

**IPDC of Bangladesh Limited**  
**Condensed Half Yearly Financial Statements (Un-audited)**  
**For the Half Year Ended June 30, 2012**

**IPDC of Bangladesh Limited**  
**Condensed Half Yearly Balance Sheet (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>PROPERTY AND ASSETS</b>			
Cash in hand		95,247	40,200
Balance with Bangladesh Bank and its agent bank (s)		88,349,221	79,521,979
Balance with other banks and financial institutions	2	565,908,094	742,592,747
Money at call and short notice	3	-	120,000,000
		654,352,562	942,154,926
<b>Investments</b>	4		
Government	4.2	215,000,000	587,600,000
Others	4.3	572,578,558	572,578,558
		787,578,558	1,160,178,558
Loans, leases, cash credits, overdrafts, etc.	5	5,135,061,564	4,325,023,676
Fixed assets including premises, furniture and fixtures	6	83,197,751	81,022,559
Other assets	7	258,694,649	252,709,608
Non financial institutional assets		-	-
<b>TOTAL ASSETS</b>		<b>6,918,885,084</b>	<b>6,761,089,327</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	8	122,640,560	104,023,088
Term deposits	9	3,807,110,289	3,798,236,467
Other liabilities	10	1,114,689,498	960,106,874
<b>Total liabilities</b>		5,044,440,347	4,862,366,429
<b>Shareholders' equity</b>			
Paid up capital	11	1,043,392,350	948,538,500
Share premium	12	167,014,000	167,014,000
Statutory reserve	13	197,501,563	197,501,563
Assets revaluation reserve	14	13,585,980	13,585,980
Retained earnings	15	452,950,844	572,082,855
<b>Total shareholders' equity</b>		1,874,444,737	1,898,722,898
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,918,885,084</b>	<b>6,761,089,327</b>
<b>Off-balance sheet items</b>			
Letters of guarantee	16	5,590,000	15,590,000

*The annexed notes 1 to 38 form an integral part of these financial statements.*

Dilip Kumar Mandal  
Chief Financial Officer

Mominul Islam  
Managing Director & CEO

# IPDC of Bangladesh Limited

## Condensed Half Yearly Profit and Loss Account (Un-audited)

Figs. in Taka

Period ended June 30	Note	Half year		2nd quarter	
		2012	2011	2012	2011
<b>PARTICULARS</b>			Restated		Restated
Interest income	17	360,073,226	262,226,206	178,932,169	130,214,729
Interest paid on deposits and borrowings etc.	18	261,647,300	196,629,640	133,399,388	105,522,604
<b>Net interest income</b>		98,425,926	65,596,566	45,532,781	24,692,125
Investment income	19	23,244,607	79,431,174	24,025,520	44,042,503
Commission, exchange and brokerage	20	3,033,984	2,140,270	1,636,782	1,517,954
Other operating income	21	17,312,671	925,563	17,281,671	689,813
<b>Total operating income</b>		142,017,188	148,093,573	88,476,754	70,942,395
Salary and allowances	22	29,149,377	29,726,831	16,245,474	14,872,398
Rent, taxes, insurance, electricity, etc.	23	5,161,865	4,936,395	2,798,346	2,589,651
Legal expenses	24	3,998,760	4,353,958	2,018,812	1,547,690
Postage, stamp, telecommunications, etc.	25	1,163,610	942,983	601,492	483,835
Stationery, printings, advertisements, etc.	26	2,954,697	2,949,825	1,810,691	2,056,430
Managing Director's salary and allowances	27	2,914,998	3,550,000	1,459,080	1,774,999
Directors' fees	28	1,639,203	1,995,369	1,066,009	1,342,447
Depreciation and repair of Company's assets	29	10,947,716	9,591,666	6,136,167	5,216,375
Other expenses	30	5,978,324	5,534,125	2,976,923	3,003,861
<b>Total operating expenses</b>		63,908,550	63,581,152	35,112,994	32,887,686
<b>Profit before provision</b>		78,108,638	84,512,421	53,363,760	38,054,709
Provision for loans and leases		70,455,870	14,329,752	11,722,382	(94,063,071)
Provision for diminution in value of investments		33,178	11,655,528	(81,892)	7,167,426
Other provisions		5,740,423	6,044,416	1,775,775	1,576,170
<b>Provision for loans, advances and leases</b>	31	76,229,471	32,029,696	13,416,265	(85,319,475)
<b>Profit before tax</b>		1,879,167	52,482,725	39,947,495	123,374,184
Current tax	10.4	27,409,577	42,094,506	19,101,143	24,529,629
Deferred tax	32	(1,252,249)	(1,642,347)	(1,787,981)	(741,818)
<b>Total tax expenses</b>		26,157,328	40,452,159	17,313,162	23,787,811
<b>Net profit after tax</b>		(24,278,161)	12,030,566	22,634,333	99,586,373
<b>Earnings per share (EPS)</b>	33	(0.23)	0.12	0.22	0.95

The annexed notes 1 to 38 form an integral part of these financial statements.

Dilip Kumar Mandal  
Chief Financial Officer

Mominul Islam  
Managing Director & CEO

**IPDC of Bangladesh Limited**  
**Condensed Half Yearly Cash Flows Statement (Un-audited)**

Figs. in Taka

Period ended June 30	Note	Half year	
		2012	2011
<b>OPERATING ACTIVITIES</b>			
Interest receipts in cash		330,255,885	272,848,979
Interest payments in cash		(229,799,809)	(165,732,242)
Dividend receipts in cash		16,564,271	23,538,353
Fee and commission receipts in cash		3,033,984	2,784,841
Recoveries of loan previously written off		17,287,828	170,000
Cash payments to employees		(27,940,902)	(29,868,040)
Cash payments to suppliers		(23,488,191)	(36,748,096)
Income taxes paid		(4,580,449)	(8,729,623)
Receipts from other operating activities	34	33,083,957	44,480,943
<b>Cash generated before change in operating assets and liabilities</b>		<b>114,416,574</b>	<b>102,745,114</b>
<b>Increase/decrease in operating assets and liabilities</b>			
(Purchase) /sale of trading securities		172,600,000	(96,606,214)
Loans, advances and leases to other banks		(74,599,522)	35,033,382
Loans, advances and leases to customers		(744,634,043)	(285,467,180)
Other assets	35	(2,229,562)	(41,158,093)
Deposits from customers		8,873,822	328,072,579
Trading liabilities		222,047,241	(32,000,000)
Other liabilities	36	30,294,267	12,199,709
<b>Net increase/decrease in operating assets and liabilities</b>		<b>(387,647,797)</b>	<b>(79,925,817)</b>
<b>Net cash from operating activities</b>		<b>(273,231,223)</b>	<b>22,819,297</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(11,140,370)	(1,635,456)
<b>Net cash provided/(used) in investing activities</b>		<b>(11,140,370)</b>	<b>(1,635,456)</b>
<b>FINANCEING ACTIVITIES</b>			
Receipts/(payments) of long term loan		(3,429,769)	19,571,041
Dividends paid in cash		(1,002)	(1,062)
<b>Net cash provided/(used) in financing activities</b>		<b>(3,430,771)</b>	<b>19,569,979</b>
Net (decrease)/increase in cash		(287,802,364)	40,753,820
Cash and cash-equivalents at beginning of the period		942,154,926	635,923,246
<b>Cash and cash-equivalents at end of the period</b>	<b>37</b>	<b>654,352,562</b>	<b>676,677,066</b>

*The annexed notes 1 to 38 form an integral part of these financial statements.*

**IPDC of Bangladesh Limited****Condensed Half Yearly Statement of Changes in Equity (Un-audited)**

Figs. in Taka

	Paid up share capital	Share premium	Statutory reserve	Asset revaluation reserve	Retained earnings	Total
<b>Period ended June 30, 2012</b>						
Balance as at January 1, 2012	948,538,500	167,014,000	197,501,563	13,585,980	572,082,855	1,898,722,898
Changes in accounting policy	-	-	-	-	-	-
Restated balance	948,538,500	167,014,000	197,501,563	13,585,980	572,082,855	1,898,722,898
Net profit/(loss) for the half year of 2012	-	-	-	-	(24,278,161)	(24,278,161)
Issuance of bonus share	94,853,850	-	-	-	(94,853,850)	-
Balance as at June 30, 2012	1,043,392,350	167,014,000	197,501,563	13,585,980	452,950,844	1,874,444,737
<b>As at June 30, 2011</b>						
Balance at January 1, 2011	862,307,800	167,014,000	175,166,707	13,585,980	760,881,342	1,978,955,829
Changes in accounting policy	-	-	-	-	(191,907,209)	(191,907,209)
Restated balance	862,307,800	167,014,000	175,166,707	13,585,980	568,974,133	1,787,048,620
Net profit/(loss) for the half year of 2011	-	-	-	-	12,030,566	12,030,566
Issuance of bonus share	86,230,700	-	-	-	(86,230,700)	-
Balance as at June 30, 2011 (Restated)	948,538,500	167,014,000	175,166,707	13,585,980	494,773,999	1,799,079,185

*Prior period's "Retained Earnings" has been retrospectively restated due to changes in Accounting Policy for recognition of "Deferred Tax Assets" on specific provision maintained against classified loan, leases and advances in compliance with Bangladesh Bank circular number DFIM 07 dated July 31, 2011. Details are stated in Note No. 1.5.*

*The annexed notes 1 to 38 form an integral part of these financial statements.*

## **IPDC of Bangladesh Limited**

**Notes to the Condensed Half Yearly Financial Statements (Un-audited)  
as at and for the half year ended June 30, 2012**

### **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 February 7, 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 December 3, 2006 in both the Dhaka Stock Exchange and the Chittagong Stock Exchange in Bangladesh. The company has four branch offices located at Dhaka, Chittagong and Sylhet.

#### **1.2. Nature of business of the Company**

IPDC specialises in providing long term and short term financing, project financing, lease financing, mortgage financing, channel financing, equity participation, syndication finance, SME and MME 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.

#### **1.3. Basis of Reporting**

The financial statements for the half year ended June 30, 2012 are prepared under historical cost convention following accrual basis of accounting and based on Bangladesh Accounting Standard (BAS) -34: "Interim Financial Reporting".

#### **1.4. Accounting policies and method of computations**

For preparing the quarterly financial statements, we have followed accounting policies and method in consistent with those used in the financial statements prepared for the year ended December 31, 2011.

#### **1.5. Change in accounting policy**

##### *Accounting for deferred tax*

Upto the year 2010, the Company has been recognizing "Deferred Tax Asset" on specific provision against classified loans, leases and advances as per Bangladesh Accounting Standard (BAS) 12: *Income Taxes*.

## IPDC of Bangladesh Limited

Notes to the Condensed Half Yearly Financial Statements (Un-audited)  
as at and for the half year ended June 30, 2012

During the year 2011 Bangladesh Bank vide circular no. DFIM-07 dated July 31, 2011 has directed NBFIs not to recognize the “Deferred Tax Asset” on specific provision.

In compliance with the Bangladesh Bank circular the company has changed its Accounting Policy regarding recognition of “Deferred Tax Asset” on specific provision and with retrospective effect has adjusted the balance of “Deferred Tax Asset” with the “Retained Earnings”. Due to the change in Accounting Policy, the Company’s “Retained Earnings” is negatively impacted by Tk. 191,907,209 up to the year 2010 and profit after tax and EPS for the half year of 2011 negatively impacted by Tk. 6,610,817 and Tk. 0.06 respectively.

### 1.6. Post Balance Sheet events

No material events occurred after the reporting date, which would significantly affect the financial position of the company as at the Balance sheet date.

### 1.7. Rounding off and rearrangement of figures

Figures have been rounded off to the nearest Taka and 2011 figures have been rearranged, where necessary, to conform to current period presentation.

## 2. Balance with other banks and financial institutions

Name of Bank/FI	Type of A/c	<u>June 30,</u>	<u>Figs. in Taka</u>
		<u>2012</u>	<u>December 31,</u>
			<u>2011</u>
Commercial Bank of Ceylon Plc	CD A/c	45,790	45,790
The Hongkong and Shanghai Banking Corporation Ltd	CD A/c	29,146	37,396
Uttara Bank Ltd.	CD A/c	3,158	3,158
United Commercial Bank Ltd.	CD A/c	64,950	50,275
AB Bank Ltd.	CD A/c	3,815	4,390
Citibank N.A.	CD A/c	3,449	3,449
Prime Bank Ltd.	CD A/c	-	-
Bank Alfalah Ltd.	CD A/c	1,451	1,451
		151,759	145,909
Dutch Bangla Bank Ltd.	STD A/c	98,493	30,054,312
AB Bank Ltd.	STD A/c	1,396,232	1,347,065
Standard Chartered Bank	STD A/c	6,697	408,050
IFIC Bank Ltd.	STD A/c	12,268	12,268
AL-Arafah Islami Bank Ltd.	STD A/c	14,853	15,122
Prime Bank Ltd.	STD A/c	22,653	534,527
Brac Bank Ltd.	STD A/c	698,134	53,332
AB Bank Ltd.	STD A/c -]	62,403	62,403
		2,311,733	32,487,078

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
National Bank of Pakistan	Placement	160,000,000	150,000,000
AB Bank Ltd.	Placement	-	120,000,000
IFIC Bank Ltd.	Placement	50,000,000	50,000,000
Eastern Bank Ltd.	Placement	-	70,000,000
		210,000,000	390,000,000
Dutch Bangla Bank Ltd.	FDR	51,406,250	-
Eastern Bank Ltd.	FDR	50,000,000	50,000,000
Mercantile Bank Ltd.	FDR	50,000,000	-
Prime Bank Ltd.	FDR	59,038,352	55,723,278
The City Bank Ltd.	FDR	-	100,000,000
National Bank of Pakistan	FDR	-	14,236,483
National Bank Ltd.	FDR	13,000,000	-
		223,444,602	219,959,760
International Leasing and Financial Services Ltd	Placement	80,000,000	100,000,000
Prime Finance & Investment Ltd.	Placement	50,000,000	-
		130,000,000	100,000,000
		565,908,094	742,592,747

**3. Money at call and short notice**

Prime Bank Ltd.	-	50,000,000
Agrani Bank Ltd.	-	70,000,000
	-	120,000,000

**4. Investments**

Government securities - BGTB	4.2	215,000,000	587,600,000
Other investments	4.3	572,578,558	572,578,558
		787,578,558	1,160,178,558

**4.1 Classification of investments**

Held for trading (HFT)	2,600,000	363,000,000
Held to maturity (HTM)	212,400,000	224,600,000
	215,000,000	587,600,000
Other investments	572,578,558	572,578,558
	787,578,558	1,160,178,558

**4.2 Government securities - BGTB**

10-year treasury bonds	-	160,400,000
15-year treasury bonds	242,600,000	242,600,000
20-year treasury bonds	172,400,000	184,600,000
	415,000,000	587,600,000
Less: Speical Repo with Bangladesh Bank	200,000,000	-
	215,000,000	587,600,000



**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>4.3 Other investments</b>			
Listed		7,007,689	7,007,689
Unlisted		31,670,869	31,670,869
In ordinary shares		38,678,558	38,678,558
Preference shares		383,900,000	383,900,000
Investment in corporate bonds		150,000,000	150,000,000
		<u>572,578,558</u>	<u>572,578,558</u>

Detail of other investments shown in annexure - A

**5. Loans, advances and leases**

Long term loan		2,965,453,174	2,756,285,816
Lease finance	5.1	1,659,108,162	1,231,435,484
Short term loan		212,255,624	196,459,516
Mortgage finance		20,768,946	-
Channel financing		65,520,644	-
Auto loan		89,532,623	66,833,056
Secured retail loan		105,492,984	57,873,126
Staff loan		16,929,407	16,136,678
		<u>5,135,061,564</u>	<u>4,325,023,676</u>

**5.1. Lease finance**

Gross lease receivables	1,986,941,233	1,411,608,015
Less: Unearned interest income	437,920,220	270,891,841
Net lease receivables	1,549,021,013	1,140,716,174
Add: Overdue lease rentals	110,087,149	90,719,310
	<u>1,659,108,162</u>	<u>1,231,435,484</u>

**6. Fixed assets including premises, furniture and fixtures**

Land and building	75,684,163	75,684,163
Motor vehicles	22,668,729	17,678,729
Furniture and fixtures	29,014,065	28,840,320
Equipment and appliances	34,906,213	30,347,888
Accounting software	1,600,000	1,600,000
Total cost of fixed assets	163,873,170	154,151,100
Less: Accumulated depreciation	80,675,419	73,128,541
Written down value	<u>83,197,751</u>	<u>81,022,559</u>

Details are shown in annexure - B

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>7. Other assets</b>			
Dividend receivable against preference shares		16,831,601	13,334,289
Stationery, stamps, printing materials in stock		88,544	53,105
Advance rent and advertisement		4,957,334	5,835,236
Interest accrued on investment but not collected		15,965,088	21,147,345
Security deposits		716,160	716,160
Preliminary, formation renovation and prepaid expenses		1,209,663	255,780
Others	7.1	218,926,259	211,367,692
		<u>258,694,649</u>	<u>252,709,608</u>

**7.1 Others**

Advance tax		206,977,347	202,396,898
Deferred tax assets	7.1.1	4,346,867	3,486,891
Sundry assets	7.1.2	7,602,045	5,483,903
		<u>218,926,259</u>	<u>211,367,692</u>

**7.1.1. Deferred tax asset**

Deferred tax asset 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 asset is as follows:

**Deductible temporary differences**

Gratuity provision	10,227,922	8,204,449
<b>Net deductible temporary differences</b>	<u>10,227,922</u>	<u>8,204,449</u>
Tax rate	42.50%	42.50%
<b>Deferred tax assets</b>	<u>4,346,867</u>	<u>3,486,891</u>

Movement of deferred tax asset are follows:

Opening balance	3,486,891	3,061,361
Less: Charged/(released) to profit and loss account	(859,976)	(425,530)
<b>Balance as at June 30/December 31</b>	<u>4,346,867</u>	<u>3,486,891</u>

**7.1.2. Sundry assets**

City corporation tax	-	113,400
Hosna Centre Owners' Society	677,067	677,067
Advance others	6,924,978	4,693,436
	<u>7,602,045</u>	<u>5,483,903</u>

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>8. Borrowings from other banks, financial institutions and agents</b>			
<b>Name of bank/FI</b>	<b>Type</b>		
Prime Bank Ltd.	SOD	20,846,033	16,798,283
Standard Chartered Bank	SOD	44,527,625	50,457,692
Dutch Bangla Bank Ltd.	SOD	23,929,558	-
Total short term loan		89,303,216	67,255,975
The UAE-Bangladesh Investment Company Ltd.	Long Term	33,337,344	36,767,113
		122,640,560	104,023,088

**9. Deposits and other accounts**

Inter-bank deposits		-	-
Term deposits		3,807,110,289	3,798,236,467
		3,807,110,289	3,798,236,467

There was no unclaimed deposits for ten (10) years and more held by the Company at the reporting date.

**10. Other liabilities**

Cumulative provision for loans, advances, leases and investments	10.1	469,413,090	393,183,619
Cumulative interest and dividend suspense	10.2	176,025,867	162,935,475
Provision for gratuity	10.3	10,227,922	8,204,449
Unclaimed dividend		3,800,646	3,801,648
Provision for corporate tax	10.4	146,413,085	119,003,508
Receipts against lease	10.5	32,107,846	28,447,130
Provision for finance charge	10.6	236,222,049	204,374,559
Withholding tax, VAT and excise duty		2,883,916	4,026,155
Liabilities for special accounts	10.7	16,816,912	16,450,699
Provision for expense	10.8	7,252,327	4,881,520
Deferred tax liabilities	10.9	13,088,337	13,480,611
Account payable for purchase of office equipment		437,501	1,317,501
		1,114,689,498	960,106,874

**10.1. Cumulative provision for loans, advances, leases and investments**

Provision for loans, advances and leases	387,380,572	316,924,702
Provision for investments in equity	43,638,175	43,604,997
M2M provision for investments in Govt. securities	38,394,343	32,653,920
	469,413,090	393,183,619

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>10.2. Cumulative interest and dividend suspense</b>			
Interest suspense against loans, advances and leases		173,550,566	160,639,681
Dividend suspense against investment in preference shares		2,475,301	2,295,794
		<u>176,025,867</u>	<u>162,935,475</u>

**10.3. Provision for gratuity**

This liability represents provision for staff gratuity up to June 30, 2012. The company has provided full provision for gratuity at the rate of one month's basic salary for each completed year of service.

Opening balance		8,204,449	7,203,203
Add: Provision made during the period/year		2,230,973	3,321,927
		<u>10,435,422</u>	<u>10,525,130</u>
Less: Payment during the period/year		207,500	2,320,681
Balance as at June 30/December 31		<u>10,227,922</u>	<u>8,204,449</u>

**10.4. 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.

Opening balance		119,003,508	119,882,915
Add: Provision made during the period/year		27,409,577	26,175,525
		<u>146,413,085</u>	<u>146,058,440</u>
Less: Adjustment/paid during the period/year		-	27,054,932
Balance as at June 30/December 31		<u>146,413,085</u>	<u>119,003,508</u>

Assessment of income tax has been finalized with the tax authority for the accounting years up to 2003 and for the accounting year 2005. Final assessment of income tax for accounting years 2004 and 2006 to 2009 are pending with the Appellate Authorities and High Court Division of Supreme Court. Income tax return for the year 2011 has been submitted in due time u/s 82BB (Universal Self Assessment) of Income Tax Ordinance 1984.

**10.5. 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:

Opening balance		28,447,130	31,894,338
Add: Receipts during the period/year		7,813,287	10,464,694
		<u>36,260,417</u>	<u>42,359,032</u>
Less: Adjusted during the period/year		4,152,571	13,911,902
Balance as at June 30/December 31		<u>32,107,846</u>	<u>28,447,130</u>

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

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>10.6. Provision for finance charge</b>			
Accrued interest expenses on term deposits		235,784,436	204,071,533
Accrued interest expenses on long term borrowings		260,901	303,026
Accrued interest payable on Repo		176,712	-
		<u>236,222,049</u>	<u>204,374,559</u>
<b>10.7. Liabilities for special accounts</b>			
Account payable special account - IPO		1,118,356	1,118,356
Account payable special account - DEG		13,946,544	13,437,194
Account payable special account - other		1,752,012	1,895,149
		<u>16,816,912</u>	<u>16,450,699</u>
<b>10.8. Provision for expenses</b>			
Legal fees		1,382,100	2,149,350
Office services		2,349,754	849,928
Pay and allowance		2,402,000	302,000
Promotion and publicity		364,588	795,820
Office rent		67,335	67,335
Professional fees		56,000	151,500
Audit fees		551,750	365,750
Other expense		78,800	199,837
		<u>7,252,327</u>	<u>4,881,520</u>
<b>10.9. Deferred tax liabilities</b>			
<b>Taxable temporary differences</b>			
Property, plant and equipment		7,168,295	8,091,292
Revaluation reserve on office premises		23,627,792	23,627,792
<b>Net taxable temporary differences</b>		<u>30,796,087</u>	<u>31,719,084</u>
Tax rate		42.50%	42.50%
<b>Deferred tax liabilities</b>		<u>13,088,337</u>	<u>13,480,611</u>
Movement of deferred tax asset is as follows:			
Opening balance		13,480,611	11,306,524
Less: Charged/(released) to profit and loss account		(392,273)	2,174,087
Balance as at June 30/December 31		<u>13,088,337</u>	<u>13,480,611</u>

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>11. Share capital</b>			
<b>Authorized</b>			
10,000,000 ordinary shares of Taka 10 each		4,000,000,000	4,000,000,000
<b>Issued, subscribed and fully paid up</b>			
104,339,235 number of ordinary shares of Taka 10 each		1,043,392,350	948,538,500

Paid up capital is made up of 25,701,400 numbers of ordinary shares paid up in cash and 78,637,835 numbers of ordinary shares through issuance of bonus shares.

**11.1. Paid up capital of the company is held as follows:****Foreign**

Aga Khan Fund for Economic Development - AKFED	532,674,670	484,249,700
Others	550	500
	532,675,220	484,250,200

**Domestic**

Government of the People's Republic of Bangladesh - GoB	228,289,710	207,536,100
General Shareholders	282,420,600	256,745,900
Others	6,820	6,300
	510,717,130	464,288,300
	1,043,392,350	948,538,500

<b>12. Share premium</b>	167,014,000	167,014,000
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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 i.e. total number of shares would be 16,701,400 @ Tk 10 per share.

**13. 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.

Opening balance	197,501,563	175,166,707
Add: Transferred from profit during the period/year	-	22,334,856
Balance as at June 30/December 31	197,501,563	197,501,563

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

As at	Note	June 30, 2012	Figs. in Taka December 31, 2011
<b>14. Assets revaluation reserve</b>		<b>13,585,980</b>	<b>13,585,980</b>

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.

**15. Retained earnings**

Opening balance	572,082,855	568,974,133
Add: Post tax profit for the period/year	(24,278,161)	111,674,278
	<u>547,804,694</u>	<u>680,648,411</u>
Less: Transfer to statutory reserve	-	22,334,856
Less: Issuance of bonus shares	94,853,850	86,230,700
	<u>94,853,850</u>	<u>108,565,556</u>
Balance as at June 30/December 31	<u>452,950,844</u>	<u>572,082,855</u>

**16. Letters of guarantee**

Director	-	-
Government	-	-
Bank and financial institutions	5,590,000	15,590,000
Others	-	-
	<u>5,590,000</u>	<u>15,590,000</u>

Letter of guarantee has been issued in favor of Habib Bank Limited, against Titas Gas Transmission and Distribution Company Limited on account of M/s Hossain & Sons.

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011
<b>17. Interest income</b>			
Interest income on lease finance		86,254,584	66,925,810
Interest income on long term finance		187,191,969	160,795,380
Interest income on short term finance		9,989,637	9,329,105
Interest income on secured finance		7,769,607	2,709,730
Interest income on auto loan		5,666,115	5,235,424
Interest income on staff loan		821,882	847,209
Interest income on mortgage finance		592,060	-
Interest income on factoring finance		2,621,607	-
Interest income on loans, leases and advances		300,907,461	245,842,658
Interest income on fixed deposits placement		11,628,550	4,800,030
Interest income on overnight and treasury placements		47,425,612	11,130,830
Interest income on STD accounts		111,603	452,688
Interest income on placement of fund		59,165,765	16,383,548
		360,073,226	262,226,206
<b>18. Interest paid on deposits and borrowings etc.</b>			
Interest expenses on term deposits		253,511,459	171,721,241
Interest expenses on borrowings	18.1	8,135,841	24,908,399
		261,647,300	196,629,640
<b>18.1. Interest paid on borrowings</b>			
Interest expenses on long term lines of credit		2,113,216	1,885,754
Interest expenses on call loan borrowing		107,260	4,627,247
Interest expenses on bank overdrafts		4,501,666	653,143
Interest expenses on Repo borrowings		1,413,699	17,742,255
		8,135,841	24,908,399
<b>19. Investment income</b>			
Interest income on treasury bills		-	10,987,718
Interest income on Govt. bonds		(5,844,204)	37,953,434
Interest income on corporate bonds		9,024,658	8,970,548
Income from Government Securites		3,180,454	57,911,700
Dividend income on preference shares		20,061,583	21,516,043
Dividend income on listed shares		-	2,351
Dividend income on un-listed shares		2,497	-
Capital gain on sale of shares and property		73	1,080
		23,244,607	79,431,174



**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011
<b>20. Commission, exchange and brokerage</b>			
Appraisal and feasibility study fees		2,742,540	1,205,370
Documentation fees		280,194	-
Other fees		11,250	934,900
		<u>3,033,984</u>	<u>2,140,270</u>
<b>21. Other operating income</b>			
Transfer price of leased assets		15,718	749,564
Other earnings		9,125	5,999
Loan loss recovery		17,287,828	170,000
		<u>17,312,671</u>	<u>925,563</u>
<b>22. Salary and allowances</b>			
Basic salary		11,302,718	11,435,203
House rent allowance		3,577,238	3,545,560
Medical allowance		1,896,083	1,604,988
Bonus		4,240,000	5,685,000
Leave fare assistance		1,874,654	1,959,022
Other allowances		948,423	1,072,513
Company's contribution to provident fund		881,479	1,035,752
Gratuity		2,230,973	1,955,830
Contractual staffs		2,197,809	1,432,963
		<u>29,149,377</u>	<u>29,726,831</u>
<b>23. Rent, taxes, insurance, electricity, etc.</b>			
Office rent		2,660,964	2,665,893
Rates and taxes		113,400	113,400
Insurance		905,768	900,544
Utilities - electricity, gas, water etc		1,481,733	1,256,558
		<u>5,161,865</u>	<u>4,936,395</u>
<b>24. Legal expenses</b>			
Professional fees		2,899,494	3,544,237
Legal document, court fees etc.		1,099,266	809,721
		<u>3,998,760</u>	<u>4,353,958</u>

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011
<b>25. Postage, stamp, telecommunications, etc.</b>			
Postage, stamps etc.		128,925	410,688
Telephone		182,685	187,275
Internet expenses		852,000	345,020
		<u>1,163,610</u>	<u>942,983</u>
<b>26. Stationery, printing, advertisements etc.</b>			
Printing and stationery		523,770	479,394
Publicity and advertisement		2,430,927	2,470,431
		<u>2,954,697</u>	<u>2,949,825</u>
<b>27. Managing Director's salary and allowances</b>			
Basic salary		2,100,000	2,400,000
House rent allowance		180,000	420,000
Medical allowance		75,000	90,000
Leave fare assistance		349,998	400,000
Company's contribution to provident fund		210,000	240,000
		<u>2,914,998</u>	<u>3,550,000</u>
<b>28. Directors' fees</b>			
Honorarium for attending meeting		207,000	281,750
Incidental expenses for attending meeting		1,432,203	1,713,619
		<u>1,639,203</u>	<u>1,995,369</u>
<b>29. Depreciation and repair on fixed assets</b>			
Depreciation	29.1	8,085,178	6,899,728
Repair and maintenance	29.2	2,862,538	2,691,938
		<u>10,947,716</u>	<u>9,591,666</u>
<b>29.1. Depreciation</b>			
Office premises		1,861,917	1,721,046
Motor vehicles		2,393,277	1,950,288
Furniture and fixtures		1,807,595	1,545,235
Equipment and appliances		2,022,389	1,683,159
		<u>8,085,178</u>	<u>6,899,728</u>

Details are shown in annexure-A

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011
<b>29.2. Repair and maintenance</b>			
Vehicles		1,674,890	2,408,102
Office equipments		1,187,648	283,836
		<u>2,862,538</u>	<u>2,691,938</u>
<b>30. Other expenses</b>			
Staff training		336,112	742,540
Membership fees, subscription and donations		894,566	881,558
News papers, periodicals, learning materials etc.		32,900	37,351
Traveling, conveyance and hotel expenses		748,340	587,573
Entertainment and public relation		269,698	274,021
Annual General Meeting expenses		1,380,000	1,021,562
Security and cleaning services		924,371	657,459
Sundry office maintenance		774,628	840,937
Other operational expenses		617,709	491,124
		<u>5,978,324</u>	<u>5,534,125</u>
<b>31. Provision for loans, advances, leases and investment</b>			
Provision for loans, advances and leases		70,455,870	14,329,752
Provision for diminution of value of investment in shares		33,178	11,655,528
Other - provision for marking to market of Govt. securities		5,740,423	6,044,416
		<u>76,229,471</u>	<u>32,029,696</u>
<b>32. Deferred tax</b>			
Deferred tax expense/(income) on deductible temporary differences	7.1.1	(859,976)	(893,702)
Deferred tax expense/(income) on taxable temporary differences	10.9	(392,273)	(748,645)
		<u>(1,252,249)</u>	<u>(1,642,347)</u>
<b>33. Earnings per share (EPS)</b>			
Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the first quarter ended June 30, 2012 as per Bangladesh Accounting Standard (BAS) 33: <i>Earnings per share (EPS)</i> .			
Net profit after tax		(24,278,161)	12,030,566
Number of ordinary shares		104,339,235	104,339,235
Basic earning per share		<u>(0.23)</u>	<u>0.12</u>

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011

**Diluted Earning Per Share (DEPS)**

No DEPS is required to be calculated since there was no scope for dilution of share during the period under review.

**34. Receipts from other operating activities**

Opening - accrued interest receivable on securities	15,873,838	21,677,809
Transfer price of lease assets	15,718	749,564
Interest income on Govt. securities	21,084,956	48,941,152
Interest income on corporate bond	9,024,658	8,970,548
Income from other operating activities	9,125	5,999
Total receivable from other operating activities	46,008,295	80,345,072
Less: Closing - accrued interest receivable on securities	12,924,338	35,864,129
Receipts from other operating activities	33,083,957	44,480,943

**35. (Increase)/decrease of other assets****Opening other assets**

Stationery, stamps, printing materials in stock	53,105	25,220
Advance rent and advertisement	5,835,236	7,483,321
Security Deposit	716,160	403,856
Preliminary, formation renovation and prepaid expenses	255,780	7,188,292
Sundry assets	5,483,903	2,606,348
Total opening other assets	12,344,184	17,707,037

**Closing other assets**

Stationery, stamps, printing materials in stock	88,544	74,525
Advance rent and advertisement	4,957,334	6,713,138
Security Deposit	716,160	716,160
Preliminary, formation renovation and prepaid expenses	1,209,663	8,501,892
Sundry assets	7,602,045	42,859,415
Total closing other assets	14,573,746	58,865,130
	(2,229,562)	(41,158,093)

**36. Increase/(decrease) of other liabilities****Closing other liabilities**

Provision for corporate tax	146,413,085	134,922,489
Receipts against lease	32,107,846	32,241,263
Withholding tax and VAT	2,883,916	1,899,334
Liabilities for special accounts	16,816,912	15,753,416
Total closing other liabilities	198,221,759	184,816,503

**IPDC of Bangladesh Limited****Notes to the Condensed Half Yearly Financial Statements (Un-audited)**

Period ended June 30	Note	Figs. in Taka	
		Half year	
		2012	2011
<b>Opening other liabilities</b>			
Provision for corporate tax		119,003,508	119,882,915
Receipts against lease		28,447,130	31,894,338
Withholding tax and VAT		4,026,155	2,544,335
Liabilities for special accounts		16,450,699	18,295,206
Total opening other liabilities		167,927,492	172,616,794
		30,294,267	12,199,709

**37. Cash and cash equivalents**

Cash in hand		95,247	64,065
Balance with Bangladesh Bank and its agent bank(s)		88,349,221	77,401,463
Balance with other banks and financial institutions		565,908,094	599,211,538
		654,352,562	676,677,066

**38. Events after the balance sheet date**

No material event occurred after the balance sheet date, which could materially affect the amounts or disclosures in these financial statements.

Figs. in Taka

Detail statement of other investment

<b>Detail statement of other investment</b>	June 30, 2012		December 31, 2011	
	Cost	Market price	Cost	Market price
<b>Investment in ordinary shares - listed</b>				
Tripti Industries Ltd.*	2,025	2,025	2,025	2,025
Bemco Electric Metre Ltd.	7,000,000	4,312,000	7,000,000	4,305,000
RAK Ceramics (Bangladesh) Ltd.	5,664	7,871	5,664	9,428
	7,007,689	4,321,896	7,007,689	4,316,453
<b>Investment in ordinary shares - un-listed</b>				
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	7,170,869	7,170,869
Gonophone Bangladesh Ltd.	20,000,000	20,000,000	20,000,000	20,000,000
	31,670,869	31,670,869	31,670,869	31,670,869
<b>Investment in cumulative redeemable preference shares</b>				
Premium Seed Ltd.	4,000,000	4,000,000	4,000,000	4,000,000
Delta Brac Housing Finance Corporation Ltd.	100,000,000	100,000,000	100,000,000	100,000,000
ACI Godrej Agrovet Private Limited	99,900,000	99,900,000	99,900,000	99,900,000
Confidence Salt Ltd.	40,000,000	40,000,000	40,000,000	40,000,000
Summit Uttaranchol Power Company Ltd.	70,000,000	70,000,000	70,000,000	70,000,000
Summit Purbanchol Power Company Ltd.	70,000,000	70,000,000	70,000,000	70,000,000
	383,900,000	383,900,000	383,900,000	383,900,000
<b>Investment in bonds</b>				
Mutual Trust Bank Ltd.	150,000,000	150,000,000	150,000,000	150,000,000
	572,578,558	569,892,765	572,578,558	569,887,322

\* Tripti Industries Limited amalgamated with Olympic Industries Limited.

## Fixed assets including premises, furniture and fixtures

Figs. in Taka

Category of asset	Cost				Balance as at June 30, 2012	Rate	Depreciation				Carrying amount as at June 30, 2012
	Balance as at January 1, 2012	Addition during the period	Adjustment during the period	Disposal during the period			Balance as at January 1, 2012	Charged during the period	Adjustment during the period	Balance as at June 30, 2012	
<b>As at June 30, 2012</b>											
Office premises	75,684,163	-	-	-	75,684,163	5%	22,142,016	1,861,917	-	24,003,933	51,680,230
Motor vehicles	17,678,729	4,990,000	-	-	22,668,729	20%&33.33%	13,751,080	2,393,277	-	16,144,357	6,524,372
Furniture and fixtures	28,840,320	173,745	-	-	29,014,065	12.50%	16,518,457	1,807,595	-	18,326,052	10,688,013
Equipment and appliances	30,347,888	5,096,625	532,200	-	34,912,313	20%	19,116,989	2,022,389	532,200	20,607,178	14,305,135
Accounting software	1,600,000	-	-	-	1,600,000	50%	1,599,999	-	-	1,599,999	1
Balance as at June 30, 2012	154,151,100	10,260,370	532,200	-	163,879,270		73,128,541	8,085,178	532,200	80,681,519	83,197,751
<b>As at December 31, 2011</b>											
Office premises	68,841,763	6,842,400	-	-	75,684,163	5%	18,357,808	3,784,208	-	22,142,016	53,542,147
Motor vehicles	21,559,953	-	-	3,881,225	17,678,729	20%&33.33%	12,606,708	3,775,582	2,631,210	13,751,080	3,927,649
Furniture and fixtures	24,732,271	4,108,049	-	-	28,840,320	12.50%	13,328,882	3,189,575	-	16,518,457	12,321,863
Equipment and appliances	26,779,127	4,680,052	-	1,111,291	30,347,888	20%	16,932,484	3,295,796	1,111,291	19,116,989	11,230,899
Accounting software	1,600,000	-	-	-	1,600,000	50%	1,599,999	-	-	1,599,999	1
Balance as at December 31, 2011	143,513,114	15,630,501	-	4,992,516	154,151,100		62,825,881	14,045,161	3,742,501	73,128,541	81,022,559

## 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 December 31, 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 December 31, 2005.