

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

3.4.3.2 Preference shares

Dividend income on preference shares is recognised on accrual basis.

3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised only when such gain is realised through the shares selling in the market.

3.4.4 Interest on term finance and short term finance

Interest on term finance and short term finance is recognized as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognized as income but credited to interest suspense account as per Bangladesh Bank guidelines.

3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis .

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.5 Interest suspense

Lease income and interest income on term finance, short term finance, auto loan etc. under category of classified and Special Mention Account (SMA) are not recognized as revenue but credited to interest suspense account.

3.6 Property, plant and equipment

3.6.1 Own assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any . The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per Bangladesh Accounting Standard (BAS) 16: *Property, Plant and Equipment* .

3.6.2 Subsequent expenditure on property, plant and equipments

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

3.6.3 Depreciation on property, plant and equipment

Depreciation is provided to allocate the cost of the assets after commissioning, over the period of their expected useful life, in accordance with the provisions of Bangladesh Accounting Standard (BAS) 16: *Property, Plant and Equipment* . Full month's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Depreciation is calculated on the cost of assets in order to write off such cost over the estimated useful life of such asset. Depreciation has been provided at the following rates on straight line basis:

	<u>2009</u> <u>Useful life (years)</u>	<u>2008</u> <u>Useful life (years)</u>
Office premises	20	20
<u>Motor Vehicles:</u>		
New	5	5
Reconditioned	3	3
Furniture and fixtures	8	8
Equipments and appliances	5	5

3.6.4 Impairment

The carrying amount of the entity's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment existed at the reporting date.

3.6.5 Disposal of property, plant and equipment

On disposal of item of property, plant and equipment, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per Bangladesh Financial Reporting Standard (BFRS) 5: *Non-current Assets Held for Sale and Discontinued Operations*.

3.7 Intangible asset

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per Bangladesh Accounting Standard (BAS) 38: *Intangible Assets*. Accordingly, these assets are stated in the balance sheet at cost less accumulated amortisation.

3.7.1 Subsequent expenditure on intangible asset

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets. All other expenditure are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible asset

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible asset i.e. acquisition cost of the accounting software is amortised within two years of acquisition.

3.8 Borrowing costs

All borrowing costs are recognized as expense in the period in which they are incurred in accordance with the Bangladesh Accounting Standard (BAS) 23: *Borrowing Costs*.

3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the year. Resulting exchange differences are recognised in the profit and loss account.

3.10 Income tax expenses

Income tax expenses comprises current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984. The company's current tax liability is calculated using tax rate that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax is provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine the deferred tax.

3.11 Provision for doubtful loans, leases and investments

Provision for loans, leases and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) Bangladesh Accounting Standard (BAS) 37: *Provision, contingent liabilities and contingent assets* and (2) Bangladesh Bank Guidelines. The 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 no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for investment and advances.

3.12 Employee benefits

3.12.1 Defined contribution plan

The company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

3.12.2 Defined benefit plan

The company operates an unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service with the company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service. The company provided the same in the accounts accordingly.

3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.13 Accrued expenses, provisions and payables

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

Provisions and accrued expenses are recognised in the financial statements when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash at bank and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

3.15 Cash flows statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard (BAS) 7, '*Cash Flow Statement*' under direct method as recommended in the DFIM Circular No. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.16 Earnings per share

The company presents basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted Earning Per Share (DEPS) is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. This has been shown on the face of profit and loss account and computation of earning per share is stated in note 39.

4 General

4.1 Related party disclosure

As per Bangladesh Accounting Standards (BAS) 24: *Related Party Disclosures*, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related party disclosure has been given in note 47.

4.2 Litigation

The company is not a party to any material law suits except those arising in the normal course of business. The company has filed necessary law suits against some of the default clients for non-performance in loan/lease repayment. The company, however, has made adequate provision against such doubtful finances.

4.3 Guarantees, 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.

4.4 Statutory reserve

As per Financial Institutions Regulations 1994, Non-Bank Financial Institutions (NBFIs) are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with.

4.5 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognized because:

- a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits can be reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

4.6 Events after the balance sheet date

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note no. 45.

4.7 Securitisation of loans and leases

During 2004, an aggregate amount of Tk 314,155,141 from term finance and lease finance had been securitised and transferred out from the books of accounts of IPDC to the Securitization Trust 2004-A, the Special Purpose Vehicle (SPV) created for securitisation and issue of Zero Coupon Bonds.

All the bonds of IPDC Securitisation Trust 2004-A have been redeemed and the residual amount has been recognized as income as per the deed of trust.

4.8 Comparatives and reclassification

Comparative information have been disclosed in respect of 2008 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/restated/reclassified whenever considered necessary to conform to current period's presentation.

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
5. Cash			
Cash in hand	5.1	35,000	30,010
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	5.2	54,748,747	40,391,097
		<u>54,783,747</u>	<u>40,421,107</u>
5.1 Cash in hand			
In local currency		35,000	30,010
In foreign currency		-	-
		<u>35,000</u>	<u>30,010</u>
5.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)			
Bangladesh Bank			
Local currency		54,748,747	40,391,097
Foreign currencies		-	-
		<u>54,748,747</u>	<u>40,391,097</u>
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		<u>54,748,747</u>	<u>40,391,097</u>
5.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)			
Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the Section 19 of the Financial Institutions Act, 1993 and of instructions contained in FID Circular No. 02 dated 10 November 2004 and FID Circular No. 06 dated 06 November 2003 respectively issued by Bangladesh Bank.			
Cash Reserve Requirement (CRR) required on the term deposits at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in the form of current account and 5% Statutory Liquidity Reserve (SLR) including Cash Reserve Requirement has been maintained against total liabilities excluding shareholders' equity, borrowings from Bangladesh Bank and other Banks and NBFIs in the form of treasury bills, bonds, balance with Bangladesh Bank and other banks and financial institutions. Both the reserves as maintained by the Company are shown below:			
Cash Reserve Requirement (CRR)			
Required reserve		50,671,000	47,300,000
Actual reserve maintained		54,085,000	47,876,000
Surplus/(deficit)		<u>3,414,000</u>	<u>576,000</u>
Statutory Liquidity Reserve (SLR)			
Required reserve		114,458,000	106,324,000
Actual reserve maintained		115,093,000	160,157,000
Surplus		635,000	53,833,000
Total surplus		<u>4,049,000</u>	<u>54,409,000</u>
6. Balance with other banks and financial institutions			
In Bangladesh	6.1	124,745,120	319,196,081
Outside Bangladesh		-	-
		<u>124,745,120</u>	<u>319,196,081</u>

	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
6.1 In Bangladesh		
With Banks -		
<u>In current deposit accounts with</u>		
BRAC Bank Ltd.	-	2,300
Commercial Bank of Ceylon Plc	133,887	21,563
The Hongkong and Shanghai Banking Corporation Ltd.	281,391	429,771
Jamuna Bank Ltd.	-	457
Uttara Bank Ltd.	3,319	3,319
AB Bank Ltd.	3,024	16,004
Standard Chartered Bank	767,733	2,611,738
Citibank N.A.	1,000,300	-
Prime Bank Ltd.	279,692	-
Bank Alfalah Ltd.	44,261	-
	<u>2,513,607</u>	<u>3,085,152</u>
<u>Short term deposit accounts with</u>		
Dutch Bangla Bank Ltd.	40,139,622	2,320,925
IFIC Bank Ltd.	-	17,744
AB Bank Ltd.	4,862,044	1,152,670
Standard Chartered Bank	6,901,841	57,572
Prime Bank Ltd.	20,265,603	-
	<u>72,169,110</u>	<u>3,548,911</u>
<u>Short term deposit accounts (in foreign currency) with</u>		
AB Bank Ltd.	62,403	62,403
	<u>62,403</u>	<u>62,403</u>
<u>Fixed deposit accounts with</u>		
Bank Alfalah Ltd.	-	50,000,000
Prime Bank Ltd.	50,000,000	100,000,000
	<u>50,000,000</u>	<u>150,000,000</u>
<u>Fixed deposit accounts (in foreign currency) with</u>		
Standard Chartered Bank	-	3,156,291
Citibank N. A.	-	59,343,324
	<u>-</u>	<u>62,499,615</u>
	<u>124,745,120</u>	<u>219,196,081</u>
Other banks and financial institutions		
International Leasing and Financial Services Ltd	-	100,000,000
	<u>-</u>	<u>100,000,000</u>
	<u>124,745,120</u>	<u>319,196,081</u>
6.2 Maturity grouping of balance with other banks and financial institutions		
On demand	74,745,120	2,863,026
Within one to three months	-	280,865,355
Within three to twelve months	50,000,000	35,467,700
Within one to five years	-	-
More than five years	-	-
	<u>124,745,120</u>	<u>319,196,081</u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
7. Investments			
Government securities	7.2	594,364,269	-
Other investments	7.3	366,672,894	603,292,894
		<u>961,037,163</u>	<u>603,292,894</u>

As at reporting date the Company borrowed Tk 540 million from Bangladesh Bank under Repo facilities against the Government Treasury Bonds and Treasury Bills and shown under the head of Borrowings from other banks, financial institutions and agents under note no. 12.

7.1 Classification of investments

Held for trading (HFT)	556,864,269	-
Held to maturity (HTM)	37,500,000	-
	<u>594,364,269</u>	<u>-</u>
Other investments	366,672,894	603,292,894
	<u>961,037,163</u>	<u>603,292,894</u>

7.2 Government securities

Treasury bills	7.2.1	448,864,269	-
Treasury bonds	7.2.2	145,500,000	-
		<u>594,364,269</u>	<u>-</u>

7.2.1 Treasury bills

91-day treasury bills	238,626,045	-
182-day treasury bills	103,173,840	-
364-day treasury bills	107,064,384	-
	<u>448,864,269</u>	<u>-</u>

7.2.2 Treasury bonds

5-year treasury bonds	28,000,000	-
10-year treasury bonds	42,500,000	-
15-year treasury bonds	37,500,000	-
20-year treasury bonds	37,500,000	-
	<u>145,500,000</u>	<u>-</u>

7.3 Other investments

In ordinary shares			
Listed		7,002,025	52,622,025
Unlisted		46,670,869	47,670,869
		<u>53,672,894</u>	<u>100,292,894</u>
Cumulative redeemable preference shares		313,000,000	503,000,000
		<u>366,672,894</u>	<u>603,292,894</u>

Details of other investments are as follows:

	2009		2008	
	<u>Cost</u> <u>Taka</u>	<u>Market value</u> <u>Taka</u>	<u>Cost</u> <u>Taka</u>	<u>Market value</u> <u>Taka</u>
In ordinary shares - listed				
Tripty Industries Ltd.	2,025	135,168	2,025	135,168
Bemco Electric Metre Ltd.	7,000,000	5,320,000	7,000,000	5,320,000
Meghna Pet Industries Ltd.	-	-	7,965,000	3,345,300
Padma Cement Industries Ltd.	-	-	10,000,000	4,400,000
Meghna Condensed Milk Ltd.	-	-	27,655,000	25,166,050
	<u>7,002,025</u>	<u>5,455,168</u>	<u>52,622,025</u>	<u>38,366,518</u>

	2009		2008	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
In ordinary shares - unlisted				
Quality Feeds Ltd.	1,500,000	1,500,000	1,500,000	1,500,000
Alliance Bags Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
Ekushey Television Ltd.	7,170,869	7,170,869	8,170,869	8,170,869
AMK Steels Ltd.	15,000,000	15,000,000	15,000,000	15,000,000
Gonophone Bangladesh Ltd.	20,000,000	20,000,000	20,000,000	20,000,000
	<u>46,670,869</u>	<u>46,670,869</u>	<u>47,670,869</u>	<u>47,670,869</u>
In cumulative redeemable preference shares				
Premium Seed Ltd.	4,000,000	4,000,000	4,000,000	4,000,000
J & J Medical (Bangladesh) Ltd.	7,000,000	7,000,000	7,000,000	7,000,000
Delta Brac Housing Finance Corporation Ltd.	100,000,000	100,000,000	100,000,000	100,000,000
Nasir Glass Industries Ltd.	117,000,000	117,000,000	117,000,000	117,000,000
AMK Steels Ltd.	35,000,000	35,000,000	35,000,000	35,000,000
Confidence Salt Ltd.	50,000,000	50,000,000	50,000,000	50,000,000
Argyle Sweaters Ltd.	-	-	20,000,000	20,000,000
Aftab Automobiles Ltd.	-	-	25,000,000	25,000,000
Kazi Firms Ltd.	-	-	45,000,000	45,000,000
Kazi Breeders Ltd.	-	-	50,000,000	50,000,000
Samwon LK Electronics Ltd.	-	-	50,000,000	50,000,000
	<u>313,000,000</u>	<u>313,000,000</u>	<u>503,000,000</u>	<u>503,000,000</u>
	<u>366,672,894</u>	<u>365,126,037</u>	<u>603,292,894</u>	<u>589,037,387</u>
		<u>Note</u>	<u>2009</u>	<u>2008</u>
			<u>Taka</u>	<u>Taka</u>
7.4 Maturity grouping of investments				
On demand			-	-
Within one to three months			238,626,045	34,754,487
Within three to twelve months			337,238,224	156,395,190
Within one to five years			168,000,000	320,352,348
More than five years			217,172,894	91,790,869
			<u>961,037,163</u>	<u>603,292,894</u>
8. Loans, advances and leases				
<u>In Bangladesh:</u>				
Long term loan			2,576,070,174	2,469,732,226
Lease finance		8.1	1,642,850,406	1,699,043,069
Short term loan			215,297,222	650,252,779
Auto loan			62,842,572	43,627,135
Secured retail loan			43,586,951	36,483,800
Staff loan			7,838,114	4,552,316
			<u>4,548,485,439</u>	<u>4,903,691,325</u>
Outside Bangladesh			-	-
			<u>4,548,485,439</u>	<u>4,903,691,325</u>
Bills purchased and discounted			-	-
			<u>4,548,485,439</u>	<u>4,903,691,325</u>
8.1 Lease finance				
Gross lease receivables			1,521,921,126	1,600,086,847
Less: Unearned interest income			247,279,708	304,676,297
Net lease receivables			<u>1,274,641,418</u>	<u>1,295,410,550</u>
Add: Overdue lease rentals			368,208,988	319,254,325
Add: Advance against lease finance			-	84,378,194
			<u>368,208,988</u>	<u>403,632,519</u>
			<u>1,642,850,406</u>	<u>1,699,043,069</u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
8.2 a) Net loans, advances and leases receivables including bills purchased and discounted			
Total loans, advances and lease receivables	8	4,548,485,439	4,903,691,325
Less : Provision against loans and advances (specific and general)	8.9(b)	587,315,565	601,038,856
Less : Cumulative balance of interest suspense account	14.2	344,170,247	303,247,331
		<u>3,616,999,627</u>	<u>3,999,405,138</u>
b) Rate of net classified loans, leases and advances			
Gross loans, advances and leases		4,548,485,439	4,903,691,325
Classified loans, advances and leases		<u>1,234,821,074</u>	<u>1,628,481,471</u>
Unclassified loan, advances and leases		<u>3,313,664,365</u>	<u>3,275,209,854</u>
Total provision		587,315,565	601,038,856
Interest suspenses and cash collateral		355,404,227	316,482,330
Total provision, interest suspense and cash collateral		<u>942,719,792</u>	<u>917,521,186</u>
Net classified loans, advances and leases		<u>292,101,282</u>	<u>710,960,285</u>
Rate of net classified loans, advances and leases		6.42%	14.50%
8.3 Residual maturity grouping of loans, advances and leases receivables including bills purchased and discounted			
On demand		-	-
Within three months		447,301,583	533,343,038
More than three months but less one year		1,058,078,680	1,113,242,212
More than one year but less than five years		2,027,159,161	1,998,277,281
More than five years		1,015,946,015	1,258,828,794
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
8.4 Loans, advances and leases receivables including bills purchased and discounted are classified into the following broad categories			
Loans, advances and lease receivables			
In Bangladesh			
Loans and leases		4,548,485,439	4,903,691,325
Cash credit		-	-
Secured overdraft		-	-
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
Outside Bangladesh		-	-
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
Bills purchased and discounted			
Payable in Bangladesh		-	-
Payable outside Bangladesh		-	-
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
8.5 Loans, advances and leases receivables including bills purchased and discounted on the basis of significant concentration			
Loans, leases and advances to the allied concerns of the directors		-	-
<u>Advances to chief executive and other senior executives</u>			
Managing Director & CEO		3,318,894	-
Senior Executives (Senior Manager & above)		2,510,310	2,888,046
Other staffs		2,008,910	1,664,269
		<u>7,838,114</u>	<u>4,552,315</u>
<u>Advances to customers' group</u>			
Agricultural loan		177,869,434	174,796,013
Large corporate		4,017,112,955	4,204,960,979
Small and medium enterprise		116,280,704	256,882,452
Retail loan		156,189,165	174,724,910
Others		73,195,067	87,774,656
		<u>4,540,647,325</u>	<u>4,899,139,010</u>
		<u>4,548,485,439</u>	<u>4,903,691,325</u>

8.5.1 Disclosure on large loan

Loan sanctioned to any individual or enterprise or any organisation of a group amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Total capital of the Company as at 31 December 2009 was Taka 1,846.05 million against that of Taka 1,734.73 million (restated) as at 31 December 2008.

Number of client to whom loans and advances sanctioned with more than 15% of the Company's total capital each	1	1
Amount of outstanding loans and advances [to the client as mentioned above]	212,080,738	256,714,007
Amount of classified loans and advances [out of the amount as mentioned above]	-	-
Measures taken for recovery [for the amount as mentioned above]	-	-
	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
8.6 Industry-wise loans, advances and leases receivables including bills purchased and discounted		
Agro-based industries	93,431,600	174,796,013
Banks and non-banking financial institutions	220,041,487	271,296,452
Chemicals, pharmaceuticals and allied products	142,570,892	74,193,821
Engineering and building materials	661,518,807	918,568,538
Food and allied products	72,667,534	118,235,574
Glass, ceramic and other non-metallic products	158,429,549	84,778,950
Hotel, tourism and leisure	-	114,423,083
Information and communication technologies	126,079,811	137,663,665
Infrastructure	147,513,518	125,776,343
Paper converting and packaging, printing and publishing	160,100,518	193,989,971
Ready made garments and knitwear	304,151,156	191,138,847
Social sector	510,308,408	510,384,963
Tannery, leather and rubber products	4,434,500	9,228,408
Textile	601,539,681	638,739,300
Transport and aviation	690,540,595	665,695,297
Others	655,157,383	674,782,100
	<u>4,548,485,439</u>	<u>4,903,691,325</u>
8.7 Geographical location-wise loans, advances and leases receivables including bills purchased and discounted		
Dhaka Division	3,915,075,021	4,537,914,505
Chittagong Division	620,277,904	334,785,894
Khulna Division	3,267,588	3,267,588
Rangpur Division	8,958,046	8,958,046
Rajshahi Division	906,880	18,765,292
Sylhet Division	-	-
Barisal Division	-	-
	<u>4,548,485,439</u>	<u>4,903,691,325</u>
8.8 Broad economic sector-wise segregation of loans, advances and leases receivables including bills purchased and discounted		
Government and autonomous bodies	-	-
Bank and financial institutions (public and private)	220,041,487	271,296,452
Other public sector	-	-
Private sector	4,328,443,952	4,632,394,873
	<u>4,548,485,439</u>	<u>4,903,691,325</u>

8.9 a) Classification of loans, advances and leases receivables including bills purchased and discounted	<u>2009</u> Taka	<u>2008</u> Taka
Unclassified loans, advances and leases		
Standard (including staff loans)	3,234,435,602	2,976,338,641
Special mention account	79,228,763	298,871,213
Total unclassified loans, advances and leases	<u>3,313,664,365</u>	<u>3,275,209,854</u>
Classified loans, advances and leases		
Substandard	6,361,790	622,035,561
Doubtful	525,640,716	69,779,869
Bad/loss	702,818,568	936,666,041
Total classified loans, advances and leases	<u>1,234,821,074</u>	<u>1,628,481,471</u>
Total loans, advances and leases	<u>4,548,485,439</u>	<u>4,903,691,325</u>

b) Classification and provisioning of loans, advances and leases receivables including bills purchased and discounted

Classification / status of loans, advances and leases	Amount of outstanding loans and advances as at 31 December 2009	Base for provision	Percentage (%) of provision required as per Bangladesh Bank's directives	Amount of provision required as at 31 December 2009	Amount of provision required as at 31 December 2008
Unclassified loans, advances and leases					
General provision					
Standard	3,234,435,602	3,234,435,602	1%	32,344,356	29,763,386
Special mentioned account	79,228,763	74,442,047	5%	3,722,102	11,570,215
	<u>3,313,664,365</u>	<u>3,308,877,649</u>		<u>36,066,458</u>	<u>41,333,601</u>
Specific provision					
Sub-standard	6,361,790	6,184,820	20%	1,236,964	87,962,103
Doubtful	525,640,716	355,650,675	50%	177,825,338	17,308,644
Bad/loss	702,818,568	364,286,128	100%	364,286,128	450,199,802
	<u>1,234,821,074</u>	<u>726,121,623</u>		<u>543,348,430</u>	<u>555,470,549</u>
Total provision required				<u>579,414,888</u>	<u>596,804,150</u>
Total provision maintained				<u>587,315,565</u>	<u>601,038,856</u>
Total provision surplus				<u>7,900,677</u>	<u>4,234,706</u>

8.10 Particulars of loans, advances and leases receivables including bills purchased and discounted	<u>Note</u>	<u>2009</u> Taka	<u>2008</u> Taka
Loans considered good in respect of which the Company is fully secured		3,497,746,500	3,930,085,606
Loans considered good for which the Company holds no other security other than the debtor's personal guarantee		62,943,583	43,627,139
Loans considered good and secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors		987,795,356	929,978,580
Loans adversely classified; provision not maintained there against		-	-
		<u>4,548,485,439</u>	<u>4,903,691,325</u>
Loans due by directors or officers of the Company or any of them either separately or jointly with any other persons *		<u>7,838,114</u>	<u>4,552,316</u>
Loans due from companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in case of private companies as members		-	-
Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other persons*		<u>7,838,114</u>	<u>4,552,316</u>
Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Company have interests as directors, partners or managing agents or in the case of private companies as members		-	-

	Note	2009 Taka	2008 Taka
Due from other Non Banking Financial Institutions (NBFIs)		-	-
Amount of classified loans on which interest has not been charged		702,818,568	936,666,041
Increase/(decrease) in specific provision		(13,723,291)	149,419,320
Amount of loan written off during the year		120,737,562	-
Amount realized against loan previously written off		-	-
Amount of provision kept against loan classified as 'bad/loss' on the date of preparing the balance sheet		364,286,128	450,199,802
Interest creditable to the interest suspense account (during the year)		53,289,985	37,133,138
* Amount represents loans to employees of the Company only.			
a) Cumulative amount of written off loan			
Opening balance		4,159,856	4,159,856
Add: Amount written off during the year		120,737,562	-
Balance as on 31 December		124,897,418	4,159,856
b) Amount of written off loan for which lawsuit has been filed for its recovery			
		124,526,723	4,159,856
9. Fixed assets including premises, furniture and fixtures			
Land and building		68,841,763	68,441,292
Motor vehicles		13,405,117	14,278,186
Furniture and fixtures		21,008,473	22,355,647
Equipment and appliances		22,882,033	24,169,352
Accounting software		1,600,000	1,600,000
		127,737,386	130,844,477
Less: Accumulated depreciation		54,171,246	49,765,471
		73,566,140	81,079,006
Details are shown in annexure-A			
10. Other assets			
10.1 Item-wise other assets			
<u>Income generating other assets</u>			
Investment in shares of subsidiary companies:			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
Dividend receivable against cumulative preference shares		55,948,060	98,245,672
		55,948,060	98,245,672
<u>Non-income generating other assets</u>			
Stationery, stamps, printing materials in stock		14,690	-
Advance rent and advertisement		200,339	493,633
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		1,716,875	12,853,699
Security deposits		403,856	401,755
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses		4,471,236	2,250,243
Branch adjustment		-	-
Suspense account		-	-
Silver		-	-
Others	10.2	414,915,289	404,958,642
		421,722,285	420,957,972
		477,670,345	519,203,644

10.2 Others	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Advance tax	10.2.1	187,826,318	161,839,556
Deferred tax assets	10.2.2	224,967,657	242,442,926
Sundry assets	10.2.3	2,121,314	676,160
		<u>414,915,289</u>	<u>404,958,642</u>

10.2.1 Advance tax

Advance payment of tax represents corporate income tax paid to the Government Exchequer by way of advance tax and tax deducted at sources from different heads of income by the third parties, which would be adjusted with the corporate tax liability of the Company.

10.2.2 Deferred tax assets

Deferred tax assets have been recognised in accordance with the provision of Bangladesh Accounting Standard (BAS) 12: *Income Taxes* based on temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Calculation of deferred tax is as follows:

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Taxable temporary differences		
Property, plant and equipment	(5,076,150)	(8,140,331)
Revaluation reserve on office premises	(23,627,792)	(23,627,792)
Dividend receivables	-	(28,577,533)
	<u>(28,703,942)</u>	<u>(60,345,656)</u>
Deductible temporary differences		
Gratuity provision	4,615,701	3,058,462
Specific provision	553,423,904	580,172,843
	<u>558,039,605</u>	<u>583,231,305</u>
Net deductible temporary differences	<u>529,335,663</u>	<u>522,885,649</u>
Tax rate	42.50%	45.00%
Deferred tax assets	<u>224,967,657</u>	<u>242,442,926</u>

Movement of deferred tax asset are follows:

Balance as at 1 January	242,442,926	192,264,369
Addition during the year		
Charged to equity against revaluation of office premises	590,694	(10,632,506)
Charged to profit and loss account	-	60,811,063
	<u>590,694</u>	<u>50,178,557</u>
	243,033,620	242,442,926
Adjustment during the year	(18,065,963)	-
Balance as at 31 December	<u>224,967,657</u>	<u>242,442,926</u>

Calculation of previous year's deferred tax assets has been revised in connection with the revaluation reserve on office premises. Deferred tax calculated on specific provision will be realized either by written off classified loans and leases or from its collection.

10.2.3 Sundry assets

City corporation tax	113,400	113,400
Hosna Centre Owners' Society	583,050	-
Advance others	1,424,864	562,760
	<u>2,121,314</u>	<u>676,160</u>

11 Non financial institutional assets	<u>2009</u> Taka	<u>2008</u> Taka
<p>Non financial institutional assets represents non-current assets held for sale against the land, building and machineries valuing of Taka 27,500,000 for which ownership of mortgaged property has been transferred in favour of IPDC based on the verdict given by the court against a defaulted borrower. The land is mutated in the name of IPDC of Bangladesh Limited. Present market value of this property is Tk 45,355,788. Movement of non-current asset are as follows:</p>		
Balance as at 1 January	27,500,000	27,500,000
Addition during the year	-	-
	<u>27,500,000</u>	<u>27,500,000</u>
Adjustment during the year	-	-
Balance as at 31 December	<u>27,500,000</u>	<u>27,500,000</u>
<p>The decision to sell this asset was taken in 2007 shown under the head of Non-current assets held for sale as per Bangladesh Financial Reporting Standard (BFRS) 5: <i>Non current Asset Held for Sale and Discontinued Operations</i>.</p>		
12. Borrowings from other banks, financial institutions and agents		
In Bangladesh	782,650,107	838,101,777
Outside Bangladesh	-	59,049,900
	<u>782,650,107</u>	<u>897,151,677</u>
In Bangladesh		
Secured	-	-
Unsecured		
Long term loan		
Credit Bridge Stand by Facility - CBSF	84,316,776	151,275,377
Uttara Bank Ltd.	158,333,331	288,608,446
International Development Association - IDA	-	8,016,405
Commercial Bank of Ceylon Plc	-	16,666,669
Prime Bank Ltd.	-	19,701,438
	<u>242,650,107</u>	<u>484,268,335</u>
Short term loan		
Citibank N.A.	-	3,833,442
The City Bank Ltd.	-	250,000,000
Repo borrowings from Bangladesh Bank	540,000,000	-
	<u>540,000,000</u>	<u>253,833,442</u>
Call loan		
BASIC Bank Ltd.	-	100,000,000
	<u>-</u>	<u>100,000,000</u>
	<u>782,650,107</u>	<u>838,101,777</u>
Outside Bangladesh		
Unsecured		
Long term loan	-	-
DEG-Deutsche Investitions- und Entwicklungsgesellschaft GmbH	-	59,049,900
	<u>-</u>	<u>59,049,900</u>
12.1 Assets pledged as security for liability		
<p>As at the reporting date of these financial statements, the Company had no assets pledged as security. However, the Company borrowed Tk 540 million under Repo facilities from Bangladesh Bank against Bangladesh Government Treasury Bond and T-Bills shown under note no 7.</p>		
12.2 Residual maturity grouping of borrowings from other banks, financial institutions and agents		
Repayable		
On demand	-	100,000,000
Over one month but within three months	585,820,932	319,400,822
Over three months but within twelve months	131,326,055	176,050,847
Over one year but within five years	65,503,120	301,700,008
Over five years	-	-
	<u>782,650,107</u>	<u>897,151,677</u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
13. Deposits and other accounts			
Inter-bank deposits	13.2	10,000,000	630,000,000
Other deposits		<u>2,319,403,480</u>	<u>1,904,799,327</u>
		<u>2,329,403,480</u>	<u>2,534,799,327</u>
13.1 Residual maturity grouping of deposits and other accounts			
On demand		-	-
Repayable within one month		68,912,045	125,025,741
Over one month but within six months		300,357,957	949,342,005
Over six months but within one year		793,372,013	866,334,389
Over one year but within five years		1,151,237,145	566,773,518
Over five years but within ten years		15,524,320	27,323,674
		<u>2,329,403,480</u>	<u>2,534,799,327</u>
There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.			
13.2 Inter-bank deposits			
BASIC Bank Ltd.		-	200,000,000
Agrani Bank Ltd		-	100,000,000
Trust Bank Ltd.		-	100,000,000
Eastern Bank Ltd.		-	200,000,000
Bangladesh Shilpa Rin Shangstha		10,000,000	30,000,000
		<u>10,000,000</u>	<u>630,000,000</u>
14. Other liabilities			
	<u>Note</u>		
Cumulative provision for loans, leases and investments	14.1	675,317,590	709,762,027
Cumulative interest and dividend suspense	14.2	380,968,902	342,486,849
Provision for gratuity	14.3	4,615,701	3,058,462
Unclaimed dividend		3,060,953	2,804,172
Provision for corporate tax	14.4	87,882,915	74,261,798
Receipts against lease	14.5	35,504,321	33,862,833
Provision for finance charge	14.6	103,659,630	135,548,093
Withholding tax and VAT		192,917	785,443
Liabilities for special accounts	14.7	15,610,019	16,867,803
Provision for expense	14.8	2,866,778	5,511,981
Account payable - others	14.9	-	2,757,453
		<u>1,309,679,726</u>	<u>1,327,706,914</u>
14.1 Cumulative provision for loans, advances and leases			
Specific provision for bad and doubtful loans, advances and leases			
Opening balance		668,428,426	565,410,478
Less : Fully provided debt written-off		(108,875,473)	(606,046)
Add: Recoveries of amounts previously written-off		-	-
Add: Specific provision for the year		79,698,179	103,623,994
Less: Provision no more required for advances realised		-	-
Add: Net charge to profit and loss account		-	-
Provision held at the end of the year		<u>639,251,132</u>	<u>668,428,426</u>
General provision against unclassified loans, advances and leases			
Opening balance		41,333,601	44,211,804
Adjustment during the year		(5,267,143)	(2,878,203)
Provision held at the end of the year		<u>36,066,458</u>	<u>41,333,601</u>
		<u>675,317,590</u>	<u>709,762,027</u>

	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
Break up of cumulative provision for loans, advances leases		
Provision for loans, advances and leases	587,315,565	601,038,856
Provision for investments	88,002,025	108,723,171
	<u>675,317,590</u>	<u>709,762,027</u>
14.2 Cumulative interest and dividend suspense		
Opening balance	342,486,849	349,614,084
Add: Amount transferred to interest and dividend suspense account during the year	53,289,985	37,133,138
Less: Amount recovered from interest and dividend suspense account during the year	(3,316,538)	(44,260,373)
Less: Amount written-off during the year	(11,491,394)	-
Balance at the end of the year	<u>380,968,902</u>	<u>342,486,849</u>
Break up cumulative interest and dividend suspense		
Interest suspense against loans, advances and leases	344,170,247	303,247,331
Dividend suspense against investment in cumulative preference shares	36,798,655	39,239,518
	<u>380,968,902</u>	<u>342,486,849</u>
14.3 Provision for gratuity		
This liability represents provision for staff gratuity up to 31 December 2009. The company had provided full provision for gratuity at the rate of one month's basic salary for each completed year of service. The Company made actuarial valuation of the gratuity liabilities on the basis of 31 December 2009. As per actuarial valuation total liability has been estimated of Tk 3.82 million against of Tk 4.615 million.		
Balance as at 1 January	3,058,462	2,380,288
Add: Provision made during the year	1,557,239	1,068,174
	4,615,701	3,448,462
Less: Payment during the year	-	390,000
Balance as at 31 December	<u>4,615,701</u>	<u>3,058,462</u>
14.4 Provision for corporate tax		
Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of Income Tax Ordinance 1984 and amendments thereto. Current tax rate for the company is 42.50% on its business income.		
Balance as at 1 January	74,261,798	58,665,502
Add: Provision made during the year	13,621,117	15,596,296
	87,882,915	74,261,798
Less: Adjustment/paid	-	-
Balance as at 31 December	<u>87,882,915</u>	<u>74,261,798</u>
Assessment of income tax has been finalized with the tax authority for the accounting years up to 2003. Final assessment of income tax for accounting years 2004 to 2007 are pending with the Appellate Authorities and High Court. Income tax return for the year 2008 has been submitted in due time u/s 82BB (Universal Self Assessment) of Income Tax Ordinance 1984.		
14.5 Receipts against lease		
Receipts against lease represents lease deposits received from lessees against finance on the stipulation that the amount will be adjusted with the outstanding rentals/installments. Lease deposits are made up as under:		
Balance as at 1 January	33,862,833	35,649,219
Add: Receipts during the year	3,198,815	10,142,584
	37,061,648	45,791,803
Less: Adjusted during the year	1,557,327	11,928,970
Balance as at 31 December	<u>35,504,321</u>	<u>33,862,833</u>

Purpose of taking lease deposits is to secure the finance provided to the clients. No interest is payable on lease deposits.

	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
14.6 Provision for finance charge		
Accrued interest expenses on term deposits	102,600,338	129,166,005
Accrued interest expenses on short term borrowings	-	1,342,736
Accrued interest expenses on long term borrowings	112,153	3,364,303
Accrued interest expenses on IDA line of credit	-	271,076
Accrued interest expenses on CBSF line of credit	813,623	1,403,973
Accrued interest expenses on Repo	133,516	-
	<u>103,659,630</u>	<u>135,548,093</u>
14.7 Liabilities for special accounts		
Account payable special account - IPO	1,118,356	1,138,356
Account payable special account - DEG	12,782,997	14,202,641
Account payable special account - other	1,708,666	1,526,806
	<u>15,610,019</u>	<u>16,867,803</u>
14.8 Provision for expenses		
Legal fees	1,105,000	1,340,750
Office services	509,370	606,173
Office supplies	-	13,120
Pay and allowance	135,333	2,400,000
Promotion and publicity	651,723	592,753
Office rent	135,952	12,213
Professional fees	44,600	140,000
Staff income tax	-	45,815
Audit fees	275,000	209,000
Other expense	9,800	152,157
	<u>2,866,778</u>	<u>5,511,981</u>
14.9 Account payable - others		
IPDC Securitization Trust 2004-A	-	2,729,594
Liabilities for Auto loan	-	27,859
	<u>-</u>	<u>2,757,453</u>
15. Share capital		
Authorized		
10,000,000 ordinary shares of Taka 100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and fully paid up		
7,839,162 number of ordinary shares of Taka 100 each (As at 31 December 2008:		
7,126,511 number of ordinary shares of Taka 100 each.)	<u>783,916,200</u>	<u>712,651,100</u>
Paid up capital is made up of 2,570,140 numbers of ordinary shares paid up in cash and 5,269,022 numbers of ordinary shares through issuance of bonus shares.		
15.1 Paid up capital of the company is held as follows:		
Foreign		
Aga Khan Fund for Economic Development - AKFED	400,206,400	363,824,000
Others	500	500
	<u>400,206,900</u>	<u>363,824,500</u>
Domestic		
Government of the People's Republic of Bangladesh - GoB	171,517,500	155,925,000
Alliance Holdings Ltd.	17,025,400	15,477,700
Summit Industrial & Mercantile Corporation	18,638,900	16,944,500
General Shareholders	176,527,200	160,479,100
Others	300	300
	<u>383,709,300</u>	<u>348,826,600</u>
	<u>783,916,200</u>	<u>712,651,100</u>

15.2 Number of ordinary shares and percentage of holding are as follows:

	2009		2008	
	<u>Number</u>	<u>% of holding</u>	<u>Number</u>	<u>% of holding</u>
Foreign				
Aga Khan Fund for Economic Development - AKFED	4,002,064	51.05	3,638,240	51.05
Others	5	0.00	5	0.00
	<u>4,002,069</u>	<u>51.05</u>	<u>3,638,245</u>	<u>51.05</u>
Domestic				
Government of the People's Republic of Bangladesh	1,715,175	21.88	1,559,250	21.88
Alliance Holdings Ltd.	170,254	2.17	154,777	2.17
Summit Industrial & Mercantile Corporation	186,389	2.38	169,445	2.38
General Shareholders	1,765,272	22.52	1,604,791	22.52
Others	3	0.00	3	0.00
	<u>3,837,093</u>	<u>48.95</u>	<u>3,488,266</u>	<u>48.95</u>
	<u>7,839,162</u>	<u>100.00</u>	<u>7,126,511</u>	<u>100.00</u>

15.3 Composition of shareholding was as follows:

	No. of shares	
	<u>2009</u>	<u>2008</u>
Institutional shareholding (including GoB)	6,791,327	6,130,498
Individual shareholding	1,047,835	996,013
	<u>7,839,162</u>	<u>7,126,511</u>

15.4 Classification of shareholders by holding as required by Regulation 37 of the Listing Regulation of the Dhaka Stock Exchange Ltd.

<u>Number of shares</u>	<u>No. of shareholders</u>	<u>No. of shares</u>	<u>% of Holdings</u>
1 to 500 shares	8,366	539,697	6.88%
501 to 5,000 shares	439	576,449	7.35%
5,001 to 10,000 shares	18	127,576	1.63%
10,001 to 20,000 shares	11	159,184	2.03%
20,001 to 30,000 shares	5	123,876	1.58%
30,001 to 40,000 shares	2	63,761	0.81%
40,001 to 50,000 shares	3	174,737	2.23%
50,001 to 1,00,000 shares	-	-	0.00%
1,00,001 to 1,000,000 shares	2	356,643	4.55%
over 1,000,000	2	5,717,239	72.93%
Total	<u>8,848</u>	<u>7,839,162</u>	<u>100.00%</u>

The shares are listed in both the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. since 3 December 2006 and traded at Tk. 451.00 and Tk 450.50 at the close of 31 December 2009 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively.

15.5 Capital adequacy ratio

In accordance with the Financial Institutions Regulations, 1994 and Bangladesh Bank guidelines as stipulated in FID circular no. 02 of June 29, 2003 and DFIM circular number 09, dated November 04, 2009 every Non Banking Financial Institution which is registered in Bangladesh as a company has to increase its paid up capital to Tk 500 million within December 31, 2010. As at December 31, 2009, total capital of IPDC was Tk 1,846.05 million out of which paid up capital was Tk 783.92 million i.e. at the reporting date the Company has a surplus of Tk 283.92 million paid up capital against the regulatory requirement for paid up capital.

16. Share premium

	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
Share premium against 280,140 number of ordinary shares issued in 2004 and 1,390,000 number of ordinary shares issued in 2006 @ Tk 100 per share.	<u>167,014,000</u>	<u>167,014,000</u>

17. Statutory reserve

This comprises of the cumulative balance of statutory reserve as required by section 9 of the Financial Institutions Act, 1993 and regulation 4(d) and 6 of the Financial Institutions Regulations, 1994.

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Balance as at 1 January	126,438,907	105,659,472
Add: Transferred from profit during the year	22,147,562	20,779,435
Balance as at 31 December	<u>148,586,469</u>	<u>126,438,907</u>

18. Assets revaluation reserve

In terms of Bangladesh Accounting Standard (BAS) 16: 'Property, Plant and Equipment' the Company had revalued its office premises by a professionally qualified valuation firm of the country in 2005. Total revaluation surplus of Taka 23,627,792 has been included with value of office premises and Tk 13,585,980 shown assets revaluation reserve after adjustment of deferred tax. Previous year figure has been restated accordingly due to adjustment of deferred tax.

Balance as at 1 January	12,995,286	23,627,792
Add/(Less): Adjustment for deferred tax	590,694	(10,632,506)
Balance as at 31 December	<u>13,585,980</u>	<u>12,995,286</u>

19. Retained earnings

Balance as at 1 January	715,626,846	729,688,813
Add: Post tax profit for the year	110,737,808	103,897,173
	<u>826,364,654</u>	<u>833,585,986</u>
Less: Transfer to statutory reserve	22,147,562	20,779,435
Less: Issuance of bonus shares	71,265,100	64,786,470
Less: Dividend paid	-	32,393,235
Balance as at 31 December	<u>93,412,662</u>	<u>117,959,140</u>
	<u>732,951,992</u>	<u>715,626,846</u>

20. Letters of guarantee

Director	-	-
Government	-	-
Bank and financial institutions	17,900,000	-
Others	-	-
	<u>17,900,000</u>	<u>-</u>

Letters of guarantee have been issued in favor of Dutch Bangla Bank Limited, Gulshan Branch against import LC opened by a client M/s Welldone Apparels Limited.

21. Particulars of profit and loss account

	<u>Note</u>		
<u>Income</u>			
Interest, discount and other similar income	22	545,287,424	631,729,460
Dividend income	24	33,105,586	35,939,608
Fees, commission and brokerage	25	1,622,051	1,250,750
Gains less losses arising from dealing securities	24	1,831,743	-
Gains less losses arising from investment securities	24.1	74,057,453	24,450,662
Gains less losses arising from dealing in foreign currencies	25	(2,904)	(10,636)
Other operating income	26	2,214,373	8,708,318
Profit less losses on interest rate changes		-	-
		<u>658,115,726</u>	<u>702,068,162</u>
<u>Expenses</u>			
Interest, fee and commission	23	360,217,695	457,162,114
Losses on loans and leases		-	-
Administrative expenses	27	68,469,684	71,554,953
Depreciation on fixed assets	36.1	12,572,423	13,922,898
		<u>441,259,802</u>	<u>542,639,965</u>
Profit before provision		<u>216,855,924</u>	<u>159,428,197</u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
22. Interest income			
<u>Interest income on loans, leases and advances</u>			
Interest on lease finance		117,297,796	166,689,910
Interest on long term finance		282,288,683	361,389,691
Interest on short term finance		103,797,128	77,851,614
Interest on secured finance		6,750,570	5,753,551
Interest on auto loan		8,480,728	3,751,736
Interest income on staff loan		498,860	200,374
		<u>519,113,765</u>	<u>615,636,876</u>
<u>Interest income on balance with other banks and financial institutions</u>			
Interest on fixed deposits		19,001,055	13,311,696
Interest on overnight and treasury placements		1,100,000	2,620,209
Interest on STD accounts		6,072,604	160,679
		<u>26,173,659</u>	<u>16,092,584</u>
		<u>545,287,424</u>	<u>631,729,460</u>
23. Interest paid on deposits and borrowings etc.			
Interest expenses on term deposits		306,776,390	335,088,251
Interest expenses on borrowings	23.1	53,441,305	122,073,863
		<u>360,217,695</u>	<u>457,162,114</u>
23.1 Interest paid on borrowings			
<u>Local Banks and financial institutions</u>			
Interest expenses on long term lines of credit		39,998,166	54,687,435
Interest expenses on call loan borrowing		10,927,135	41,211,809
Interest expenses on bank overdrafts		-	11,402,213
Interest expenses on Repo borrowings		1,112,885	-
		<u>52,038,186</u>	<u>107,301,457</u>
<u>Foreign Banks and financial institutions</u>			
Interest expenses on long term lines of credit		1,403,119	14,772,406
		<u>53,441,305</u>	<u>122,073,863</u>
24. Investment income			
<u>Dividend income</u>			
Dividend income on preference shares		32,609,886	35,829,127
Dividend income on listed shares		400	35,481
Dividend income on un-listed shares		495,300	75,000
		<u>33,105,586</u>	<u>35,939,608</u>
<u>Interest on treasury bills, bonds and debentures</u>			
Interest income on treasury bills		501,135	-
Interest income on Govt. bonds		1,330,608	-
		<u>1,831,743</u>	<u>-</u>
Gain on sale of shares	24.1	74,057,453	24,450,662
		<u>108,994,782</u>	<u>60,390,270</u>
24.1 Gain on sale of shares			
Listed shares		74,057,150	10,113,706
Unlisted shares		303	14,336,956
		<u>74,057,453</u>	<u>24,450,662</u>
25 Commission, exchange and brokerage			
Fees and commission income	25.1	1,622,051	1,250,750
Exchange income		(2,904)	(10,636)
Brokerage income		-	-
		<u>1,619,147</u>	<u>1,240,114</u>

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
25.1 Fees and commission income			
<u>Fees income</u>			
Supervision fees		-	45,779
Appraisal and feasibility study fees		741,415	435,000
Documentation fees		143,236	50,000
Restructuring/renewal fees		25,000	195,000
Other fees		381,150	524,971
		<u>1,290,801</u>	<u>1,250,750</u>
Commission		331,250	-
		<u>1,622,051</u>	<u>1,250,750</u>
26. Other operating income			
Transfer price of leased assets		538,894	1,570,120
Income from securitization activities		922,304	3,000,000
Other earnings		396,969	4,138,198
Income/(loss) on sale/adjustment of fixed assets	26.1	356,206	-
		<u>2,214,373</u>	<u>8,708,318</u>
26.1 Income from sale/adjustment of fixed assets			
Some items of fixed assets which were impaired sold or adjusted during the year as under:			
Sale proceeds		465,107	5,012,539
Cost price of the sold/adjusted items		4,401,023	6,180,000
Less: Accumulated depreciation		4,292,122	1,167,461
Written down value		108,901	5,012,539
Income from sale of fixed assets		<u>356,206</u>	<u>-</u>
27. Administrative expenses			
	<u>Note</u>		
Salary and allowances	28	34,700,828	32,791,268
Rent, taxes, insurance, electricity, etc.	29	4,510,627	4,374,095
Legal expenses	30	6,248,353	3,179,560
Postage, stamp, telecommunications, etc.	31	1,267,699	1,649,850
Stationery, printings, advertisements etc.	32	2,728,163	8,688,680
Managing Director's salary and allowances	33	6,306,373	2,191,570
Directors' fees	34	271,400	500,825
Auditors' fees	35	275,000	200,000
Repair and maintenance	36.2	3,040,651	2,429,638
Other expenses	37	9,120,590	15,549,467
		<u>68,469,684</u>	<u>71,554,953</u>
28. Salary and allowances			
Basic salary		14,058,115	12,102,455
House rent allowance		5,282,076	4,943,239
Medical allowance		2,135,235	1,826,975
Bonus		3,316,122	4,851,777
Leave fare assistance		2,270,047	1,883,841
Other allowances		2,390,701	2,357,347
Company's contribution to provident fund		1,278,257	987,827
Gratuity		1,255,869	1,068,174
Contractual staffs		2,714,406	2,769,633
		<u>34,700,828</u>	<u>32,791,268</u>
28.1 Number of employees and remuneration thereof			

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 per annum or Taka 3,000 per month were 62 at the end of 2009 as against 65 in 2008 (Restated).

	<u>Note</u>	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
29. Rent, taxes, insurance, electricity, etc.			
Office rent		1,033,600	941,589
Rates and taxes		693,240	630,338
Insurance		1,228,147	1,159,550
Utilities - electricity, gas, water etc		1,555,640	1,642,618
		<u>4,510,627</u>	<u>4,374,095</u>
30. Legal expenses			
Professional fees		3,127,744	2,475,974
Legal document and court fees		2,843,026	554,316
Others		277,583	149,270
		<u>6,248,353</u>	<u>3,179,560</u>
31. Postage, stamp, telecommunications, etc.			
Postage, stamps etc.		149,050	217,030
Telephone		428,649	750,095
Internet expenses		690,000	682,725
		<u>1,267,699</u>	<u>1,649,850</u>
32. Stationery, printing, advertisements etc.			
Printing and stationery		620,001	1,767,106
Publicity and advertisement		2,108,162	6,921,574
		<u>2,728,163</u>	<u>8,688,680</u>
33. Managing Director's salary and allowances			
Basic salary		3,600,000	1,001,452
House rent allowance		630,000	433,549
Medical allowance		135,000	25,290
Bonus		800,000	275,000
Other allowances		-	271,945
Leave fare assistance		600,003	184,334
Company's contribution to provident fund		240,000	-
Gratuity		301,370	-
		<u>6,306,373</u>	<u>2,191,570</u>
<p>Managing Director's salary and allowances covers the period of April 2009 to December 2009. On the other hand in 2008 the same was for the period of July 2008 to September 2008.</p>			
34. Directors' fees			
Honorarium for attending meeting		271,400	500,825
Incidental expenses for attending meeting		-	-
		<u>271,400</u>	<u>500,825</u>
<p>Directors' fees include fees for attending the meetings of the Board, Executive Committee and Audit Committee. Each director was remunerated @ Tk 4,000 per meeting.</p>			
35. Auditors' fees			
Auditors' remuneration		275,000	200,000
		<u>275,000</u>	<u>200,000</u>
36. Depreciation and repair on fixed assets			
Depreciation	36.1	12,572,423	13,922,898
Repair and maintenance	36.2	3,040,651	2,429,638
		<u>15,613,074</u>	<u>16,352,536</u>

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
36.1 Depreciation		
Office premises	3,797,509	3,422,063
Motor vehicles	2,864,006	3,387,297
Furniture and fixtures	2,517,622	2,852,909
Equipment and appliances	3,393,286	3,460,631
Accounting software	-	799,999
	<u>12,572,423</u>	<u>13,922,898</u>
Details are shown in annexure-A		
36.2 Repair and maintenance		
Office premises	131,718	8,270
Vehicles	2,385,307	2,079,232
Office equipments	523,626	342,136
	<u>3,040,651</u>	<u>2,429,638</u>
37. Other expenses		
Staff training	368,759	856,423
Membership fees, subscription and donations	519,473	677,992
News papers, periodicals, learning materials etc.	66,891	56,721
Recruitment expenses	419,000	1,103,679
Traveling, conveyance and hotel expenses	2,918,820	5,888,856
Entertainment and public relation	283,270	471,727
Annual General Meeting expenses	1,597,149	2,840,780
Security and cleaning services	924,277	989,049
Sundry office maintenance	1,671,664	1,616,688
Other operational expenses	351,287	1,047,552
	<u>9,120,590</u>	<u>15,549,467</u>
38. Provision for loans, advances and leases		
Provision for loans and leases	79,698,179	103,623,994
Provision for diminution in value of investments	(5,267,143)	(2,878,203)
	<u>74,431,036</u>	<u>100,745,791</u>
39. Earnings per share (EPS)		
Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended 31 December 2009 as per Bangladesh Accounting Standard (BAS) 33: <i>Earnings per share (EPS)</i> . EPS for 2008 was Tk. 14.58. Restating EPS of 2008 as per BAS 33, an adjustment has been given for 712,651 number of bonus shares issued in 2009. Details of which are made up as under:		
Net profit after tax	110,737,808	103,897,173
Weighted average number of shares outstanding during the year:		
Number of ordinary shares as at 1 January	7,126,511	7,126,511
Bonus shares issued	712,651	712,651
	<u>7,839,162</u>	<u>7,839,162</u>
Basic earning per share	<u>14.13</u>	<u>13.25</u>
Diluted Earning Per Share (DEPS)		
No DEPS is required to be calculated since there was no scope for dilution of share during the year under review.		
40. Receipts from other operating activities		
Transfer price of lease assets	538,894	1,570,120
Receipts from securitization activities (residual balance)	11,469,710	-
Gain on sale of shares	74,057,453	24,450,662
Securities income	114,868	-
Income from other operating activities	396,969	3,866,980
	<u>86,577,894</u>	<u>29,887,762</u>

	<u>2009</u> Taka	<u>2008</u> Taka
41. (Increase)/decrease of other assets		
<u>Closing other assets</u>		
Stationery, stamps, printing materials in stock	14,690	-
Advance rent and advertisement	200,339	493,633
Security deposit	403,856	401,755
Other assets	6,592,550	2,926,403
	<u>7,211,435</u>	<u>3,821,791</u>
<u>Opening other assets</u>		
Stationery, stamps, printing materials in stock	-	-
Advance rent and advertisement	493,633	706,471
Security deposit	401,755	453,953
Other assets	2,926,403	4,803,335
	<u>3,821,791</u>	<u>5,963,759</u>
	<u>(3,389,644)</u>	<u>2,141,968</u>
42. Increase/(decrease) of other liabilities		
<u>Closing other liabilities</u>		
Provision for current tax	87,882,915	74,261,798
Withholding tax and VAT	192,917	785,443
Others	15,610,019	16,867,803
	<u>103,685,851</u>	<u>91,915,044</u>
<u>Opening other liabilities</u>		
Provision for current tax	74,261,798	66,939,756
Withholding tax and VAT	785,443	867,696
Others	16,867,803	20,173,524
	<u>91,915,044</u>	<u>87,980,976</u>
	<u>11,770,807</u>	<u>3,934,068</u>
43. Cash and cash equivalents		
Cash in hand	35,000	30,010
Balance with Bangladesh Bank and its agent bank (s)	54,748,747	40,391,097
Balance with other banks and financial institutions	124,745,120	319,196,081
	<u>179,528,867</u>	<u>359,617,188</u>
44. Board meetings		
During the year 2009 a total of 4 (four) Board Meetings were held (2008: 9).		
45. Events after the balance sheet date		
The Board of Directors of the Company in its 113th meeting held on 13 April 2010 recommended 10% stock dividend (i.e., 1 share against 10 shares held as on record date) for the year ended 31 December 2009 which is subject to approval of the shareholders' in the 28th Annual General Meeting scheduled to be held on 30 May 2010. Total amount of recommended stock dividend is Tk. 78,391,600.		
No material event occurred after the balance sheet date, which could materially affect the amounts or disclosures in these financial statements.		

46. Disclosure on audit committee of the Board

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the FID Circular No. 10 dated 18 September 2005 of Bangladesh Bank as well as Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/admin/02-08 dated 20 February 2006. The committee was formed comprising 5 (five) members of the Board.

Sl. No.	Name	Status with the Company	Status with the committee	Educational qualification
i)	Mr. Shahid M. Loan	Director	Chairman	B. Sc (Physics and Mathematics)
ii)	Mr. Amin H. Manekia	Director	Member	MBA (major in Finance and Marketing)
iii)	Mr. Alauddin A Majid	Independent Director	Member	MS (Economics in Agricultural)
iv)	Mr. Fazle Kabir*	Director	Member	MSS (Economics)
v)	Mr. Altaf Ramzi	Director	Member	B.Com

Note: Mr. Fazle Kabir, resigned from the Board of Directors w.e.f. 9 January 2010.

The Audit Committee of the Board conducted 4 (four) meetings from 1 January 2009 to 31 December 2009 in which among others, the following salient issues were discussed:

- a) The Committee reviewed the periodical inspection reports of the Company conducted and submitted by the Internal Auditors and gave necessary instructions to the management for proper and prompt resolution of the irregularities/objections stated therein. The committee also reviewed and approved the audit plan of the Company.
- b) The Committee reviewed the annual financial statements for the year 2008 including the annual report and gave necessary instructions.
- c) The Committee also reviewed the first quarter ended, half-year ended and third quarter ended financials of 2009.
- d) The Committee reviewed the management letter issued by the external auditors and management's responses thereto;
- e) The Committee reviewed and ascertained that the internal control system including financial and operational controls, accounting system, and reporting structure are adequate and effective;
- f) The Committee reviewed the actions taken by the management for implementation of Audit Committee observations on issues deliberated in Audit Committee meetings;
- g) The Committee reviewed the inspection report of Bangladesh Bank with responses from the management.

47. Related party/(ies) disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management personnel. The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with others and do not involve more than a normal risk.

Detail of related party/(ies) transactions

Following is the detail of the transactions whereby the related parties are maintaining fixed term deposits with IPDC:

Related party	Relationship	Nature of transaction	Outstanding balance	
			2009	2008
			Taka	Taka
Aga Khan Education Bangladesh Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term Deposit Receipt	186,444,185	133,872,157
Mr. Sulaiman Ajanee	Nominee Director of IPDC	Term Deposit Receipt	16,192,526	14,544,227
World Com. Ltd.	Mr. Sulaiman Ajanee is the Managing Director of World Com. Ltd	Term Deposit Receipt	13,261,271	11,798,313
Ms. Ashraf Ali/Mr. Nizar Ali	Ms. Ashraf Ali who is the Nominee Director of IPDC	Term Deposit Receipt	2,000,000	2,000,000
Mr. Nizar Ali	Mr. Nizar Ali is the husband of Ms. Ashraf Ali is the Nominee Director of IPDC	Term Deposit Receipt	500,000	-
Ms. Humaira Azam	Managing Director & CEO of IPDC	Term Deposit Receipt	420,000	-
		Employee Loan	3,316,705	-
Mr. Ershadul Haque Khandker	Mr. Ershadul Haque Khandker is the husband of Ms Humaira Azam, Managing Director of IPDC	Term Deposit Receipt	380,000	-

47.1 Name of the Directors and the entities in which they have interest as at 31 December 2009

Sl. no.	Name	Status with the IPDC	Name of the firms/ companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.	Position	Remarks
i)	Mr. Dewan Zakir Hussain	Chairman	Karnaphuli Fertilizer Company Ltd.	Chairman	Nominated by GoB
			British American Tobacco Bangladesh Ltd.	Director	
ii)	Mr. Syed Monjurul Islam*	Director	Bangladesh Submarine Cable Ltd.	Director	Nominated by GoB
			Bangladesh Tele-Communication Company Ltd.	Director	
			Jamuna Oil Company Ltd.	Director	
			North West Zone Power Distribution Company Ltd.	Director	
iii)	Mr. Altaf Hussain	Director	None	Not Applicable	
iv)	Mr. Sulaiman Ajanee	Director	Standard Finis Oil Company	Managing Partner	
			World Com. Ltd	Managing Director	
			MARS Associates	Partner	
v)	Mr. Shahid Mahmood Loan	Director	None	Not Applicable	
vi)	Mr. Altaf Ramzi	Director	Ismailia Co-operative Society, Dhaka	Director	
vii)	Mr. Amin H. Manekia	Director	None	Not Applicable	
viii)	Mr. Mansoor Ali Halari	Director	None	Not Applicable	
ix)	Ms. Ashraf Ali	Director	None	Not Applicable	
x)	Mr. Alauddin A. Majid	Independent Director	Grameen Fund	Member	Nominated by GoB
			Shakti Foundation	Member	
			Data Edge Ltd.	Chairman	
			Bangladesh Krishi Bank	Director	
			Enterprise Development Company Ltd.	Director	
xi)	Ms. Humaira Azam	Managing Director & CEO	None	Not Applicable	

**Mr. Syed Monjurul Islam has been appointed as (nominated by GoB) director w.e.f. 09 January 2010 in place of Mr. Fazle Kabir, Additional Secretary, Finance Division of Ministry of Finance.*

- 47.2** Significant contracts in which the Company, its subsidiary or any fellow subsidiary company was a party and wherein the Directors have interest subsisted at any time during the year or at the end of the year None
- 47.3** Shares issued to Directors and Executives without consideration or exercisable at discount None
- 47.4** Nature, type and elements of transactions with the related party Note 47
- 47.5** Lending policies in respect of related party:
- a) Amount of transactions regarding loans and advances, deposits, guarantees and commitment Note 47
 - b) Amount of provision against loans and advances given to related party None
 - c) Amount of guarantees and commitments arising out of the statement of affairs Nil
- 47.6** Investments in securities of the Directors and their related concerns Nil

Industrial Promotion and Development Company of Bangladesh Limited

Fixed assets including premises, furniture and fixtures

Annexure - A

Category of asset	Cost					Rate	Depreciation				Carrying amount as at 31 Dec 2009
	Balance as at 1 Jan 2009	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 Dec 2009		Balance as at 1 Jan 2009	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2009	
Office premises	68,441,292	-	400,471	-	68,841,763	5%	10,717,736	3,797,509	400,471	14,915,716	53,926,047
Motor vehicles	14,278,186	4,547,930	-	5,420,999	13,405,117	20%&33.33%	12,016,556	2,864,006	5,420,997	9,459,565	3,945,552
Furniture and fixtures	22,355,647	495,080	-	1,842,254	21,008,473	12.50%	9,798,484	2,517,622	1,735,590	10,580,516	10,427,957
Equipment and appliances	24,169,352	125,450	-	1,412,769	22,882,033	20%	15,632,696	3,393,286	1,410,532	17,615,450	5,266,583
Accounting software	1,600,000	-	-	-	1,600,000	50%	1,599,999	-	-	1,599,999	1
Balance as at 31 December 2009	130,844,477	5,168,460	400,471	8,676,022	127,737,386		49,765,471	12,572,423	8,967,590	54,171,246	73,566,140

Category of asset	Cost					Rate	Depreciation				Carrying amount as at 31 Dec 2008
	Balance as at 1 Jan 2008	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 Dec 2008		Balance as at 1 Jan 2008	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2008	
Office premises	68,441,292	-	-	-	68,441,292	5%	7,295,673	3,422,063	-	10,717,736	57,723,556
Motor vehicles	16,778,186	3,680,000	-	6,180,000	14,278,186	20%&33.33%	9,835,259	3,387,297	1,206,000	12,016,556	2,261,630
Furniture and fixtures	21,280,047	1,075,600	-	-	22,355,647	12.50%	6,945,575	2,852,909	-	9,798,484	12,557,163
Equipment and appliances	22,623,851	1,545,501	-	-	24,169,352	20%	12,172,065	3,460,631	-	15,632,696	8,536,656
Accounting software	1,600,000	-	-	-	1,600,000	50%	800,000	799,999	-	1,599,999	1
Balance as at 31 December 2008	130,723,376	6,301,101	-	6,180,000	130,844,477		37,048,572	13,922,899	1,206,000	49,765,471	81,079,006

Revaluation of office premises

The office premises with proportionate land comprising 11,661 square feet of office space on 4th floor of Hosna Center, 106 Gulshan Avenue, Dhaka-1212, along with car parking for 15 cars, have been revalued by a professional valuer as at 31 December 2005 in line with prevailing market price as on that date. Accordingly selling price of the premises with proportionate land is stated at Tk. 68,441,292 with a revaluation adjustment of Tk. 23,627,792 as at 31 December 2005.

Annexure - B

Highlights on the overall activities of the Company for the years 2009 and 2008

Serial no.	Particulars	2009 Taka	2008 Taka
1	Paid up capital	783,916,200	712,651,100
2	Total capital	1,846,054,641	1,734,726,139
3	Capital surplus	Not applicable	Not applicable
4	Total assets	6,267,787,954	6,494,384,057
5	Total deposits	2,329,403,480	2,534,799,327
6	Total loans and advances	4,548,485,439	4,903,691,325
7	Total contingent liabilities and commitments	17,900,000	-
8	Credit deposit ratio	1.95:1	1.93:1
9	Percentage of classified loans against total loans, advances & lease receivables	27.15%	33.21%
10	Net profit after tax and provision	110,737,808	103,897,173
11	Amount of classified loans and advances at the end of the year	1,234,821,074	1,628,481,471
12	Provisions kept against classified loan	587,315,565	601,038,856
13	Provisions surplus against classified loan	7,900,677	4,234,706
14	Cost of fund	11.58%	12.39%
15	Interest earning assets	5,634,267,722	5,826,180,300
16	Non-interest earning assets	633,520,232	668,203,757
17	Return on investment (RoI)	1.74%	1.52%
18	Return on asset (RoA)	6.19%	6.10%
19	Income from investment	108,994,782	60,390,270
20	Earning per share (Taka)	14.13	13.25
21	Net income per share (Taka)	14.13	13.25
22	Price earning ratio (Times)	31.93	31.16