

## **S. F. Ahmed & Co., Chartered Accountants**

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### **AUDITORS' REPORT TO THE SHAREHOLDERS/MEMBERS OF THE DHAKA MERCANTILE CO-OPERATIVE BANK LTD.**

We have reviewed the annexed Consolidated Balance Sheet of **The Dhaka Mercantile Co-operative Bank Ltd.**, Dhaka, Bangladesh as at June 30, 2009 and its Profit & Loss Account for the year then ended and the notes thereto prepared by the Co-operative Bank's management from the accounts of the individual Branches, Local Office/Principal Branch and Head Office of the Co-operative Bank. Our responsibility is to see that the figures in the Balance Sheet and Profit & Loss Account have been correctly taken from the respective accounts of the Branches, Local Office and Head Office.

We are carrying out audit, in accordance with the International Standards on Auditing (ISA) as adopted by the Institute of Chartered Accountants of Bangladesh, of the seven (07) Branches out of total sixty seven (67) of the Co-operative Bank and shall issue separate reports for Branches being audited by us.

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 purpose of our consolidation of accounts of the Branches as stated above and made due verification thereof; and
- b) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the respective accounts of the Branches, Principal/Local Office and Head Office of the Co-operative Bank.

**S. F. Ahmed & Co.**  
**Chartered Accountants**

House 21, Road 13, Sector 1, Uttara  
Dhaka - 1230, Bangladesh  
Dated: August 10, 2009

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Balance Sheet as at June 30, 2009**

	Notes	Amount in Taka	
		30.06.2009	30.06.2008
<b><u>PROPERTY AND ASSETS:</u></b>			
Cash in hand		19,659,827	17,012,566
Balance with other banks	3	62,772,163	199,698,779
<b>Investments:</b>			
Bai - Murabaha (Micro)	4	1,124,860,599	707,436,791
Bai - Murabaha (General)		315,034,388	207,847,958
Bai - Murabaha (Cash)		28,790,093	25,114,077
Bai - Murabaha (SOD)	5	166,512,245	112,447,994
Bai - Muazzal (Consumer)		39,170,281	37,412,345
Bai - Muazzal (Staff)		12,582,547	12,270,340
Hire Purchase under Shirkatul Meelk	6	3,206,396	1,188,438
Other Investment		1,613,107	947,764
		<u>1,691,769,656</u>	<u>1,104,665,707</u>
Fixed Assets	7	62,776,499	52,184,616
Other Assets	8	54,629,228	55,017,658
<b>Total Assets</b>		<b><u>1,891,607,373</u></b>	<b><u>1,428,579,326</u></b>
<b><u>LIABILITIES AND CAPITAL:</u></b>			
<b>Liabilities</b>			
Financing (Borrowing) from other banks	9	25,667,033	117,089,689
<b>Deposits and Other Accounts</b>			
Al-Wadeeah Current Deposit & Other Accounts	10	7,354,895	6,006,128
Mudaraba Saving Deposit		252,063,903	179,056,217
Mudaraba Term Deposit		866,516,499	581,700,232
Other Mudaraba Deposits	11	577,098,947	432,319,274
		<u>1,703,034,244</u>	<u>1,199,081,851</u>
Other Liabilities	12	113,742,487	77,530,376
<b>Total Liabilities</b>		<b><u>1,842,443,764</u></b>	<b><u>1,393,701,916</u></b>
<b>Capital/Shareholders' Equity</b>			
Share Capital	13	27,678,660	24,658,710
General Reserve	14	13,138,521	8,054,439
Reserve for Bad Debts	15	9,617,897	5,804,835
Other Reserve	16	7,308,276	4,853,219
Retained Earnings	17	(8,579,745)	(8,493,793)
<b>Total Capital/Shareholders' Equity</b>		<b><u>49,163,609</u></b>	<b><u>34,877,410</u></b>
<b>Total Liabilities and Capital/Shareholders' Equity</b>		<b><u>1,891,607,373</u></b>	<b><u>1,428,579,326</u></b>

The annexed notes are integral part of these accounts and should be read in conjunction therewith

For The Dhaka Mercantile Co-operative Bank Ltd.

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Managing Director

Signed in terms of our annexed report of date

  
 S. F. Ahmed & Co.  
 Chartered Accountants



House 21, Road 13, Sector  
 Dhaka - 1230, Bangladesh  
 Dated: August 10, 2009

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Profit & Loss Account for the year ended June 30, 2009**

	Note	Amount in Taka	
		2008-2009	2007-2008
Profit on Investments	18	386,739,539	269,123,493
Less: Profit paid on Deposits	19	161,662,528	115,150,582
<b>Net Investment Income</b>		<b>225,077,011</b>	<b>153,972,911</b>
Other Operating Income	20	23,571,164	20,476,534
<b>Total Operating Income</b>		<b>248,648,175</b>	<b>174,449,445</b>
Salary and Allowances with Remuneration	21	150,293,064	102,605,723
Rent, Taxes, Insurance, Electricity, etc.	22	20,389,938	15,586,870
Legal Expenses		1,439,309	1,813,943
Postage, Stamps, Telecommunications etc.	23	2,439,787	2,478,035
Stationery, Printing, Advertisement etc.	24	19,584,320	6,669,305
Auditor fees		195,875	174,975
Depreciation and Repairs of Bank's Assets	25	16,468,136	10,658,324
Other Expenses	26	12,417,335	8,349,814
<b>Total Operating Expenses</b>		<b>223,227,764</b>	<b>148,336,989</b>
<b>Net Profit before appropriation</b>		<b>25,420,411</b>	<b>26,112,456</b>
<b>Appropriation for the year:</b>			
General Reserve		5,084,082	5,222,491
Reserve for Bad Debts		3,813,062	3,916,868
Co-operative Development Fund		762,612	783,374
Dividend (proposed)		7,397,613	5,265,288
Other Reserve		3,050,448	3,133,495
<b>Total Appropriations</b>	27	<b>20,107,817</b>	<b>18,321,516</b>
<b>Retained earnings for the year</b>	17	<b>5,312,594</b>	<b>7,790,940</b>

The annexed notes are integral part of these accounts and should be read in conjunction therewith

For The Dhaka Mercantile Co-operative Bank Ltd.

  
Chairman

  
Managing Director

Signed in terms of our annexed report of date

  
S. F. Ahmed & Co.  
Chartered Accountants



House 21, Road 13, Sector  
Dhaka - 1230, Bangladesh  
Dated: August 10, 2009

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

**1. Status of the Bank/Society**

**1.1 Legal Form of the Bank/Society:**

The Dhaka Mercantile Co-operative Bank Limited (DMCBL) was registered with the Government under the then “The Bengal Co-operative Society Act 1940 (Bengal Act XXI)” on 06 January, 1973. After registration, Bye-laws of the society were prepared for operating its activities. In these Bye-laws, unless there is anything repugnant in the subject of contest:

- (a) Act means the Bengal Co-operative Society Act 1940.
- (b) Rules mean the Bengal Co-operative Society Rules 1942.

In the case of The Dhaka Mercantile Co-operative Bank Ltd., the words, 'Society' and the 'Bank' are synonymous. For operating the activities of the bank, there is a 12 (twelve) member committee/board. The board is formed/elected/nominated according to Laws and Bye-laws.

**1.2 Nature of Business:**

The principal activities of the bank are to provide of banking services to its customers and lending money in the form of investments in small amounts to traders, individuals/consumers who are members/shareholders of the bank.

**2. Significant Accounting Policies**

**2.1 Basis of preparation of the Financial Statements:**

The financial statements of the bank, comprising Balance Sheet, Profit and Loss Account and relevant Notes and Disclosures have been prepared as at 30 June, 2009 under the historical cost convention and other rules and regulations applicable in Bangladesh on a going concern basis.

**2.2 Basis of consolidation:**

Statement of Affairs and Income & Expenditure of all branches and head office are consolidated together to prepare Financial Statements of the bank. As on June 30, 2009 there are sixty seven (67) branches.

**2.3 Revenue recognition:**

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IAS – 18

- i) Income from investments has been accounted for on accrual basis.
- ii) Fees and other income are recognized when earned.

**2.4 Profit and other expenses:**

In terms of the provisions of the BAS – 1 “Presentation of Financial Statements” profit (interest) and other expenses are recognized on accrual basis.

**2.5 Fixed assets and depreciation:**

All fixed assets are stated at cost less accumulated depreciation as per BAS – 16 “Property, Plant and Equipment” which is charged on "straight-line method" with effect from July 01, 2009 ("reducing balance method" was followed up to June 30, 2008) applying the following rates:

Furniture & fixture	10%
Office equipment	20%
Electric appliances	20%
Computer equipment	20%
Motor vehicles	20%
Others	10%

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

For addition of an asset depreciation is charged from the date of purchase and for disposal depreciation is charged up to the date of disposal.

Due to the change in the method of depreciation charge, the impact of charge in current year is Taka 5,402,439 excess compared to earlier method.

**2.6 Reconciliation of books of accounts**

Books of account in regards to inter branch transactions are being regularly reconciled.

**2.7 Co-operative development fund**

Provision for co-operative development fund has been made @ 03% on the net profit made by the bank as prescribed in the Society Act.

**2.8 General reserve**

Provision for general reserve has been made @ 20% on the net profit made by the bank as prescribed in the Society Act.

**2.9 Bad debt reserve**

Provision for bad debt reserve has been made @ 15% on the net profit earned by the bank as prescribed in the Society Act.

**2.10 Staff welfare fund**

The Dhaka Mercantile Co-operative Bank Ltd. has created staff welfare fund for the regular and confirmed employees. This fund is mainly used for payment of scholarship to the meritorious students among the children of DMCBL's officers and sub-staff, to allow short-term grant for the unexpected and certain needs of the staff of DMCBL and their family like accident, clinical treatment, marriage ceremony, etc. The fund shall be subscribed by the employees on monthly basis and also a percentage the net profit earned by the bank each financial year is contributed by the bank. Provision for staff welfare fund has been made @ 05% on the net profit made by the bank as per Society Act.

**2.11 Recreation & sports fund**

The Dhaka Mercantile Co-operative Bank Ltd. has earned recreation & sports fund for its staff. The fund shall be subscribed at a percentage on the net profit made by the bank each financial year. Provision for recreation & sports fund has been made @ 02% on the net profit made by the bank as per Society Act.

**2.12 Incentive bonus**

This fund is used for payment to respective officers and sub-staffs in recognition of their outstanding performance/contributions. The fund shall be subscribed at a percentage on the net profit made by the bank each financial year. Provision for incentive bonus has been made @ 05% on the net profit made by the bank as per Society Act.

**2.13 Dividend**

Dividend has been proposed at 30% on share capital as on 30 June, 2008.

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>3.</b>	<b><u>Balance with other banks:</u></b>		
	Current Account ( Note - 3.1)	12,954,541	11,181,738
	Short Term Deposit ( Note - 3.2)	9,817,622	8,517,041
	Term Deposit ( Note - 3.3)	40,000,000	180,000,000
		<b>62,772,163</b>	<b>199,698,779</b>
<b>3.1</b>	<b><u>Current Account:</u></b>		
	Trust Bank Ltd, Principal Branch, CD-37288	1,428,755	-
	Pubali Bank Ltd, Gulshan Branch, CD-23298	1,373,376	-
	Pubali Bank Ltd, Satkhira Branch, CD - 1157	396,512	576,533
	UCBL, Babu Bazar Branch, CD - 48385	5,000	-
	National Bank Ltd, Gazipur Branch, CD - 33010019	2,327	-
	Bangladesh Krishi Bank, Manikgonj Branch, CD-384/1	710,250	561,699
	Jamuna Bank Ltd, Mawna Branch, CD - 4441	10,000	-
	UCBL, Narayangonj Branch, CD - 20742	801,100	-
	UCBL, Narshingdi Branch, CD - 22104	501,325	350
	Dhaka Bank Ltd, Savar Branch, CD - 4582	710,000	-
	Pubali Bank Ltd, Khulna Branch, CD- 2411	4,849	84,538
	Pubali Bank Ltd, Jessore Branch, CD-3240	2,756	811,553
	UCBL, Mymensingh Branch, CD -21430	314,811	601,390
	Pubali Bank Ltd, Faridpur Branch, CD - 2425	609,448	306,679
	Southeast Bank Ltd, Keraniganj Branch, CD - 00963	3,755	863,895
	Rupali Bank Ltd, Rangpur Branch, CD - 84002	-	3,830
	Dhaka Bank Ltd, Rangpur Branch, CD - 2782	900,020	1,409,143
	Janata Bank Ltd, Bogra Corporate Branch, CD-5271	351,844	358,412
	UCBL, Bogra Branch, CD - 26854	302,750	-
	Agrani Bank Ltd, Thana Road Branch, Bogra CD-972-4	207,250	-
	Janata Bank Ltd, Rajshahi Corporate Branch, CD-63189	562,332	14,258
	UCBL, Rajshahi Branch, CD - 23510	54,101	1,054,730
	DBBL, Comilla Branch, CD - 1787	15,000	620,000
	National Bank Ltd, Cox's Bazar Branch, CD-12361	-	2,205
	UCBL, Cox's Bazar Branch, CD - 31027	1,000	-
	Sonali Bank Ltd, Feni Main Branch, CD-3691	511,948	467,703
	UCBL, Feni Branch, CD - 14918	9,515	-
	Pubali Bank Ltd, Brahmanbaria Branch, CD - 2895	5,594	352,252
	Janata Bank Ltd, Dinajpur Station Road Branch, CD-2011	1,000	302,600
	UCBL, Dinajpur Branch, CD - 0957	301,600	-
	Janata Bank Ltd, Kushtia Branch, CD - 48753	6,836	481,296
	The City Bank Ltd, Bhairab Bazar Branch, CD-3981	425,057	261,735
	Agrani Bank Ltd, Sirajgong Branch, CD - 33346	-	257
	UCBL, Pabna Branch, CD-11636	5,438	502,330
	Dhaka Bank Ltd, Saidpur Branch, CD - 0928	201,000	500
	Pubali Bank Ltd, Kishorgonj Branch, CD-3085	72,411	708,850
	Janata Bank Ltd, kansat Branch, CD-1737	664,158	835,000
	UCBL, Barisal Branch, CD - 0909	3,000	-
	UCBL, Natore Branch, CD - 14691	552,500	-
	UCBL, Choewmuhoni Branch, CD - 19771	210,512	-
	Pubali Bank Ltd, Thakurgoan Branch, CD - 1552	399,570	-
	UCBL, Naogoan Branch, CD - 20409	3,290	-
	Pubali Bank Ltd, Netrokona Branch, CD - 2092	310,000	-
	UCBL, Nazirhat Branch, CD - 7954	2,551	-
		<b>12,954,541</b>	<b>11,181,738</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>3.2</b>	<b>Short Term Deposit:</b>		
	Trust Bank Ltd, Principal Branch, STD-0797	21,080	112,088
	UCBL, Gulshan Branch, STD-0794	20,384	1,453,206
	Dhaka Bank Ltd, Baridhara Branch, STD-0113	1,868,319	2,366,435
	BRAC Bank Ltd, Gulshan Branch, STD-5001	19,638	551,095
	Bangladesh Commerce Bank Ltd, Gulshan Branch, STD-26	1,532,472	-
	Prime Bank Ltd, Banani Branch, STD-9608	40,000	-
	UCBL, Sylhet Branch, STD- 04	2,102,299	1,010,626
	DBBL, Moulovibazar Branch, STD - 120-54	207,017	508,479
	UCBL, Kushtia Branch, STD - 0957	116,925	-
	UCBL, Sirajgong Branch, STD -1219	4,443	5,180
	Jamuna Bank Ltd, Sirajgong Branch, STD - 0125	317,826	1,323,706
	Janata Bank Ltd, Saidpur Branch, STD - 35	601,000	901,500
	UCBL, Agrabad Branch, STD-1508	279,471	174,527
	UCBL, Chapai Nawabgonj Branch, STD - 767	516,468	110,200
	UCBL, Tangail Branch, STD - 0436	205,000	-
	Pubali Bank Ltd, Sunamgonj Branch, STD - 2586-7	506,382	-
	Pubali Bank Ltd, Jamalpur Branch, STD - 51	2,708	-
	DBBL Hathazari Branch, STD - 120-241	2,157	-
	Pubali Bank Ltd, Gobindagonj Branch, STD - 16	10,000	-
	Pubali Bank Ltd, Sandip Branch, STD - 27	9,906	-
	UCBL, Noapara Branch, STD - 0731	133,890	-
	Pubali Bank Ltd, Joypurhat Branch, STD - 1261	1,300,237	-
		<b>9,817,622</b>	<b>8,517,041</b>
<b>3.3</b>	<b>Term Deposits:</b>		
	United Commercial Bank Limited, Gulshan Branch	10,000,000	42,500,000
	United Commercial Bank Limited, Bahaddarhat Branch	30,000,000	40,000,000
	Pubali Bank Limited, Gulshan Branch	-	10,000,000
	Trust Bank Limited, Principal Branch	-	37,500,000
	BRAC Bank Limited, Gulshan Branch	-	50,000,000
		<b>40,000,000</b>	<b>180,000,000</b>
<b>4.</b>	<b><u>Bai - Murabaha (Micro):</u></b>		
	Bai - Murabaha (Micro) Gross	1,277,289,475	795,521,876
	Less: Profit receivable on Bai - Murabaha (Micro)	152,428,876	88,085,085
	<b>Net Bai - Murabaha (Micro)</b>	<b>1,124,860,599</b>	<b>707,436,791</b>
<b>5.</b>	<b><u>Bai - Murabaha (SOD):</u></b>		
	Bai - Murabaha (SOD) Gross	166,888,444	112,447,994
	Less: Profit receivable on Bai - Murabaha (SOD)	376,199	-
	<b>Net Bai - Murabaha (SOD)</b>	<b>166,512,245</b>	<b>112,447,994</b>
<b>6.</b>	<b><u>Hire Purchase under Shirkatul Meelk:</u></b>		
	Hire Purchase under Shirkatul Meelk (CNG/Car)	2,887,784	1,188,438
	Hire Purchase under Shirkatul Meelk (Rickshaw/Van)	318,612	-
		<b>3,206,396</b>	<b>1,188,438</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>7. Fixed Assets:</b>			
<b>A. Cost:</b>			
Opening Balance		80,604,672	67,165,341
Add: Addition during the year		30,674,450	13,646,184
Less: Disposal during the year		2,563,944	206,853
<b>Closing balance at cost</b>		<b>108,715,178</b>	<b>80,604,672</b>
<b>B. Depreciation:</b>			
Opening Balance		28,420,056	19,545,536
Add: Prior year Adjustment ( Additional Depreciation)		5,402,439	-
Add: Addition during the year		14,605,125	8,931,147
Less: Adjustment on disposal during the year		2,488,941	56,627
<b>Accumulated Depreciation</b>		<b>45,938,679</b>	<b>28,420,056</b>
<b>Carrying value</b>		<b>62,776,499</b>	<b>52,184,616</b>
	For details please refer to Annexure - A		
<b>8. Other Assets:</b>			
Stock of stationery and printing materials etc.		3,674,731	2,572,436
Stamps		37,313	30,515
Prize bond in hand		-	81,200
Advance rent		26,155,599	18,325,407
Advance deposits		947,987	904,547
Suspense Account		10,992,865	11,305,094
Profit receivable (Note - 8.1)		5,375,030	8,257,589
Advance income tax		1,450,815	-
Protested bills		2,641,001	2,631,376
Deferred expenditure		948,362	-
Head Office General A/C		2,405,525	10,909,494
		<b>54,629,228</b>	<b>55,017,658</b>
<b>8.1 Profit receivable:</b>			
Placement to TDR at UCBL, Gulshan Branch		1,381,235	3,205,439
Placement to TDR at UCBL, Bahaddarhat Branch		3,714,524	795,892
Placement to TDR at Pubali Bank Limited, Gulshan Branch		-	231,247
Placement to TDR at Trust Bank Limited, Principal Branch		279,271	3,206,587
Placement to TDR at BRAC Bank Limited, Gulshan Branch		-	818,424
		<b>5,375,030</b>	<b>8,257,589</b>
<b>9. Financing (Borrowing) from other banks:</b>			
Trust Bank Limited, Principal Branch		-	34,521,871
United Commercial Bank Limited, Gulshan Branch		25,667,033	73,266,652
Pubali Bank Limited, Gulshan Branch		-	9,301,166
		<b>25,667,033</b>	<b>117,089,689</b>
<b>10. Al-Wadeeah Current Deposit &amp; Other Accounts:</b>			
Al-Wadeeah Current Deposit		6,612,408	5,614,468
Sundry Deposits		742,487	391,660
		<b>7,354,895</b>	<b>6,006,128</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>11. Other Mudaraba Deposits:</b>			
	Mudaraba Special Deposits (Note - 11.1)	576,992,489	432,319,274
	Mudaraba Short Notice Deposit	106,458	-
		<b>577,098,947</b>	<b>432,319,274</b>
<b>11.1 Mudaraba Special Deposits:</b>			
	Mudaraba Monthly Sanchay Prokalpa	556,241,344	419,320,464
	Mudaraba Education Deposit Scheme	4,652,869	2,019,172
	Mudaraba Marriage Deposit Scheme	8,787,725	6,024,815
	Mudaraba Hajj Scheme	7,310,551	4,954,823
		<b>576,992,489</b>	<b>432,319,274</b>
<b>12. Other Liabilities:</b>			
	Profit payable on Deposits (Note - 12.1)	58,004,063	39,669,585
	Payable to Co-operative Societies (Note - 12.2)	1,545,986	974,831
	Dividend payable (Note - 12.3)	16,816,402	9,713,459
	Income tax payable (Note - 12.4)	4,046,830	1,837,423
	Bills payable	1,744,996	2,902,960
	Provident Fund (Note - 12.5)	28,316,003	20,508,855
	Provident Fund Reserve (Note - 12.6)	2,296,645	1,428,193
	Others payable (Note - 12.7)	971,562	495,070
		<b>113,742,487</b>	<b>77,530,376</b>
<b>12.1 Profit payable on Deposits:</b>			
	Profit payable on Mudaraba Term Deposit	39,380,758	25,645,071
	Profit payable on other Mudaraba Deposits	18,623,305	14,024,514
		<b>58,004,063</b>	<b>39,669,585</b>
<b>12.2 Payable to Co-operative Societies:</b>			
	Balance at the beginning of the year	974,831	322,942
	Less: Amount paid during the year	191,457	131,485
	Add: Addition during the year	762,612	783,374
	<b>Balance at the end of the year</b>	<b>1,545,986</b>	<b>974,831</b>
<b>12.3 Dividend payable:</b>			
	Balance at the beginning of the year	9,713,459	5,123,741
	Less: Amount paid during the year	294,670	675,570
	Add: Provision made during the year	7,397,613	5,265,288
	<b>Balance at the end of the year</b>	<b>16,816,402</b>	<b>9,713,459</b>
<b>12.4 Income tax payable :</b>			
	Income tax payable ( Staff)	79,548	5,634
	Income tax payable ( Profit)	3,967,282	1,831,780
		<b>4,046,830</b>	<b>1,837,414</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>12.5</b>	<b>Provident Fund:</b>		
	Balance at the beginning of the year	20,508,855	14,745,893
	Add: Addition during the year	11,171,866	8,663,824
	Less: Amount paid from P.F. Account during the year	2,496,266	2,071,411
	Less: Amount transferred to P. F. Reserve Account during the year	868,452	829,451
	<b>Balance at the end of the year</b>	<b>28,316,003</b>	<b>20,508,855</b>
<b>12.6</b>	<b>Provident Fund Reserve:</b>		
	Balance at the beginning of the year	1,428,193	598,742
	Add: Amount transferred from P. F. Account during the year	868,452	829,451
	Less: Amount paid from P.F. Reserve Account during the year	-	-
	<b>Balance at the end of the year</b>	<b>2,296,645</b>	<b>1,428,193</b>
<b>12.7</b>	<b>Others payable:</b>		
	Electricity	277,702	235,565
	Telephone charges	68,321	107,143
	Mobile phone charges	33,651	27,335
	Internet charges	15,810	430
	Postage & Courier	9,000	7,000
	Water	21,711	14,900
	Gas	18,990	9,550
	Office rent	109,380	15,000
	News Paper	3,626	3,097
	Overtime	-	3,500
	Wages	2,400	10,800
	Service charge	20,945	2,000
	Fuel	65,000	57,000
	Profit on Provident Fund	282,000	-
	Miscellaneous expenses	43,026	1,750
		<b>971,562</b>	<b>495,070</b>
<b>13.</b>	<b>Share Capital:</b>		
	Balance at the beginning of the year	24,658,710	17,550,960
	Add: Addition during the year	3,019,950	7,107,750
	<b>Balance at the end of the year</b>	<b>27,678,660</b>	<b>24,658,710</b>
<b>14.</b>	<b>General Reserve:</b>		
	Balance at the beginning of the year	8,054,439	2,831,948
	Add: Addition during the year	5,084,082	5,222,491
	<b>Balance at the end of the year</b>	<b>13,138,521</b>	<b>8,054,439</b>
<b>15.</b>	<b>Reserve for Bad Debts:</b>		
	Balance at the beginning of the year	5,804,835	1,887,967
	Less: Fully provided debts written off	-	-
	Add: Addition during the year	3,813,062	3,916,868
	<b>Balance at the end of the year</b>	<b>9,617,897</b>	<b>5,804,835</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>30.06.2009</b>	<b>30.06.2008</b>
<b>16. Other Reserve:</b>			
	Staff Welfare Fund (Note - 16.1)	4,087,419	2,433,802
	Recreation & Sports Fund (Note - 16.2)	1,263,589	755,181
	Incentive Bonus (Note - 16.3)	1,957,268	1,664,236
		<b>7,308,276</b>	<b>4,853,219</b>
<b>16.1 Staff Welfare Fund:</b>			
	Balance at the beginning of the year	2,433,802	1,148,100
	Add: Transferred to welfare account from salary during the year	773,442	476,775
	Less: Paid from welfare account during the year	390,845	496,696
	Add: Addition during the year	1,271,020	1,305,623
	<b>Balance at the end of the year</b>	<b>4,087,419</b>	<b>2,433,802</b>
<b>16.2 Recreation &amp; Sports Fund:</b>			
	Balance at the beginning of the year	755,181	260,183
	Less: Amount paid during the year	-	27,251
	Add: Addition during the year	508,408	522,249
	<b>Balance at the end of the year</b>	<b>1,263,589</b>	<b>755,181</b>
<b>16.3 Incentive Bonus:</b>			
	Balance at the beginning of the year	1,664,236	625,114
	Less: Amount paid during the year	977,988	266,501
	Add: Addition during the year	1,271,020	1,305,623
	<b>Balance at the end of the year</b>	<b>1,957,268</b>	<b>1,664,236</b>
<b>17. Retained Earnings:</b>			
	Balance at the beginning of the year	(8,493,793)	(16,189,181)
	Add: Transfer from Profit & Loss Account	5,312,594	7,790,940
	Add: Prior year adjustment	3,893	(95,552)
	Less: Prior year adjustment (Additional Dep.)	(5,402,439)	-
	<b>Balance at the end of the year</b>	<b>(8,579,745)</b>	<b>(8,493,793)</b>
<b>18. Profit on Investment:</b>			
	Profit on investment (Note - 18.1)	374,703,289	259,968,155
	Profit on placement with other banks (Note - 18.2)	12,036,250	9,155,338
		<b>386,739,539</b>	<b>269,123,493</b>
<b>18.1 Profit on investment:</b>			
	Profit on Bai - Murabaha (Micro)	287,244,228	193,307,521
	Profit on Bai - Murabaha (General)	48,915,696	37,129,529
	Profit on Bai - Murabaha (C.C)	3,624,021	3,775,135
	Profit on Bai - Murabaha (SOD)	24,738,461	17,948,567
	Profit on Bai - Muazzal (Consumer)	7,294,170	6,133,431
	Profit on Bai - Muazzal (Staff)	2,404,247	1,264,218
	Profit on Hire Purchase under Shirkatul Meelk	482,466	409,754
		<b>374,703,289</b>	<b>259,968,155</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>2008-2009</b>	<b>2007-2008</b>
<b>18.2</b>	<b>Profit on placement with other banks:</b>		
	Mudaraba Short Notice Deposits (Note - 18.2.1)	179,619	173,779
	Mudaraba Term Deposits (Note - 18.2.2)	11,856,631	8,981,559
		<b>12,036,250</b>	<b>9,155,338</b>
<b>18.2.1</b>	<b>Mudaraba Short Notice Deposits:</b>		
	BRAC Bank Limited, Gulshan Branch	15,627	-
	United Commercial Bank Limited, Gulshan Branch	2,061	1,069
	Bangladesh Commerce Bank Limited, Gulshan Branch	35,416	-
	Dhaka Bank Limited, Baridhara Branch	94,624	34,597
	Trust Bank Limited, Principal Branch	3,851	124,515
	United Commercial Bank Limited, Sylhet Branch	10,673	626
	Dutch Bangla Bank Limited, Moulvibazar Branch	-	4,396
	Jamuna Bank Limited, Shirajgonj Branch	13,126	8,576
	United Commercial Bank Limited, Chapai Nawabgonj Branch	846	-
	Pubali Bank Limited, Shunamgonj Branch	3,238	-
	Dutch Bangla Bank Limited, Hathazari Branch	157	-
		<b>179,619</b>	<b>173,779</b>
<b>18.2.2</b>	<b>Mudaraba Term Deposits:</b>		
	United Commercial Bank Limited, Gulshan Branch	2,355,067	2,926,168
	United Commercial Bank Limited, Bahaddarhat Branch	6,945,364	1,397,981
	BRAC Bank Limited, Gulshan Branch	931,576	818,424
	Pubali Bank Limited, Gulshan Branch	1,036,114	231,247
	Trust Bank Limited, Principal Branch	588,510	3,607,739
		<b>11,856,631</b>	<b>8,981,559</b>
<b>19.</b>	<b>Profit paid on Deposits:</b>		
	Profit paid on deposits (Note - 19.1)	151,231,834	106,453,796
	Profit paid on borrowing	7,375,569	6,640,172
	Profit paid on others (Note - 19.2)	3,055,125	2,056,614
		<b>161,662,528</b>	<b>115,150,582</b>
<b>19.1</b>	<b>Profit on Deposits:</b>		
	Profit paid on Mudaraba Saving Deposit	11,341,613	7,730,881
	Profit paid on Mudaraba Term Deposit	90,468,835	62,187,626
	Profit paid on Mudaraba Special Deposits	49,421,386	36,535,289
		<b>151,231,834</b>	<b>106,453,796</b>
<b>19.2</b>	<b>Profit paid on others:</b>		
	Profit paid on Provident Fund	2,502,486	1,779,634
	Profit paid on Provident Fund Reserve	188,919	120,080
	Profit paid on Welfare Fund	363,720	156,900
		<b>3,055,125</b>	<b>2,056,614</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

	Amount in Taka	
	2008-2009	2007-2008
<b>20. <u>Other Operating Income:</u></b>		
Membership fees	2,927,550	2,388,050
Investment processing fees	2,078,746	349,701
Service charge on investments	2,301,644	-
Incidental charges	10,047,274	12,622,466
Documentation charges	1,840,801	1,718,990
Pass book charges	18,239	5,480
Income from sale of investment forms	1,818,740	1,643,235
Compensation account	444,455	456,860
Profit on Head Office General Account	-	14,393
Miscellaneous	2,093,715	1,277,359
	<b>23,571,164</b>	<b>20,476,534</b>
<b>21. <u>Salary and Allowances with Remuneration:</u></b>		
Basic salary & allowances and remuneration	74,904,422	54,397,281
Bonus	11,297,525	8,606,792
Other allowances	60,044,673	36,560,169
Bank's contribution to Provident Fund	4,046,444	3,041,481
	<b>150,293,064</b>	<b>102,605,723</b>
<b>22. <u>Rent, Taxes, Insurance, Electricity, etc:</u></b>		
Rent, Rates & Taxes (Note - 22.1)	15,599,655	11,998,980
Insurance	464,513	317,186
Electricity & Lighting (Note - 22.2)	4,325,770	3,270,704
	<b>20,389,938</b>	<b>15,586,870</b>
<b>22.1 <u>Rent, Rates &amp; Taxes:</u></b>		
Office rent	15,515,554	11,933,932
Rates/Taxes	84,101	65,048
	<b>15,599,655</b>	<b>11,998,980</b>
<b>22.2 <u>Electricity &amp; Lighting:</u></b>		
Electricity	3,547,012	2,683,159
Gas	423,743	310,475
Water	355,015	277,070
	<b>4,325,770</b>	<b>3,270,704</b>
<b>23. <u>Postage, Stamps, Telecommunications etc:</u></b>		
Postage & Courier	309,899	194,663
Stamp	79	552
Telephone charges	888,903	1,385,201
Mobile phone charges	939,565	699,122
Internet charges	301,341	198,497
	<b>2,439,787</b>	<b>2,478,035</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

		<b>Amount in Taka</b>	
		<b>2008-2009</b>	<b>2007-2008</b>
<b>24. Stationery, Printing, Advertisement etc:</b>			
	Printing stationery	14,886,402	5,006,160
	Petty stationery	670,251	417,389
	Photostat	216,034	207,784
	Advertisement	3,811,633	1,037,972
		<b>19,584,320</b>	<b>6,669,305</b>
<b>25. Depreciation and Repair &amp; Maintenance of Bank's Assets:</b>			
<b>a) Depreciation of Bank's Assets (Annexure - A):</b>			
	Furniture & Fixture	2,673,704	1,986,045
	Office Equipment	587,832	281,541
	Electrical Appliances	6,428,708	3,173,186
	Computer	1,581,919	771,688
	Vehicles	2,212,286	2,018,056
	Others	1,120,676	700,631
		<b>14,605,125</b>	<b>8,931,147</b>
<b>b) Repair and Maintenance of Bank's Assets:</b>			
	Furniture & Fixture	523,930	332,074
	Machinery & Equipment	152,192	57,132
	Electrical Fittings	460,925	389,895
	Office Premises	148,266	93,491
	Vehicles	577,698	854,585
		<b>1,863,011</b>	<b>1,727,177</b>
<b>26. Other Expenses:</b>			
	Commission on deposits	614,625	302,838
	Commission on realization of investments	270,700	178,200
	Fuel	956,869	402,348
	Business development	4,726,287	4,279,584
	News Paper	190,751	146,233
	Entertainment	1,635,777	1,118,887
	Conveyance	819,231	654,170
	Carrying Charges	473,215	226,120
	Bank Charges	345,991	169,026
	Service Charges	108,888	78,040
	Loss on sale of Bank's Assets	36,916	57,880
	Profit on Head Office General A/C	108,960	-
	Donation	1,015,000	-
	Miscellaneous	1,114,125	736,488
		<b>12,417,335</b>	<b>8,349,814</b>
<b>27. Appropriations:</b>			
	General Reserve ( 20% of net profit)	5,084,082	5,222,491
	Reserve for Bad Debts (15% of net profit)	3,813,062	3,916,868
	Co-operative Development Fund ( 3% of net profit)	762,612	783,374
	Dividend (Proposed at 30% on share capital as on June 30, 2008)	7,397,613	5,265,288
	Other Reserve (Note - 27.1)	3,050,448	3,133,495
		<b>20,107,817</b>	<b>18,321,516</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Notes to the Financial Statements for the year ended June 30, 2009**

	Amount in Taka	
	2008-2009	2007-2008
<b>27.1 Other Reserve:</b>		
Staff Welfare Fund ( 5% of net profit)	1,271,020	1,305,623
Recreation & Sports Fund ( 2% of net profit)	508,408	522,249
Incentive Bonus ( 5% of net profit)	1,271,020	1,305,623
	<b>3,050,448</b>	<b>3,133,495</b>

**28. General information**

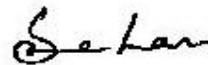
**28.1** Figures appearing in these financial statements have been rounded off to the nearest Taka.

**28.2** Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

For The Dhaka Mercantile Co-operative Bank Ltd.



Chairman



Managing Director

**The Dhaka Mercantile Co-operative Bank Ltd**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**  
**Fixed Assets Schedule as on 30 June, 2009**

Annexure-A

Assets Category	Cost			Rate %	Depreciation				Written down value as on 30.06.2009	Written down value as on 30.06.2008	
	Purchases up to 30.06.2008	Addition During the year	Disposal During the year		Total as on 30.06.2009	Charge up to 30.06.2008	Charged During the year	Adjusted during the year			Total as on 30.06.2009
Furniture & Fixture	22,405,354	8,907,460	51,160	31,261,654	10%	6,598,447	2,673,704	27,227	9,244,924	22,016,730	20,992,143
Office Equipment	2,807,987	634,069	39,754	3,402,302	20%	1,438,261	587,832	20,007	2,006,086	1,396,216	1,260,326
Electric Appliances	27,652,092	11,374,943	45,578	38,981,457	20%	14,466,946	6,428,708	26,915	20,868,739	18,112,718	15,006,968
Computers	6,732,716	4,315,207	15,317	11,032,606	20%	3,486,802	1,581,919	2,758	5,065,963	5,966,643	3,899,427
Motor Vehicles	11,342,243	2,634,208	2,412,135	11,564,316	20%	5,710,070	2,212,286	2,412,034	5,510,322	6,053,994	6,006,870
Others	9,664,280	2,808,563	-	12,472,843	10%	2,121,969	1,120,676	-	3,242,645	9,230,198	5,018,882
<b>Total</b>	<b>80,604,672</b>	<b>30,674,450</b>	<b>2,563,944</b>	<b>108,715,178</b>		<b>33,822,495</b>	<b>14,605,125</b>	<b>2,488,941</b>	<b>45,938,679</b>	<b>62,776,499</b>	<b>52,184,616</b>

**The Dhaka Mercantile Co-operative Bank Ltd.**  
**Palladium Complex (2nd Floor), Plot -1, Gulshan - 2, Dhaka**

**Ratio Analysis for the year ended June 30, 2009**

**Performance Indicators:**

	<b>2008-2009</b>	<b>2007-2008</b>
Return on Share Capital	92%	106%
Return on Assets	1.34%	1.84%
Yield on Earning Assets	1.50%	2.36%
Income to Gross Revenue	6.20%	9%
Operating Expenses/Operating Income	90%	91%
Asset Utilization	22%	20%
Cost of Fund	9.53%	9.16%

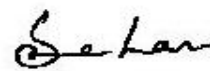
**Asset Quality Indicators:**

Earning Power	89.44%	77.90%
Earning Assets/Int. Payable Liabilities	98.28%	92.88%

For The Dhaka Mercantile Co-operative Bank Ltd.



Chairman



Managing Director