

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

Un-audited Financial Statements  
as at and for the half year ended 30 June 2011

**Industrial Promotion and Development Company of Bangladesh Limited**  
**Un-audited Balance Sheet**  
**as at 30 June 2011**

<b>Property and assets</b>	<u>Notes</u>	<u>As at 30-Jun-11 Taka</u>	<u>As at 31-Dec-10 Taka</u>
<b>Cash</b>	2		
In hand (including foreign currencies)	2.1	64,065	35,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2.2	77,401,463	65,704,881
		<u>77,465,528</u>	<u>65,739,881</u>
<b>Balance with other banks and financial institutions</b>	3		
In Bangladesh	3.1	599,211,538	570,183,365
Outside Bangladesh		-	-
		<u>599,211,538</u>	<u>570,183,365</u>
<b>Money at call and short notice</b>		-	-
<b>Investments</b>	4		
Government	4.1	564,556,181	480,984,599
Others	4.2	619,678,558	619,678,558
		<u>1,184,234,739</u>	<u>1,100,663,157</u>
<b>Loans, advances and leases</b>	5		
Loans, leases, cash credits, overdrafts, etc.		<u>4,361,810,146</u>	<u>4,150,956,768</u>
Bills purchased and discounted		-	-
		4,361,810,146	4,150,956,768
<b>Fixed assets including premises, furniture and fixtures</b>	6	75,422,962	80,687,233
<b>Other assets</b>	7	471,047,958	454,279,071
<b>Non financial institutional assets</b>		-	-
<b>Total assets</b>		<u>6,769,192,871</u>	<u>6,422,509,475</u>
<b>Liabilities and capital</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	8	111,407,498	123,836,457
<b>Deposits and other accounts</b>	9		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		3,508,935,510	3,180,862,931
Bearer certificate of deposits		-	-
Other deposits		-	-
		<u>3,508,935,510</u>	<u>3,180,862,931</u>
Other liabilities	10	1,151,252,650	1,138,854,258
<b>Total liabilities</b>		<u>4,771,595,658</u>	<u>4,443,553,646</u>
<b>Shareholders' equity</b>			
Paid up capital	11	948,538,500	862,307,800
Share premium	12	167,014,000	167,014,000
Statutory reserve	13	175,166,707	175,166,707
Assets revaluation reserve	14	13,585,980	13,585,980
Retained earnings	15	693,292,026	760,881,342
<b>Total shareholders' equity</b>		<u>1,997,597,212</u>	<u>1,978,955,829</u>
<b>Total liabilities and shareholders' equity</b>		<u>6,769,192,871</u>	<u>6,422,509,475</u>

	<u>Notes</u>	<u>As at 30-Jun-11 Taka</u>	<u>As at 31-Dec-10 Taka</u>
<b>Off-balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements		-	-
Letters of guarantee	16	5,590,000	5,590,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Total contingent liabilities</b>		<u>5,590,000</u>	<u>5,590,000</u>
<b>Other commitments</b>			
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		-	-
<b>Total off-balance sheet items</b>		<u>5,590,000</u>	<u>5,590,000</u>

*The annexed notes 1 to 32 form an integral part of these financial statements.*

sd/-

Dilip Kumar Mandal  
Chief Financial Officer

sd/-

Humaira Azam  
Managing Director & CEO

**Industrial Promotion and Development Company of Bangladesh Limited**  
**Un-audited Profit and Loss Account**  
**for the half year ended 30 June 2011**

Particulars	Note	Period of	Period of	2nd quarter	2nd quarter
		Jan - Jun	Jan - Jun	Apr - Jun	Apr - Jun
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		Taka	Taka	Taka	Taka
Interest income	17	262,226,207	249,769,593	130,214,731	151,177,780
Interest paid on deposits and borrowings etc.	18	196,629,639	139,809,157	105,522,603	69,495,807
<b>Net interest income</b>		<u>65,596,568</u>	<u>109,960,436</u>	<u>24,692,127</u>	<u>81,681,973</u>
Investment income	19	79,431,174	48,728,140	44,042,503	37,925,005
Commission, exchange and brokerage	20	2,140,270	1,660,538	1,517,954	1,485,440
Other operating income	21	925,563	949,557	689,813	291,313
<b>Total operating income</b>		<u>148,093,574</u>	<u>161,298,670</u>	<u>70,942,396</u>	<u>121,383,730</u>
Salary and allowances		29,966,831	26,423,201	15,112,398	16,324,013
Rent, taxes, insurance, electricity, etc.	22	4,936,396	2,154,187	2,589,652	1,311,835
Legal expenses	23	4,576,708	3,519,609	1,770,440	2,649,793
Postage, stamp, telecommunications, etc.	24	942,983	639,883	483,835	373,498
Stationery, printings, advertisements, etc.	25	2,949,825	3,417,316	2,024,930	2,515,358
Managing Director's salary and allowances		3,310,000	3,310,000	1,534,999	1,534,999
Directors' fees	26	281,750	264,500	166,750	172,500
Auditors' fees		-	-	-	-
Charges on loan loss		-	-	-	-
Depreciation and repair of Company's assets	27	9,591,666	7,826,696	5,216,375	4,160,499
Other expenses	28	7,024,993	5,656,053	3,988,307	3,257,100
<b>Total operating expenses</b>		<u>63,581,152</u>	<u>53,211,445</u>	<u>32,887,685</u>	<u>32,299,594</u>
<b>Profit before provision</b>		<u>84,512,422</u>	<u>108,087,226</u>	<u>38,054,711</u>	<u>89,084,136</u>
Provision for loans, advances and leases	29				
Provision for loans and leases		25,985,280	99,018,260	(82,407,543)	(29,264,524)
Provision for diminution in value of investments		-	-	(4,488,102)	-
Other provisions		6,044,416	-	1,576,170	-
<b>Total provision</b>		<u>32,029,696</u>	<u>99,018,260</u>	<u>(85,319,475)</u>	<u>(29,264,524)</u>
<b>Profit before tax</b>		<u>52,482,726</u>	<u>9,068,966</u>	<u>123,374,186</u>	<u>118,348,661</u>
Provision for corporate tax					
Current tax	10.4	42,094,506	34,027,157	24,529,629	28,506,799
Deferred tax	7.1.1	(8,253,164)	(44,577,315)	33,882,042	(44,577,315)
		<u>33,841,342</u>	<u>(10,550,158)</u>	<u>58,411,671</u>	<u>(16,070,516)</u>
<b>Net profit after tax</b>		<u>18,641,384</u>	<u>19,619,124</u>	<u>64,962,515</u>	<u>134,419,177</u>
<b>Earnings per share (EPS) [Y_2010 Restated]</b>	30	<u>1.97</u>	<u>2.07</u>	<u>6.85</u>	<u>14.17</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

sd/-  
Dilip Kumar Mandal  
Chief Financial Officer

sd/-  
Humaira Azam  
Managing Director & CEO

**Industrial Promotion and Development Company of Bangladesh Limited**  
**Un-audited Cash Flow Statement**  
**for the half year ended 30 June 2011**

	<u>Note</u>	Half year ended <u>30-Jun-11</u> <u>Taka</u>	Half year ended <u>30-Jun-10</u> <u>Taka</u>
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		272,848,979	206,025,402
Interest payments in cash		(165,732,242)	(107,349,384)
Dividend receipts in cash		23,538,353	16,130,291
Fee and commission receipts in cash		2,784,841	3,377,413
Recoveries of loan previously written off		-	-
Cash payments to employees		(29,868,040)	(28,826,688)
Cash payments to suppliers		(36,748,096)	(30,961,380)
Income taxes paid		(8,729,623)	(6,162,867)
Receipts from other operating activities		44,480,943	32,279,295
Payments for other operating activities		-	-
<b>Cash generated from operating activities before change in operating assets and liabilities</b>		<u>102,575,114</u>	<u>84,512,083</u>
<b>Increase/decrease in operating assets and liabilities</b>			
Statutory deposits		-	-
Purchase /sale of trading securities		(96,606,214)	(168,710,802)
Loans, advances and leases to other banks		35,033,382	42,358,686
Loans, advances and leases to customers		(285,297,180)	(96,138,310)
Other assets		(41,158,093)	(17,236,474)
Deposits from other banks and financial institutions		-	-
Deposits from customers		328,072,579	420,117,644
Other liability accounts of customers		-	-
Trading liabilities		(32,000,000)	-
Other liabilities		12,199,709	34,558,431
		<u>(79,755,817)</u>	<u>214,949,175</u>
<b>Net cash from operating activities</b>		<u>22,819,297</u>	<u>299,461,257</u>
<b>B) Cash flows from investing activities</b>			
Proceeds from sale of securities		-	17,000,000
Payments for purchase of securities		-	-
Purchase of property, plant and equipment		(1,635,456)	(7,815,040)
Sale proceeds of property, plant and equipment		-	27,500,000
Cash payments or proceeds from purchase or sale of subsidiaries		-	-
<b>Net cash used in investing activities</b>		<u>(1,635,456)</u>	<u>36,684,960</u>
<b>C) Cash flows from financing activities</b>			
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		19,571,041	(190,339,211)
Dividends paid in cash		(1,062)	(10,638)
<b>Net cash used in financing activities</b>		<u>19,569,979</u>	<u>(190,349,849)</u>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		40,753,820	145,796,368
<b>E) Cash and cash-equivalents at beginning of the period</b>		<u>635,923,246</u>	<u>179,528,867</u>
<b>F) Cash and cash-equivalents at end of the period (D+E)</b>	31	<u>676,677,066</u>	<u>325,325,235</u>

Previous period increase/decrease in operating assets and liabilities have been restated to due the effect of adjustment of repo borrowings against the Government securities.

The annexed notes 1 to 32 form an integral part of these financial statements.

**Industrial Promotion and Development Company of Bangladesh Limited**  
**Un-audited Statement of Changes in Equity**  
**for the half year ended 30 June 2011**

	<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 2011	862,307,800	167,014,000	175,166,707	13,585,980	760,881,342	1,978,955,829
Changes in accounting policy	-	-	-	-	-	-
Restated balance	862,307,800	167,014,000	175,166,707	13,585,980	760,881,342	1,978,955,829
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognized in the profit and loss account	-	-	-	-	-	-
Net profit after tax for the period	-	-	-	-	18,641,384	18,641,384
Payment of dividend	-	-	-	-	-	-
Issuance of bonus share	86,230,700	-	-	-	(86,230,700)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the period	-	-	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>948,538,500</b>	<b>167,014,000</b>	<b>175,166,707</b>	<b>13,585,980</b>	<b>693,292,026</b>	<b>1,997,597,212</b>
<b>Balance at 30 June 2010</b>	<b>862,307,800</b>	<b>167,014,000</b>	<b>148,586,469</b>	<b>13,585,980</b>	<b>674,179,516</b>	<b>1,865,673,765</b>

*The annexed notes 1 to 32 form an integral part of these financial statements.*

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

### **Notes to the financial statements (Un-audited) as at and for the half year ended 30 June 2011**

#### **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 Centre (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 has three branches, two situated in Dhaka and one in port city Chittagong.

##### **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, 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, 2011 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 half yearly 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, 2010.

##### **1.5 Post Balance Sheet events**

All material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in these financial statements.

##### **1.6 Rounding off and rearrangement of figures**

Figures have been rounded off to the nearest Taka and 2010 figures have been rearranged, where necessary, to conform to current period presentation.

	<u>Note</u>	As at <u>30-Jun-11</u> <u>Taka</u>	As at <u>31-Dec-10</u> <u>Taka</u>
<b>2. Cash</b>			
Cash in hand	2.1	64,065	35,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2.2	77,401,463	65,704,881
		<u>77,465,528</u>	<u>65,739,881</u>
<b>2.1 Cash in hand</b>			
In local currency		64,065	35,000
In foreign currency		-	-
		<u>64,065</u>	<u>35,000</u>
<b>2.2 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)</b>			
Bangladesh Bank			
Local currency		77,401,463	65,704,881
Foreign currency		-	-
		<u>77,401,463</u>	<u>65,704,881</u>
Sonali Bank Limited (as an agent of Bangladesh Bank)		-	-
		<u>77,401,463</u>	<u>65,704,881</u>
<b>3. Balance with other banks and financial institutions</b>			
In Bangladesh	3.1	599,211,538	570,183,365
Outside Bangladesh		-	-
		<u>599,211,538</u>	<u>570,183,365</u>
<b>3.1 In Bangladesh</b>			
<b>With Banks -</b>			
<u>In current deposit accounts with</u>			
Commercial Bank of Ceylon Plc		46,715	83,042
The Hongkong and Shanghai Banking Corporation Ltd.		141,396	102,429
Uttara Bank Ltd.		3,158	3,158
United Commercial Bank		59,850	300,000
AB Bank Ltd.		4,965	3,366
Standard Chartered Bank		454,991	1,911,095
Citibank N.A.		1,300	300
Prime Bank Ltd.		10,928,302	1,621,909
Bank Alfalah Ltd.		1,451	1,451
		<u>11,642,127</u>	<u>4,026,750</u>



Short term deposit accounts with

Dutch Bangla Bank Ltd.	50,804,441	889,153
AB Bank Ltd.	1,865,134	2,121,468
Standard Chartered Bank	917,761	36,093
Prime Bank Ltd.	(11,978,223)	60,092
IFIC Bank Ltd.	12,268	12,268
BRAC Bank Ltd.	239,094	-
AL-Arafah Islami Bank Ltd.	16,472	39,304
	<u>41,876,947</u>	<u>3,158,378</u>

Short term deposit accounts (in foreign currency) with

AB Bank Ltd.	62,403	62,403
	<u>62,403</u>	<u>62,403</u>

Short term placement

National Bank of Pakistan	200,000,000	50,000,000
AB Bank Ltd.	-	200,000,000
Pubali Bank Ltd.	-	200,000,000
	<u>200,000,000</u>	<u>450,000,000</u>

Fixed deposit accounts with

BRAC Bank Ltd.	-	12,935,834
Prime Bank Ltd.	152,630,061	50,000,000
National Bank of Pakistan	13,000,000	-
EXIM Bank of Bangladesh Ltd.	50,000,000	-
Eastern Bank Ltd.	50,000,000	-
	<u>265,630,061</u>	<u>62,935,834</u>
	<u>519,211,538</u>	<u>520,183,365</u>

**Other banks and financial institutions**

International Leasing and Financial Services Ltd	80,000,000	50,000,000
	<u>80,000,000</u>	<u>50,000,000</u>
	<u>599,211,538</u>	<u>570,183,365</u>

	Note	As at 30-Jun-11 Taka	As at 31-Dec-10 Taka
<b>4. Investments</b>			
Government securities	4.1	564,556,181	480,984,599
Other investments	4.2	619,678,558	619,678,558
		<u>1,184,234,739</u>	<u>1,100,663,157</u>
<b>4.1 Government securities</b>			
Treasury bills		371,192,973	498,530,941
Treasury bonds		819,944,182	596,000,000
		<u>1,191,137,155</u>	<u>1,094,530,941</u>
Less: Repo & assured liquidity support with Bangladesh Bank		626,580,974	613,546,342
		<u>564,556,181</u>	<u>480,984,599</u>
<b>4.2 Other investments</b>			
In ordinary shares			
Listed		7,007,689	7,007,689
Unlisted		31,670,869	31,670,869
		<u>38,678,558</u>	<u>38,678,558</u>
Redeemable preference shares		431,000,000	431,000,000
Investment in corporate bonds		150,000,000	150,000,000
		<u>619,678,558</u>	<u>619,678,558</u>
<b>5. Loans, advances and leases</b>			
<u>In Bangladesh:</u>			
Long term loan		2,676,509,294	2,500,653,256
Lease finance		1,323,168,701	1,280,091,818
Short term loan		218,948,532	238,730,915
Auto loan		73,287,801	68,603,681
Secured retail loan		50,105,675	44,163,648
Staff loan		19,790,143	18,713,450
		<u>4,361,810,146</u>	<u>4,150,956,768</u>
Outside Bangladesh		-	-
		<u>4,361,810,146</u>	<u>4,150,956,768</u>
Bills purchased and discounted		-	-
		<u>4,361,810,146</u>	<u>4,150,956,768</u>
<b>6. Fixed assets including premises, furniture and fixtures</b>			
Land and building		68,841,763	68,841,763
Motor vehicles		21,559,953	21,559,953
Furniture and fixtures		24,843,149	24,732,271
Equipment and appliances		28,303,705	26,779,127
Accounting software		1,600,000	1,600,000
		<u>145,148,570</u>	<u>143,513,114</u>
Less: Accumulated depreciation		69,725,609	62,825,881
		<u>75,422,962</u>	<u>80,687,233</u>
Details are shown in annexure-A			

7. Other assets	Note	As at 30-Jun-11 Taka	As at 31-Dec-10 Taka
<u>Income generating other assets</u>			
Investment is shares of subsidiary companies:			
In Bangladesh		-	-
Outside Bangladesh		-	-
Dividend receivable against redeemable preference shares		26,158,499	18,857,910
		<u>26,158,499</u>	<u>18,857,910</u>
<u>Non-income generating other assets</u>			
Stationery, stamps, printing materials in stock		74,525	25,220
Advance rent and advertisement		6,713,138	7,483,321
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures and other income receivable		35,889,376	21,617,650
Security deposits		716,160	403,856
Preliminary, formation and organization expenses, renovation/development expenses and prepaid expenses		8,501,892	7,188,292
Branch adjustment		-	-
Suspense account		-	-
Silver		-	-
Others	7.1	392,994,368	398,702,822
		<u>444,889,459</u>	<u>435,421,161</u>
		<u>471,047,958</u>	<u>454,279,071</u>
<b>7.1 Others</b>			
Advance tax		194,109,118	212,434,427
Deferred tax assets	7.1.1	191,915,211	183,662,047
Sundry assets		6,970,039	2,606,348
		<u>392,994,368</u>	<u>398,702,822</u>
<b>7.1.1 Taxable temporary differences</b>			
Property, plant and equipment		872,966	2,975,794
Revaluation reserve on office premises		23,627,792	23,627,792
		<u>24,500,758</u>	<u>26,603,586</u>
<b>Deductible temporary differences</b>			
Gratuity provision		8,964,720	7,203,203
Specific provision		467,101,239	451,546,375
		<u>476,065,959</u>	<u>458,749,578</u>
<b>Net deductible temporary differences</b>			
Tax rate		42.50%	42.50%
<b>Deferred tax assets</b>		<u>191,915,210</u>	<u>183,662,047</u>
Movement of deferred tax asset are follows:			
Balance as at 1 January		183,662,047	224,967,657
Add: Charged to equity against revaluation of office premises		-	-
		<u>183,662,047</u>	<u>224,967,657</u>
Less: Charged to profit and loss account during the period/year		(8,253,164)	41,305,610
Balance as at 30 June/31 December		<u>191,915,210</u>	<u>183,662,047</u>

	Note	As at 30-Jun-11 Taka	As at 31-Dec-10 Taka
<b>8. Borrowings from other banks, financial institutions and agents</b>			
In Bangladesh		111,407,498	123,836,457
Outside Bangladesh		-	-
		<u>111,407,498</u>	<u>123,836,457</u>
<b>In Bangladesh</b>			
Secured		-	-
<u>Unsecured</u>			
<b>Long term loan</b>			
Credit Bridge Stand by Facility - CBSF		3,407,498	23,836,457
The UAE-Bangladesh Investment Company Ltd.		40,000,000	-
		<u>43,407,498</u>	<u>23,836,457</u>
<b>Short term loan</b>			
Pubali Bank Ltd.		-	100,000,000
Standard Chartered Bank		68,000,000	-
		<u>68,000,000</u>	<u>100,000,000</u>
		<u>111,407,498</u>	<u>123,836,457</u>
<b>9. Deposits and other accounts</b>			
Inter-bank deposits		-	-
Other deposits		3,508,935,510	3,180,862,931
		<u>3,508,935,510</u>	<u>3,180,862,931</u>
<b>10. Other liabilities</b>			
Cumulative provision for loans, leases and investments	10.1	565,595,913	533,566,217
Cumulative interest and dividend suspense	10.2	195,603,617	264,628,055
Provision for gratuity	10.3	8,964,720	7,203,203
Unclaimed dividend		4,306,360	3,424,692
Provision for corporate tax	10.4	134,922,489	119,882,915
Receipts against lease	10.5	33,443,954	31,894,338
Provision for finance charge	10.6	182,275,434	151,378,037
Withholding tax and VAT		1,899,334	2,544,335
Liabilities for special accounts	10.7	15,753,416	16,860,731
Provision for expense	10.8	8,487,412	6,384,185
Account payable for purchase of office equipment		-	1,087,550
		<u>1,151,252,650</u>	<u>1,138,854,258</u>
<b>10.1. Cumulative provision for loans, advances, leases and investments</b>			
Provision for loans, advances and leases		500,847,592	486,517,840
Provision for investments in equity		44,206,053	32,550,525
		<u>545,053,645</u>	<u>519,068,365</u>
M2M provision for investments in Govt. securities		20,542,268	14,497,852
		<u>565,595,913</u>	<u>533,566,217</u>
<b>10.2 Cumulative interest and dividend suspense</b>			
Interest suspense against loans, advances and leases		193,281,441	262,484,398
Dividend suspense against investment in redeemable preference shares		2,322,177	2,143,657
		<u>195,603,617</u>	<u>264,628,055</u>

**10.3 Provision for gratuity**

Balance as at 1 January	7,203,203	4,615,701
Add: Provision made during the period/year	<u>1,955,830</u>	<u>3,050,002</u>
	9,159,033	7,665,703
Less: Payment during the period/year	<u>194,313</u>	<u>462,500</u>
Balance as at 30 June/31 December	<u><u>8,964,720</u></u>	<u><u>7,203,203</u></u>

**10.4 Provision for corporate tax**

Provision for current tax has been made on the basis of the profit for the period/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	119,882,915	87,882,915
Add: Provision made during the period/year	<u>42,094,506</u>	<u>32,000,000</u>
	161,977,421	119,882,915
Less: Adjustment made during the period/year	<u>27,054,932</u>	<u>-</u>
Balance as at 30 June/31 December	<u><u>134,922,489</u></u>	<u><u>119,882,915</u></u>

**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:

Balance as at 1 January	31,894,338	35,504,321
Add: Receipts during the period/year	<u>6,092,817</u>	<u>10,491,368</u>
	37,987,155	45,995,689
Less: Adjusted during the period/year	<u>4,543,201</u>	<u>14,101,351</u>
Balance as at 30 June/31 December	<u><u>33,443,954</u></u>	<u><u>31,894,338</u></u>

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

**10.6 Provision for finance charge**

Accrued interest expenses on term deposits	181,404,702	150,909,171
Accrued interest expenses on short term borrowings	89,155	55,556
Accrued interest expenses on long term borrowings	322,581	-
Accrued interest expenses on CBSF line of credit	28,888	227,898
Accrued interest expenses on Repo	<u>430,108</u>	<u>185,412</u>
	<u><u>182,275,434</u></u>	<u><u>151,378,037</u></u>

**10.7 Liabilities for special accounts**

Account payable special account - IPO	1,118,356	1,118,356
Account payable special account - DEG	12,905,852	13,076,712
Account payable special account - other	<u>1,729,208</u>	<u>2,665,663</u>
	<u><u>15,753,416</u></u>	<u><u>16,860,731</u></u>

**10.8 Provision for expenses**

Legal fees	3,426,000	3,209,850
Office services	1,948,770	1,365,153
Pay and allowance	2,158,609	511,335
Promotion and publicity	570,500	478,559
Office rent	67,769	70,533
Professional fees	215,200	140,000
Audit fees	-	365,750
Other expense	<u>100,564</u>	<u>243,005</u>
	<u><u>8,487,412</u></u>	<u><u>6,384,185</u></u>

**11. Share capital****Authorized**

10,000,000 ordinary shares of Taka 100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued, subscribed and fully paid up</b>		
9,485,385 number of ordinary shares of Taka 100 each (As at 31 December 2010: 8,623,078 number of shares of Taka 100 each)	<u>948,538,500</u>	<u>862,307,800</u>

Paid up capital is made up of 2,570,140 numbers of ordinary shares paid up in cash and 6,915,245 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	484,250,100	440,227,000
Others	<u>400</u>	<u>400</u>
	<u>484,250,500</u>	<u>440,227,400</u>

**Domestic**

Government of the People's Republic of Bangladesh - GoB	207,536,100	188,669,200
Alliance Holdings Ltd.	18,730,600	17,027,900
General Shareholders	238,015,500	216,377,500
Others	<u>5,800</u>	<u>5,800</u>
	<u>464,288,000</u>	<u>422,080,400</u>
	<u>948,538,500</u>	<u>862,307,800</u>

**12. Share premium**

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>
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**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.

Balance as at 1 January	175,166,707	148,586,469
Add: Transferred from profit during the period/year	<u>-</u>	<u>26,580,238</u>
Balance as at 30 June/31 December	<u>175,166,707</u>	<u>175,166,707</u>

**14. 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.

Balance as at 1 January	13,585,980	13,585,980
Add/(Less): Adjustment during the period/year	<u>-</u>	<u>-</u>
Balance as at 30 June/31 December	<u>13,585,980</u>	<u>13,585,980</u>

**15. Retained earnings**

Balance as at 1 January	760,881,342	732,951,992
Add: Post tax profit for the period/year	<u>18,641,384</u>	<u>132,901,188</u>
	<u>779,522,726</u>	<u>865,853,180</u>
Less: Transfer to statutory reserve	<u>-</u>	<u>26,580,238</u>
Less: Issuance of bonus shares	<u>86,230,700</u>	<u>78,391,600</u>
Balance as at 30 June/31 December	<u>86,230,700</u>	<u>104,971,838</u>
	<u>693,292,026</u>	<u>760,881,342</u>

**16. Letters of guarantee**

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

	<u>Note</u>	<u>Jan-June 30, 2011</u> <u>Taka</u>	<u>Jan-June 30, 2010</u> <u>Taka</u>
<b>17. Interest income</b>			
<u>Interest income on loans, leases and advances</u>			
Interest on lease finance		66,925,810	56,765,362
Interest on long term finance		160,795,380	170,432,019
Interest on short term finance		9,329,105	10,460,479
Interest on secured finance		2,709,730	1,681,402
Interest on auto loan		5,235,424	4,792,170
Interest income on staff loan		847,209	268,036
		<u>245,842,659</u>	<u>244,399,468</u>
<u>Interest income on balance with other banks and financial institutions</u>			
Interest on fixed deposits		4,800,030	2,068,056
Interest on overnight and treasury placements		11,130,830	2,700,139
Interest on STD accounts		452,688	601,930
		<u>16,383,548</u>	<u>5,370,125</u>
		<u>262,226,207</u>	<u>249,769,593</u>
<b>18. Interest paid on deposits and borrowings etc.</b>			
Interest expenses on term deposits		171,721,241	129,794,806
Interest expenses on borrowings	18.1	24,908,398	10,014,351
		<u>196,629,639</u>	<u>139,809,157</u>
<b>18.1 Interest paid on borrowings</b>			
<u>Local Banks and financial institutions</u>			
Interest expenses on long term lines of credit		1,885,754	5,440,313
Interest expenses on call loan borrowing		4,627,247	1,309,264
Interest expenses on bank overdrafts		653,143	2,164
Interest expenses on Repo borrowings		17,742,255	3,262,610
		<u>24,908,398</u>	<u>10,014,351</u>
<u>Foreign Banks and financial institutions</u>			
Interest expenses on long term lines of credit		-	-
		<u>24,908,398</u>	<u>10,014,351</u>
<b>19. Investment income</b>			
<u>Dividend income</u>			
Dividend income on preference shares		21,516,043	14,661,929
Dividend income on listed shares		2,351	60
Dividend income on un-listed shares		-	75,000
		<u>21,518,394</u>	<u>14,736,989</u>
<u>Interest on treasury bills, bonds and debentures</u>			
Interest income on treasury bills		10,987,718	1,930,464
Interest income on Govt. bonds		37,953,434	6,458,292
Interest income in corporate bonds		8,970,548	-
		57,911,700	8,388,756
Capital gain on sale of shares and property		1,080	25,602,395
		<u>79,431,174</u>	<u>48,728,140</u>
<b>20. Commission, exchange and brokerage</b>			
Fees and commission income	20.1	2,140,270	1,660,538
Exchange income		-	-
Brokerage income		-	-
		<u>2,140,270</u>	<u>1,660,538</u>

	Note	Jan-June 30, 2011	Jan-June 30, 2010
		Taka	Taka
<b>20.1 Fees and commission income</b>			
<u>Fees income</u>			
Appraisal and feasibility study fees		851,325	698,213
Restructuring/renewal fees		-	10,000
Other fees		1,288,945	952,325
		<u>2,140,270</u>	<u>1,660,538</u>
Commission		-	-
		<u>2,140,270</u>	<u>1,660,538</u>
<b>21. Other operating income</b>			
Transfer price of leased assets		749,564	417,828
Income from securitization activities		-	-
Other earnings		5,999	531,729
Loan loss recovery		170,000	-
		<u>925,563</u>	<u>949,557</u>
<b>22. Rent, taxes, insurance, electricity, etc.</b>			
Office rent		2,665,893	479,442
Rates and taxes		113,400	288,315
Insurance		900,544	734,623
Utilities - electricity, gas, water etc		1,256,558	651,807
		<u>4,936,396</u>	<u>2,154,187</u>
<b>23. Legal expenses</b>			
Professional fees		3,263,283	1,507,196
Legal document and court fees		1,313,425	2,012,413
		<u>4,576,708</u>	<u>3,519,609</u>
<b>24. Postage, stamp, telecommunications, etc.</b>			
Postage, stamps etc.		410,688	217,532
Telephone		187,275	233,291
Internet expenses		345,020	189,060
		<u>942,983</u>	<u>639,883</u>
<b>25. Stationery, printing, advertisements etc.</b>			
Printing and stationery		479,394	345,579
Publicity and advertisement		2,470,431	3,071,737
		<u>2,949,825</u>	<u>3,417,316</u>
<b>26. Directors' fees</b>			
Honorarium for attending meeting		281,750	264,500
Incidental expenses for attending meeting		-	-
		<u>281,750</u>	<u>264,500</u>
<b>27. Depreciation and repair on fixed assets</b>			
Depreciation	27.1	6,899,728	6,005,120
Repair and maintenance		2,691,938	1,821,576
		<u>9,591,666</u>	<u>7,826,696</u>



**27.1 Depreciation**

Office premises	1,721,046	1,719,377
Motor vehicles	1,950,288	1,148,063
Furniture and fixtures	1,545,235	1,350,287
Equipment and appliances	1,683,159	1,787,393
Accounting software	-	-
	<u>6,899,728</u>	<u>6,005,120</u>

Details are shown in annexure-A

**28. Other expenses**

Staff training	742,540	853,980
Membership fees, subscription and donations	843,678	589,580
News papers, periodicals, learning materials etc.	37,351	29,425
Recruitment expenses	-	-
Traveling, conveyance and hotel expenses	2,301,192	1,661,864
Entertainment and public relation	274,021	297,012
Annual General Meeting expenses	1,021,562	750,092
Security and cleaning services	657,459	392,616
Sundry office maintenance	770,437	638,950
Other operational expenses	376,754	442,535
	<u>7,024,993</u>	<u>5,656,053</u>

**29. Provision for loans, advances and leases**

Provision for loans and leases	25,985,280	99,018,260
Provision for diminution in value of investments	-	-
Other-provision for marking to market of Govt. securities	6,044,416	-
	<u>32,029,696</u>	<u>99,018,260</u>

**30. 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 period ended 30 June 2011 as per Bangladesh Accounting Standard (BAS) 33: *Earnings per share (EPS)*. EPS for the previous period was Tk. 2.28. Restating EPS of 2010 as per BAS 33, an adjustment has been given for 862,308 number of bonus shares issued in 2011. Details of which are made up as under:

Net profit after tax	18,641,384	19,619,124
Weighted average number of shares outstanding during the period:		
Number of ordinary shares as at 1 January	8,623,078	8,623,078
Bonus shares issued	862,308	862,308
	<u>9,485,386</u>	<u>9,485,386</u>
Basic earning per share	<u>1.97</u>	<u>2.07</u>

**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.

**31. Cash and cash equivalents**

Cash in hand	64,065	35,000
Balance with Bangladesh Bank and its agent bank(s)	77,401,463	55,078,614
Money at call and short notice	-	150,000,000
Balance with other banks and financial institutions	599,211,538	120,211,621
	<u>676,677,066</u>	<u>325,325,235</u>

**32. 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.

**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 30 Jun 2011
	Balance as at 1 Jan 2011	Addition during the period	Adjustment during the period	Disposal during the period	Balance as at 30 Jun 2011		Balance as at 1 Jan 2011	Charged during the period	Adjustment during the period	Balance as at the period	
Office premises	68,841,763	-	-	-	68,841,763	5%	18,357,808	1,721,046	-	20,078,854	48,762,909
Motor vehicles	21,559,953	-	-	-	21,559,953	20% & 33.33%	12,606,708	1,950,288	-	14,556,996	7,002,957
Furniture and fixtures	24,732,271	110,878	-	-	24,843,149	12.50%	13,328,882	1,545,235	-	14,874,117	9,969,032
Equipment and appliances	26,779,127	1,524,578	-	-	28,303,705	20%	16,932,484	1,683,159	-	18,615,643	9,688,062
Accounting software	1,600,000	-	-	-	1,600,000	50%	1,599,999	-	-	1,599,999	1
<b>Balance as at 30 June 2011</b>	<b>143,513,114</b>	<b>1,635,456</b>	<b>-</b>	<b>-</b>	<b>145,148,570</b>		<b>62,825,881</b>	<b>6,899,728</b>	<b>-</b>	<b>69,725,609</b>	<b>75,422,962</b>

Category of asset	Cost					Rate	Depreciation				Carrying amount as at 31 Dec 2010
	Balance as at 1 Jan 2010	Addition during the year	Adjustment during the year	Disposal during the year	Balance as at 31 Dec 2010		Balance as at 1 Jan 2010	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2010	
Office premises	68,841,763	-	-	-	68,841,763	5%	14,915,716	3,442,092	-	18,357,808	50,483,955
Motor vehicles	13,405,117	8,154,836	-	-	21,559,953	20% & 33.33%	9,459,565	3,147,143	-	12,606,708	8,953,245
Furniture and fixtures	21,008,473	3,749,233	-	25,435	24,732,271	12.50%	10,580,516	2,773,800	25,434	13,328,882	11,403,389
Equipment and appliances	22,882,033	8,645,095	-	4,748,001	26,779,127	20%	17,615,450	4,064,976	4,747,942	16,932,484	9,846,643
Accounting software	1,600,000	-	-	-	1,600,000	50%	1,599,999	-	-	1,599,999	1
<b>Balance as at 31 December 2010</b>	<b>127,737,386</b>	<b>20,549,164</b>	<b>-</b>	<b>4,773,436</b>	<b>143,513,114</b>		<b>54,171,246</b>	<b>13,428,011</b>	<b>4,773,376</b>	<b>62,825,881</b>	<b>80,687,233</b>

**Revaluation of office premises**

The office premises with proportionate land comprising 11,661 square feet of office space on 4th floor of Hosna Centre, 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.