

ANNUAL REPORT 2008-2009

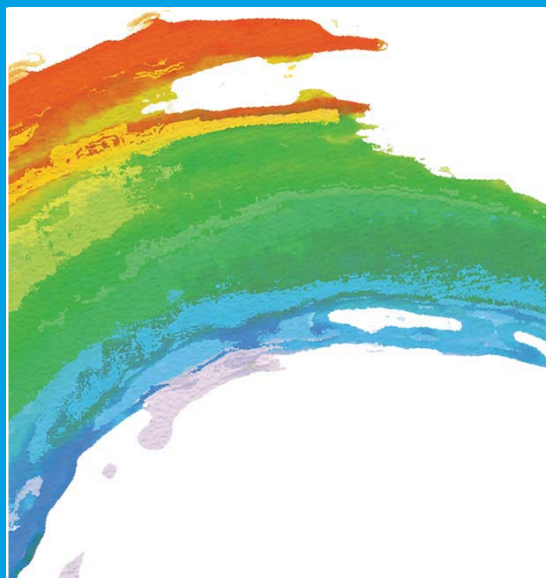


Celebrating Life



Delta Brac Housing Finance Corporation Limited

Annual Report



2008-2009



Delta Brac Housing Finance Corporation Limited

Head Office: Landmark Building, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: 8822374, 9882112, Fax: 9882110, Website: www.deltabrac.com, E-mail: dbh@deltabrac.com

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Notice of the 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of the Company will be held on November 23, 2009 (Monday) at 11.00 a.m. at Harmony Hall of Bangabandhu International Conference Centre, Agargaon, Sher-E- Bangla Nagar, Dhaka to transact the following business:

Ordinary Business:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended June 30, 2009 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended June 30, 2009.
3. Election/Re-election of Directors.
4. Appointment of Auditors and fixation of their remuneration.

Special Business:

5. To increase the Authorised Capital of the Company from Tk. 50 crore to Tk. 200 crore to consider and, if thought fit, pass the following resolutions as Special Resolution:
 - i. **To amend Clause V of the Memorandum of Association as noted below:**
"The Authorised Share Capital of the Company is Tk. 2,00,00,00,000.00 (Tk. Two Hundred Crore) divided into 2,00,00,000 (Two Crore) shares of Tk. 100/- (Taka One Hundred) each with power to increase or reduce the same."
 - ii. **To amend Article 6(A) of the Articles of Association as noted below:**
"The Authorised Share Capital of the Company is Tk. 2,00,00,00,000.00 (Tk. Two Hundred Crore) divided into 1,99,95,000 (One Crore Ninety Nine Lac Ninety Five Thousand) ordinary shares of Tk. 100 (Taka One Hundred) each and 5,000 (Five Thousand) Preference Shares of Tk. 100 (Taka One Hundred) each with power to increase or reduce the capital and to divide the shares in the capital of the Company into different classes, to attach thereto any special right or privileges or conditions, or to consolidate or sub-divide the shares."

By order of the Board

Sd/-

S.H. Aslam Habib
Company Secretary

Date: October 22, 2009

Notes:

- a. The Record Date of the Company was 8th October 2009 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend the meeting and shall be entitled for the dividend to be declared at the AGM.
- b. A Shareholder may appoint a proxy to attend and vote in his/her place by filling proxy form as per Article 89(i) of the Articles of Association. The proxy form, duly completed and stamped, must be deposited at the office not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will not be treated as valid.
- c. Election of Directors will be dealt in terms of Articles of Association of the Company and relevant rules in force.

Core Purpose

To strengthen the
society of the country
by continually
expanding home
ownership

Core Values

- Outstanding service to the customer, above all else
- Honesty, integrity and ethics in all aspects of business
- Hard work and continuous self-improvement, never being satisfied
- Respect and concern for the individual employee
- Individual opportunity, responsibility and reward based on merit



Corporate Directory

Head Office

Landmark Building, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: +880 (2) 882 2374, + 880 (2) 988 2112 , Fax: + 880 (2) 988 2110

Other Offices:

Motijheel Office

36, Dilkusha C/A, Dhaka-1000
Phone: +880 (2) 711 1774, Fax: + 880 (2) 955 4269

Dhanmondi Office

Panthapla (1st floor), 63/A Lake Circus, Kalabagan
(West Panthapath), Dhaka-1205
Phone : +880 (2) 813 0906
Fax: +880 (2) 811 7264

Uttara Office

House # 79/A (3rd floor), Road # 07, Sector # 04
Uttara Model Town, Dhaka-1230
Phone: +880 (2) 893 3057, Fax: +880 (2) 895 8605

Chittagong Office

BMA Bhaban (5th floor), 1367, CDA Avenue, GEC Circle, Chittagong
Phone: +880 (31) 255 1224-6
Fax: 88-31-2551227

Sylhet Office

19A, Kumarpara Road, Kumarpara, Sylhet -3100
Phone: + 880 (821) 283 0352

Bankers

Brac Bank Ltd
Citibank, N.A.
Commercial Bank of Ceylon Ltd.
HSBC
Prime Bank Ltd.
Pubali Bank Ltd.
Uttara Bank Ltd.

Auditors

Hoda Vasi Chowdhury & Co., Chartered Accountants

Legal Advisers

Hasan & Associates
Sadat Sarwat & Associates
Law Guide Inn

Corporate Web Site

www.deltabrac.com



Profile of the Board of Directors

Mr. Faruq A. Choudhury is the Chairman of the Board of Directors of the Company. He is a former Ambassador and Secretary, Ministry of Foreign Affairs, Government of Bangladesh, and is recognized as a distinguished former diplomat of the country. After having completed his Masters degree in English from University of Dhaka, he also studied International Law at the Fletcher School of Law and Diplomacy, Tufts University, USA, and had his professional training in Britain and France. After Mr. Choudhury's retirement from the government service, he worked with BRAC, the world's largest non-governmental organization, as Adviser. He is presently a member of the Governing Board of BRAC. He has been a Director of DBH since its inception.



Mr. Mohammad Aminul Alam holds a Masters degree in Physics from the University of Dhaka, Bangladesh. He has spent most of his career at BRAC and was extensively involved in the micro-finance and rural development projects, the implementation of the BRAC Textile Project and Dairy Project. He is recognized as an expert in micro-credit and rural development. He is presently the Executive Director, International Program of BRAC. He has been a Director of DBH since December 23, 2001.

Mr. Muhammad A. (Rume) Ali holds a Masters degree in Economics from University of Dhaka. He is presently the Managing Director of BRAC Enterprises and Chairman of BRAC Bank Limited. He is a former Deputy Governor of Bangladesh Bank. He was the Country Head and General Manager of ANZ Grindlays Bank in Bangladesh and also served as the CEO, Standard Chartered Bank in Bangladesh. His extensive banking experience includes stints in India, United Kingdom and Australia. He is the Vice Chairman of Bangladesh Association of Banks and is a Director on the Boards of several prominent organizations, including the Governing Boards of PKSF and BRAC. He has been a Director of DBH since March 20, 2007.





Dr. Syed Mukarram Ali is a Professor of Pathology, and did his M.B.B.S. from University of Dhaka, and completed FRC(Path) from Royal College of Pathologists, London and DPath (England). Dr. Ali has worked in Bangladesh, UK and Kuwait during his long and distinguished medical career. He is a former President of the Bangladesh Society of Pathologists. He is presently the Managing Director of Delta Hospital Ltd. and is also a Sponsor Director of Delta Life Insurance Company Ltd. He has been a Director of DBH since its inception.

Mr. Nasir A Choudhury holds a Masters degree in History from University of Dhaka. Mr. Choudhury is one of the leading personalities of the country's insurance sector. He is a Sponsor Director of Green Delta Insurance Co. Ltd., and has been working as the Managing Director since its inception in 1986. He is a former Chairman of the Bangladesh Insurance Association and is a member of the committee of the Metropolitan Chamber of Commerce, Dhaka. He is also holding the position of Director on the Boards of several prominent companies in Bangladesh. He has been a Director of DBH since its inception.



Dr. Kabir Hussain Choudhury is a Doctorate of Pharmacy and holds a Masters degree in Pharmacy from Manchester University, UK. He attained professional course CChem MRSC and FCS from London. Dr. Choudhury held several important positions including Adviser to the Ministry of Education, East Africa, and Ministry of Health, Kuwait. Presently, he is a Director of Green Delta Insurance Company Ltd. and the Vice Chancellor of Metropolitan University, Sylhet. He is also a visiting professor in various universities at home and abroad. He has been a Director of DBH since December 9, 2007.



Mr. Nurul Huda holds a Masters degree in Management from the University of Dhaka. He is involved in a number of reputable business ventures and enterprises. He is a Sponsor Director of Delta Life Insurance Company Limited and Delta Hospital Ltd. He has been a Director of DBH since December 12, 2006.



Mr. Mohammed Syedul Islam holds a Masters degree in Geography from Rajshahi University. He also has a Banking Diploma (BAIBB) from the Institute of Bankers, Bangladesh. Mr. Islam is a retired banker with extensive work experience both in Bangladesh and in Kuwait. He is also a Sponsor Director of Delta Life Insurance Company Ltd. and Delta Hospital Ltd. Mr. Islam is a life member of the Institute of Bankers, Bangladesh. He has been a Director of DBH since October 16, 2005.

Mr. Pradeep Kumar Mukherjee holds a Bachelors degree in Commerce and is a member of the Institute of Chartered Accountants of India. He has been working, since 2001, in different capacities for Housing Development Finance Corporation Ltd (HDFC), the largest Housing Finance Institution in India. He is presently working as the General Manager, Eastern Region of HDFC. His current responsibilities include oversight of operation and administration of the HDFC branches in Eastern and North Eastern region of India including West Bengal, Orissa, Assam, Bihar and Jharkand. He has been a Director of DBH since April 8, 2002.



Mr. Quazi Mohammad Shariful Ala is the Managing Director and CEO of the Company. He was appointed as the Managing Director on July 1, 1997. He is a member of the Institute of Chartered Accountants in England & Wales and graduated with first class honours in Economics from the London School of Economics, University of London. He has more than 28 years of professional experience primarily in the financial sector both in Bangladesh and in the United Kingdom. He is also a Director on the Boards of several prominent organizations, including BRAC Bank Limited and Mobil Jamuna Lubricants Limited.

Board Committees

Executive Committee

Mr. Mohammad Aminul Alam
Chairman

Mr. Muhammad A. (Rume) Ali

Dr. Kabir Hussain Choudhury

Mr. Nurul Huda

Mr. Q. M. Shariful Ala
Managing Director

Audit Committee

Mr. Nasir A. Choudhury
Chairman

Dr. Syed Mukarram Ali

Mr. Faruq A Choudhury

Mr. Mohammed Syedul Islam

Mr. Q. M. Shariful Ala
Managing Director

Management & Executives

Mr. Q. M. Shariful Ala

Managing Director

Mr. S.H. Aslam Habib

Head of Finance & Liabilities and
Company Secretary

Mr. Hassan I. Yussouf

Head of IT

Mr. Tanvir Ahmad

Head of Human Resources

Mr. A. K. M. Tanvir Kamal

Head of Credit

Mr. Nasimul Baten

Head of Home Loans

Mr. Saiyaf Ejaz

Head of Recovery

Mr. Syed Aminul Islam

Financial Controller

Mr. Ashfakul Islam

Manager - IT

Mr. Zakaria Eusuf

Loan Operations Manager

Mr. Dominic D' Cruze

Head of Marketing & Customer Management





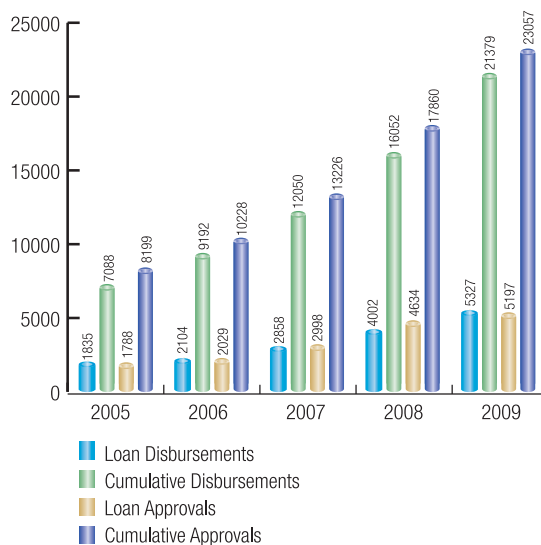
Operational Highlights

(Amount in Million Tk)

	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09
Loan Approvals	1,788	2,029	2,998	4,634	5,197
Loan Disbursements	1,835	2,104	2,858	4,002	5,327
Cumulative Loan Approvals	8,199	10,228	13,226	17,860	23,057
Cumulative Loan Disbursements	7,088	9,192	12,050	16,052	21,379

Loan Approval and Disbursement

Taka in Million



Financial Highlights

(Amount in Million Tk Except Ratios , EPS and BVPS)

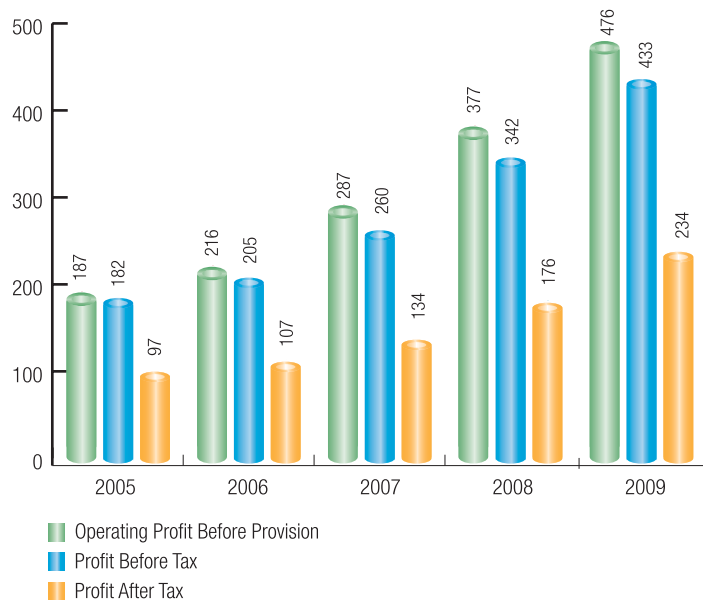
	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09
Profit Before Tax	182	205	260	342	433
Profit After Tax	97	107	134	176	234
Shareholders' Funds	436	514	638	843	1,067
Total Deposits	4,184	5,131	6,447	7,394	10,559
Long Term Borrowing	536	730	1,611	2,278*	3,339
Housing Loan Portfolio	4,420	5,594	7,365	9,791	13,241
Total Balance Sheet Size	5,763	7,032	9,819	11,012	16,386
NPL Ratio (%)	0.23%	0.33%	0.15%	0.11%	0.06%
Return on Equity (Average Equity)	43.96%	43.50%	45.54%	46.25%	45.34%
Earnings per Share	45	45	56	47*	64
Book Value per Share	168	207	214	275	275

* Reinstated Figure



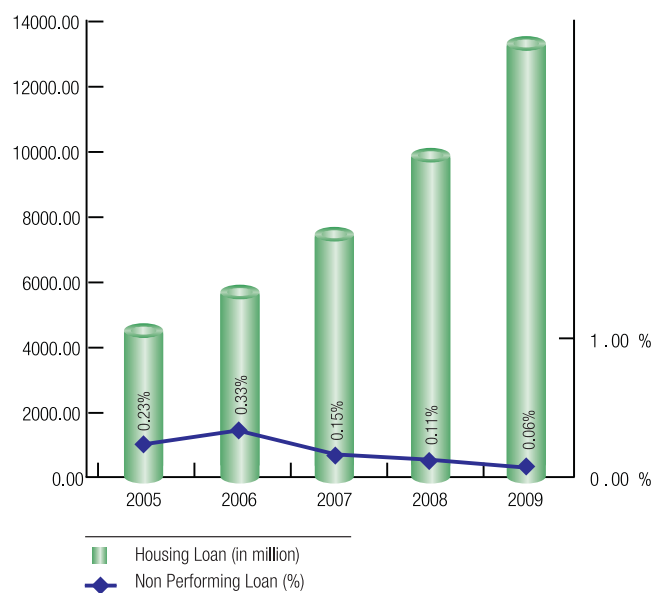
Profits

Taka in Million

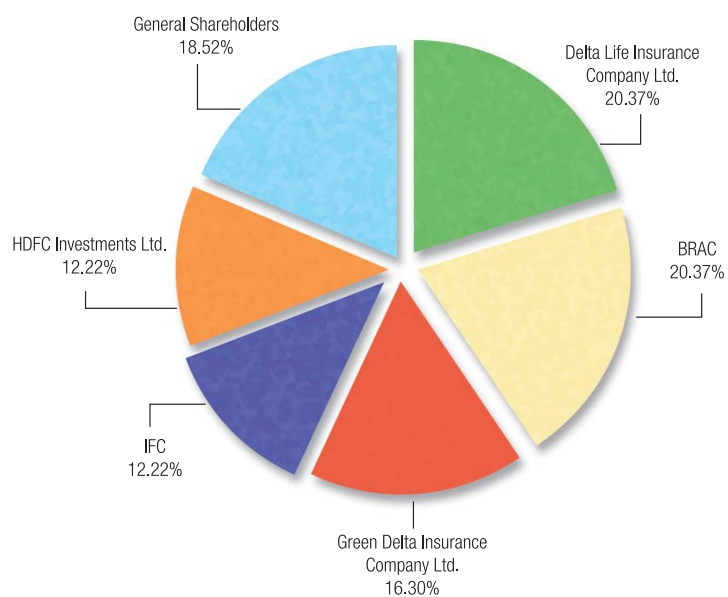


Home Loan Portfolio and Performance

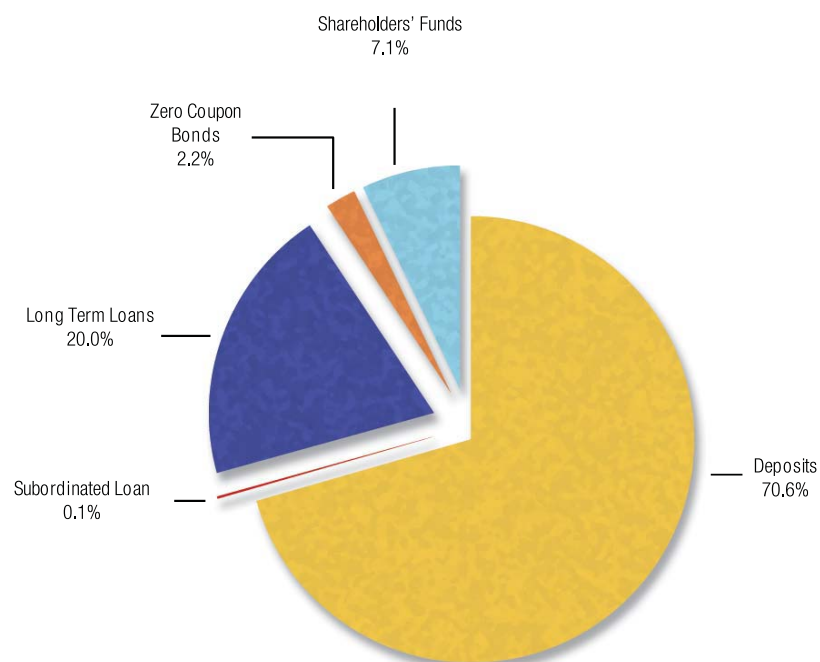
Taka in Million



Shareholding Pattern

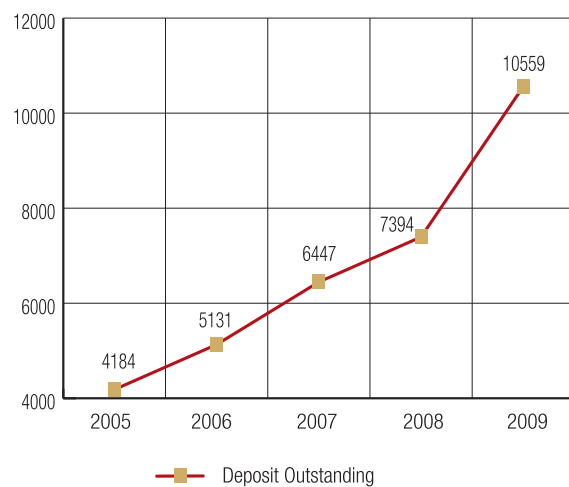


Funds Employed



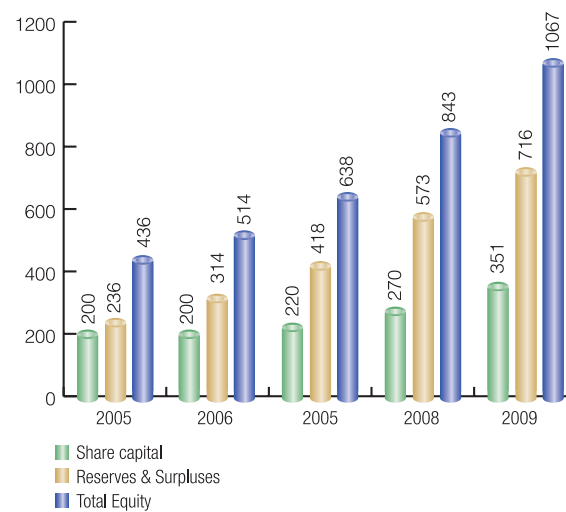
Deposits

Taka in Million



Equity

Taka in Million





Message from the Chairman

It is a great pleasure for me to welcome you all to the 13th Annual General Meeting (AGM) of the Company. On behalf of the Board of Directors, I express my thanks and heartfelt gratitude to you all for the confidence and trust you placed in us and in our endeavors to reach our services to the doorstep of our customers. Due to your strong support and co-operation, Delta Brac Housing Finance Corporation Ltd. (DBH) has emerged as the country's largest housing finance institution in the private sector. DBH was listed on Dhaka Stock Exchange in April 2008 and is now one of the blue chip stocks.

Bangladesh economy has withstood fairly well the global financial and economic turmoil of the last year. Despite the global economic recession, the overall economy continued to grow at near the average rates sustained over the last five years. Good recovery in agriculture and continued double digit growth in remittances helped achieve an overall GDP growth of 5.9 percent in the 2008-2009 financial year. Exports have only been marginally affected by the world-wide recession and since Bangladesh has negligible foreign portfolio investment in the stock markets, there was no flight of capital. However, the need to quickly upgrade the infrastructure particularly electricity and transportation is critical in order to attain the higher growth rates needed for significant reduction of the entrenched poverty in our country.

The housing sector in the main urban areas of our country particularly Dhaka and Chittagong has been adversely affected by high land prices. The high land prices are a result of structural supply constraints in the availability of serviced land as well as rising demand for homes from the growing middle classes. The concerned government agencies need to quickly bring in supply of fresh serviced land into the housing market, streamline the complex multi tiered bureaucratic processes for approval of housing projects, improve transportation links with the suburban areas as well as increase the floor area ratio index in order to increase the supply of built-up space available for housing. As new jobs are being created, demand for housing increases. If this demand is not met, home prices spiral upwards, excluding more people from the housing market.

As far as our own operations are concerned, DBH has continued its success this year also. We have achieved healthy growth despite sluggish trend in the real estate sector due to the fallout from the global economic recession. Our funds under management have increased by 38% to Tk. 2,380 crores and we remained the market leader in terms of retail home loan disbursements during the year. Our earnings per share have increased by 36% to Tk.64 per share. The quality of our assets continues to be strong with non-performing loans remaining below 0.50%.

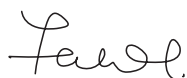
You will be happy to know that DBH is the only local Financial Institution to have received the highest credit rating of 'AAA' (Triple A) for the last three consecutive years.

Over a decade ago when we embarked on our journey in Bangladesh no one else in the private sector was involved in retail housing finance. We took it as a challenge to finance the housing sector with a vision to increase home ownership levels especially of the middle and lower middle income population of the country. Increasing home ownership in Bangladesh has been DBH's raison d'être. DBH, however, realizes that its efforts are miniscule compared to the scale of housing shortage in the country. Nevertheless, DBH remains unwavering in its commitment to increase home ownership, which in turn provides families with a safe haven and a sense of security – all for the betterment of civil society.

Our Company's foundation is built on our values which guide our actions. We conduct our business in a socially responsible and ethical manner. We are thus engaged in developing strategies, building partnerships and creating innovations.

The high ethical standards, professionalism, commitment and excellent teamwork demonstrated by every member of DBH family over the years have been praiseworthy. I believe that our achievements are the result of the efficiency and diligence of our employees.

I thank all our Shareholders and my colleagues in the Board of Directors for their guidance and support. I also convey my sincere appreciation to the Management and staff of DBH. I am also thankful to the Bangladesh Bank, Securities & Exchange Commission (SEC) and the Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support and encouragement. We look forward to another year of achievement with hope and confidence.



Faruq A. Choudhury
Chairman

Directors' Report

Dear Shareholders,

The Board of Directors of Delta Brac Housing Finance Corporation Limited is pleased to welcome you all at the 13th Annual General Meeting of our Company and also have the pleasure to submit the directors' report of the Company along with the audited financial statements and auditors' report thereon for the financial year ended 30 June 2009.

Global Economy

The Financial Year 2008-09 has been a year of extraordinary level of global financial crisis and economic downturn coupled with initiation of weak recovery process later during the year. According to the World Economic Outlook of IMF, the global economy is beginning to pull out of a recession unprecedented in the post-World War II era, but stabilization is uneven and the recovery is expected to be sluggish. Even though the world economy is projected to contract by 1.40 % in 2009 it is likely to experience a growth of 2.50% by the end of 2010.

However looking back, during the year 2008-09 we saw the dramatic fallout of the financial crisis in September 2008, following the bankruptcy of a large U.S. investment bank, Lehman Brothers, the rescue of the largest U.S. insurance company (American International Group, AIG), intervention in a range of other financial institutions in the United States and Europe and plummeting share prices across the globe due to drastic fall in investor confidence.

These events prompted a huge increase in perceived counter party risk as banks faced large write-downs, the solvency of many of the most established financial names came into question, the demand for liquidity jumped to new heights, and market volatility surged once more. The result was an exaggerated emphasis on creditworthiness that depressed yields on the most liquid government securities and an evaporation of wholesale funding that prompted a disorderly de-leveraging that spread across the rest of the global financial system. Liquid assets were sold at fire-sale prices, and credit lines to hedge funds and other leveraged financial intermediaries in the so-called shadow banking system were slashed. High-grade as well as high-yield corporate bond spreads widened sharply, the flow of trade finance and working capital was heavily disrupted, banks tightened lending standards further, and equity prices fell steeply.

Thus, the impact of this flow of events on global economic activity was felt quickly and broadly. Industrial production and merchandise trade plummeted in the September quarter of 2008 and continued to fall rapidly in early 2009 across both advanced and emerging economies, as purchases of investment goods and consumer durables such as autos and electronics were hit by credit disruptions and rising anxiety and inventories started to build rapidly. By the end of December 2009 the global trade volume is expected to contract by 12.20% compared to that of the previous year. The GDP of the advanced economies and the emerging economies will contract by more than 3.00% to the level of (3.80%) and 1.50% respectively.

At present the world economy seems to be stabilizing, helped by unprecedented macroeconomic and financial policy support of mainly the policymakers in the US and European Union region. Recent data provide some tentative indications that the rate of contraction may now be starting to moderate. Business confidence has picked up modestly, and there are signs that consumer spending is stabilizing, helped by the cushion provided by falling commodity prices and anticipation of macroeconomic policy support. However, employment continues to drop fast, notably in the United States. The recovery is still expected to be slow, as financial systems remain impaired, support from public policies will gradually diminish, and households in countries that suffered asset price busts will rebuild savings.

Therefore major priority should be placed on restoring financial sector health, retaining supportive macroeconomic policy, gradual unwinding of extraordinary levels of public intervention coupled with generating internal demand of commodities in key economies including the US and the EU to fight deflationary pressure and rejuvenate economic activities across the globe.



Bangladesh Economy

Bangladesh economy attained real GDP growth rate of 5.9 percent in 2008-2009 against 6.2 percent in FY 08. The fall is attributed to the global downturn which started impacting export growth and investment momentum. Agriculture sector performed strongly, supported by favorable weather and optimistic price expectations, overcoming adversities of the preceding year, but growth in industry and services weakened, mainly due to weakening of export demand.

The impact of global economic recession on the real economy has also thus far remained moderate. Though the export growth has slowed somewhat in 2008-2009, The major contributor to the country's export sector Ready Made Garments (RMG) export surpassed USD 12 billion in the fiscal year 2008-09, marking a growth of 15.4 percent over the same period last fiscal.

Competitiveness of the apparels sector sustained overall export growth while imports slowed down faster with good domestic food grain output and lower import prices of major commodities in the downturn of global prices including fuel oil imports. Import of most essential commodities fell, both in terms of value and quantity, in 2008-2009 because of the declining trend in prices in the global market and record food production in the country. The import of some essential items including rice, milk food, edible oils and pulses declined in terms of value with the falling trend in the prices of the commodities in the international market. Workers' remittance inflows increased despite decline in new recruitments in host markets abroad. Bangladeshi expatriates remitted a record \$9.68b in the just concluded fiscal year, marking a 22.32% growth over the same period of earlier fiscal year. As a result of the increased level of remittances the foreign exchange reserve reached \$7.42b as of July 05, 2009. In contrast, migration of workers to job markets abroad has slowed in face of the global economic crisis, and there are sporadic episodes of return of laid off migrant workers.

In preparedness for facing a prolonging of the global downturn the government has announced (in Q4 FY 09) a modest support package mainly targeted at export sectors already hurt in the downturn. The government and Bangladesh Bank has also placed special emphasis on the agriculture sector and SMEs, which are typically less capital intensive and short gestation options in generating new employment and output for revival of the economic activities.

The expected impact of the global slowdown till mid 2010 may have the potential to affect the growth momentum in our export manufacturing and investment activities also. As per the latest monetary policy announced by the Bangladesh Bank for the period July to December 2009, it is projected conservatively that in 2009-2010 real GDP growth will be around 5.5, likely to be outperformed if global economy recovers faster and if the various initiatives proposed in the FY10 national budget including the innovative public private partnership (PPP) for infrastructural development can be implemented in right earnest. Economy will be impacted significantly in FY 10 if the global recession persists. Export growth may weaken and even swing to negative, with redundancies in the export production sectors. Return of migrant workers laid off in recession-ridden host countries may increase significantly; workers' remittance inflows and investment momentum may weaken; dampening domestic demand and output.

Performance of Financial Sector in 2008-09

The financial sector of the Bangladesh Economy comprises of banking institutions, other financial institutions and capital market. At present, 4 state commercial banks, 5 nationalised specialised banks, 30 private commercial banks, 9 foreign commercial banks and 29 non-bank financial institutions, Investment Corporation of Bangladesh (ICB), Bangladesh House Building Finance Corporation (BHBFC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) are involved in the financial market of the country.

Financial markets in Bangladesh went through several uncertainties during 2008-09 in the face of tight market liquidity in the global financial markets. The central bank's timely relevant measures ensured adequate domestic and foreign currency liquidity to banking industry so that the flow of credit to productive sectors would not be significantly impacted. Yet its spillover effects on Bangladesh, growth of bank credit to private sector decelerated to 14.62 percent in 2008-09 from the corresponding 24.94 percent in 2007-08. Government borrowing from the banking sector has been increased further at a rate of 24.04 percent than a year ago.

The lower expansion of credit at 16.02 percent compared to that of deposit mobilization at the rate of 20.52 percent in the fiscal



resulted in a decline in incremental credit-deposit ratio of scheduled commercial banks. In the face of recent global economic crisis the Bangladesh Bank has put emphasis to invest more in productive sectors to revitalize the economic activities and simultaneously having more supervision on the performance of the banks and financial institutions in this regard.

In the financial sector of Bangladesh, the non-bank financial institutions (NBFIs) are also making significant contribution towards financing various sectors like industry, house- building, and others.

According to Bangladesh Bank half yearly publication 'Financial Sector review', private sector credit by NBFIs grew at the rate of 38.7 percent and stood at Tk.108.6 billion at the end of December 2008, which was Tk.78.3 billion in December 2007.

In order to strengthen the financial base of the NBFIs the Bangladesh Bank has advised implementation of the Basel-II framework by the end of 2010 for the 29 NBFIs.

In the country's capital market the number of securities (including mutual fund, debentures and treasury & corporate bonds) listed with the DSE increased to 443 by June 2009 from 378 of June 2008. By the end of June 2009, the issued capital of listed securities stood at Tk. 45,794.40 crore, which is 61 percent higher than that of June 2008. Up to June 2009, market capitalization of securities stood at Tk. 131,277.20 crore. DSE General share price index stood at 3010.26 in June 2009, which was 3000.50 in June 2008.

Highlights on Financial Performance

FY 2008-09 has been another successful year for DBH. During this year DBH has not only maintained but also enhanced the upward trend of its major financial indicators. The comparatives of the year on year performance of the Company for twelve-month period to June 30, 2009 are presented as below:

Particulars	12 months to 30-Jun-09 (Tk. M)	12 months to 30-Jun-08 (Tk. M)	Growth %
Operating Revenue	1,950.17	1,587.78	23%
Interest Expenses	1302.62	1063.71	22%
Operating Expenses	171.19	147.35	16%
Profit Before Provisions	476.36	376.72	26%
Operating Profit	431.34	317.87	36%
Profit Before Tax	432.96	342.39	26%

The operating profit for the period was Tk. 431.34 million compared to Tk. 317.87 million reflecting a growth of 36%. The Company's profit before tax was Taka 432.96 million for the reviewed period ended as on June 30, 2009 as against the previous year's figure of Taka 342.39 million with a growth rate of 26%.

Operating revenue of the Company increased by 23% over the last year's figure of Taka 1,587.78 million to Taka 1,950.17 million in the twelve month of FY 2008-09. Interest income and other fees income have grown at the rate of 24% and 5% respectively from the previous year.

Net Interest Income of the Company has exceeded the corresponding figure of last year at the rate of 26%. As a result, the net interest income stood at Taka 561.94 million compared to last year's figure of Taka 445.13 million.



Dividend

Your Company has earned a net profit after tax of TK.233.89 million as against TK. 176.48 million in the previous year. Your Directors recommend stock dividend @ 15% i.e. 3 (three) bonus shares for every 20 (twenty) ordinary shares held and cash dividend @ 17% on 3,510,000 Ordinary Shares for the year ended 30th June, 2009 as against 30% stock dividend declared in the previous year on 2,700,000 Ordinary Shares. As a result, the dividend payout will increase by 38% compared to last year. The EPS of the Company has increased to Tk.64 from Tk.47 last year showing a growth of 36%. The financial results of the Company and the appropriation of profit for the year 2008-09 are summarized below:

	2008-2009 (BDT in million)
Net Profit Before Tax	432.96
Income Tax	199.07
Profit after tax	233.89
Retained earnings brought forward	101.91
Profit available for appropriation	335.80
Transferred to statutory reserve	46.78
Transferred to contingency reserve	60.00
Transferred to dividend equalization reserve	15.00
Dividend on preference share	10.00
Dividend paid for previous year	0.00
Issue of bonus shares for previous year	81.00
Retained Earning carried forward	123.02

Home Loan Operational Performance

Focused business expansion strategy coupled with high credit quality standards is the essence of DBH lending operations. The financial year 2008-09 has been a year where DBH has successfully retained its market leadership even in the face of slump in property sales due to anti-corruption drive initiated by the caretaker government, liquidity crunch in the financial market during the first half of the financial year and increased competition from existing players and new entrants in the market. Even under such circumstances DBH has not compromised with its strict credit standards to facilitate business expansion. The strength of DBH risk management is reflected on its reduced Non- performing loan (NPL)'s in the books. On a year-to-year basis, our NPL (as per Bangladesh Bank policy) reduced to 0.06 % in June 09 from 0.11% in June 08, one of the best in the industry.

During the year, DBH's loan book experienced a 35% rise to Tk. 13,241 million from Tk. 9,791 million in the previous year. Loan disbursements during the year were Tk. 5,327 million against Tk. 4,002 million in the previous year representing a growth of 33%. The growth in individual loan business continued to be strong during the year. DBH has also continued to make new inroads into financing housing projects of various corporate bodies.

DBH has also achieved success in disbursing loans under the Bangladesh Bank Housing Loan Refinance Scheme. During the year DBH has disbursed over Tk 1,687 million under this scheme compared to around Tk. 451 million in the previous year. Needless to say, DBH has outperformed all the participants of this scheme and disbursed the majority portion of the refinance fund.

During the year under review, a total of Tk. 1,877 million was received by way of repayment of principal on loans through monthly installments and redemption ahead of schedule. Gross non-performing loans as of June 30, 2009 have been fully provided for and additionally, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans and investment portfolio at June 30, 2009.

Recovery

DBH maintains conservative provisioning policy and keeps 100% provision against all installments which are outstanding for more than 6 months and any other accounts which are considered by management as doubtful of recovery. According to DBH's conservative provisioning policy, nonperforming loan (NPL) stood at 0.12% in FY 2008-09. According to Bangladesh Bank categorization for nonperforming/ industry practice of loan classification for Fls, NPL in the same period stood at Tk 8.27 million, which is merely 0.06% of the total outstanding loans. Needless to say these are the best figures achieved by DBH till date and are considered to be the best in the industry. During the year, DBH has not written off any loans. As a matter of fact, DBH has not written off any loans since inception.

In the last 2 years DBH has been able to drastically reduce the number of accounts under litigation due to efforts made by the recovery wing to dispose-off mortgaged property through auction.

Strong recovery effort and stringent loan appraisal have helped build a good asset portfolio of DBH. The state of the art fully automated collection and recovery system has always been one of the cornerstones of the success story of DBH. Since inception, the management has consistently developed the loan repayment collection and recovery system to enhance the quality of its asset portfolio while ensuring the convenience and comfort of the customers.

Funding Operations

DBH takes pride in its timely and farsighted funding policy, which has helped the Company to earn and successfully retain the leading position in the housing finance industry. The funding composition of the Company changes over time with a view to pricing, tenure and availability of resources.

Deposits remain the core source of funding for the Company with over 70% of the resource mobilized from this area. The DBH deposit product line consists of nine types of liability products sourcing resources from individual savers, corporate bodies, banks & financial institutions. The deposit portfolio of the Company has grown by more than 40% over last financial year and crossed Tk.10,000 million mark. As of June 30, 2009 the DBH deposit funds stands at 10,559 million.

The second largest contributor to the funding basket of DBH is the long-term loans received from Local Banks & Foreign Development Institutions. Bangladesh Bank Housing Loan Refinance comprises of around half of the long-term loan portfolio of just 3339 million. The Refinance scheme has provided DBH with a persistent flow of much required longer tenure funding at an economical price. As of June 30, 2009 the Bangladesh Bank Housing Loan Refinance portfolio of DBH stands at Tk.1, 659 million.

The Company has experienced a marked increase in the shareholders contribution in the funding mix. The net worth of DBH has increased by more than 26% over last financial year and comprises of around 7% the resources portfolio.

The Company intends to look for further reasonably priced longer tenure funding from home and abroad to meet up the increased demand of its home loan wing.

The funding status of DBH as of June 30, 2009 is presented below:

Source	Amount in Million Tk
Deposits	10,559.47
Subordinated loan	22.44
Long term loans	2,989.41
Zero coupon bonds	327.02
Shareholders' Funds	1,066.91



Treasury Operation

DBH treasury operations have a core focus on sustained profit from long-term mortgage investment rather than resorting to a high level of liquidity risk to make profit for a short period. Prudent short-term dynamic liquidity management & asset liability mismatch management helps DBH to earn profit from treasury investments while ensuring smooth funding operations of its core business focus in housing finance.

FY 2008-09 has been a year of mixed fortunes for DBH treasury wing. High inflation rates coupled with huge import payments caused scarcity of fund and repeatedly pushed the interest rates in the money market to as high as 20.00% p.a. during the first half of the year. Simultaneously, yields on treasury bills and bonds also pushed up during that period making call money scarcer and costlier. The rate on one-year term deposits shot up to the level of 13.50% p.a. during this period. Predictably upward trend in cost of fund as well as the constraint on resources narrowed the door to further short-term investment opportunities.

However, the overnight market gradually became very liquid especially during the fourth quarter of the financial year due to the increased remittances, low off-take of investment credit due to effects of global recession on our national economy as well as the expansionary monetary steps undertaken by the government to combat the effects of global depression on our export oriented industries. By the end of the Financial Year the inter-bank money market was trading at the level of 0.10%-0.50% reflecting the excess liquidity prevailing in the market. Needless to say the present market situation has once again allowed the company to earn significantly from this wing.

Investment in Marketable Securities

DBH has started portfolio investment in the capital market in late 2008-09. The portfolio of investments in marketable securities stands at Tk 71.94 million as of June 30, 2009. The Company has earned an income of Tk 3.54 million and the net income from marketable securities after provision stood at Tk.3.11 million as on June 30, 2009.

The company recognizes marketable securities as a potential arena for investment and intends to intensify its activities in this field. In the coming days DBH aims for more diversified investment in a number of mutual funds, bonds and other tradable securities of fundamentally strong and potentially profitable companies.

Human Resources

In a competitive environment people factor and the organization culture become the key differentiator in achieving business excellence. The Company, foreseeing this emerging scenario conceptualized and initiated various HR interventions in different areas like recruitment, performance management, and talent identification and employee involvement and retention.

To keep up with the fast growing business scenario, the Company has been consistently meeting the requirement of employees in various grade/scale with the requisite competencies in order to meet the changing business profile and processes. The employee strength has been increased to 110 presently from last year's 98.

Changing business environment, processes, customer preferences, numerous technology applications and compliance and regulatory requirements requires, training to be a center-point of the human resource development activity. DBH carried out several training programs in different functional areas as per individual employee requirement covering during the year.

DBH also sent several employees for attending training overseas on different personal development programs for increasing their level of competency.

Information Technology

DBH has highly experienced and trained professionals working on maintaining and developing the Company's IT infrastructure. The software professionals are constantly innovating and writing in-house programs to meet the needs of the Company's ever increasing requirements.

The Company's branch and office network now embraces seven locations, and the IT Department has successfully implemented a Wide Area Network (WAN) to connect all of the premises on real-time basis, thereby providing seamless connectivity and prompt customer services.

Information & Communication technology (ICT) has become indispensable for financial institutions in ensuring smooth operation and providing efficient service. Your Company has recognized this fact and the Board of Directors have adopted a comprehensive ICT Policy for your Company. DBH is one of the very few organizations that have embraced ICT as the key to achieving excellence in its various aspects of operations.

Risk Management

DBH manages different types of risks associated with the housing finance business like credit risk, liquidity risk, interest rate risk and internal control and compliance. Like any other financial institutions, credit risk is inherent in the day-to-day operation of the Company. To address these at the onset, the Company follows a step-by-step standardized loan origination and disbursement process whereby process starts with the evaluation of the all material and crucial information of the potential borrower by the appraiser in line with the credit norms set by the Management. Double-checking of these information and different tier loan sanctioning authority and approval process with loan amount differentiation has the strength to minimize the risk of default by the borrower. Additionally, the state of the art recovery process ensures the collection of the loan already disbursed and lessens the probability of the credit risk. Liquidity and interest rate risk is managed by regular monitoring of the maturity profiles of the assets and liabilities and the market.

DBH has a Committee on ALM and Risk Management to manage financial risk related issues. Asset Liability Management Committee (ALCO) is basically responsible for the management of Market Risk and Balance Sheet Management. It has the delegated authority and responsibility of liquidity management, deposit rates, lending rates, spreads, asset liability tenures, etc in line with the guidelines of the central bank.

Credit Rating by CRAB

Credit Rating Agency of Bangladesh (CRAB) reaffirms AAA rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year end financials of 2008. CRAB in its latest assignment has retained the rating at AAA in the long term (pronounced Triple A). The assigned rating is the highest-credit-quality rating assigned by credit rating agencies in Bangladesh to any local entity for three consecutive years.

Rating Year	Long Term	Short Term
2006	AAA	ST-1
2007	AAA	ST-1
2008	AAA	ST-1

FIs rated in this category are adjudged to be the strongest financial institution, characterized by excellent financials, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of the highest grade and changes in business/economic circumstances, as may be envisaged, are unlikely to significantly impair the underlying fundamentals. FIs rated in this category are characterized with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds. The highest credit quality rating reflects DBH's strong market position in the Housing Finance Industry along with its sound asset quality and conservative provisioning policy, well diversified resource base and ability to maintain steady track record of profitability in a strongly competitive market environment. Besides, the rating also considers strong parental support it continues to get from the sponsors and highly qualified professional support from management in taking appropriate action in any adverse operating environment.



The rating of DBH is supported by its:

- Prudent lending policy to creditworthy counterparties in the social housing sector.
- Strong level of collateralization
- Good management.
- Loan book, characterized by no experience economic loss to date, with conservative provisioning policy.
- Strong funding structure and sponsor support.
- Rising level of deposit from the market.
- Dependable line of credit.
- Stable profitability trend.
- Improving efficiency.
- Rising market share in terms of outstanding loan.
- Managed asset liability mismatch with consistent tracing of cash flow mismatch.
- Satisfactory liquidity profile.

Corporate Social Responsibility

Businesses are being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values and thereby Corporate Social Responsibility (CSR) is a concept with a growing prevalence in Bangladesh and around the globe. It means taking responsible attitude going beyond the legal requirements towards society. CSR is the platform where any corporate has the opportunity to cut across almost all stakeholders by addressing the issues, like; deal responsibly with customers and suppliers, work with the local community for its betterment, understand environmental impact. As part of its CSR effort, DBH patronizes number of programmes to have greater involvement with the local community.

Employees of DBH took part in the volunteers-sponsorship home building activities launched by Habitat for Humanity International Bangladesh (HFHIB) at Kaligonj in Dhaka.

Habitat for Humanity International Bangladesh (HFHIB), an internationally reputed non-government organization (NGO) with the financial assistance of DBH constructed low cost houses for the low-income families in Kaligonj. DBH is the first among the country's financial institutions, which is supporting to build low cost houses for low-income families.

Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Securities & Exchange Commission's Notification no. SEC/CMRRCD/2006-158/ Admin/02-08 dated February 20, 2006 confirms compliance with the financial reporting framework for the following:

- ◆ The financial statements prepared by the Management of DBH, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- ◆ Proper books of account of the issuer company have been maintained.
- ◆ Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- ◆ International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- ◆ The system of internal control is sound in design and has been effectively implemented and monitored.
- ◆ There are no significant doubts upon the issuer company's ability to continue as a going concern.

Directors' Appointment & Reappointment

In accordance with the Articles of Association of DBH the following members of the Board will retire in the 13th Annual General Meeting from the office of the Directors of the Company by rotation:

Mr. Faruq A Choudhury (representing BRAC)

Dr. Kabir Hussain Choudhury
(representing Green Delta Insurance Company Ltd)

Mr. Mohammed Syedul Islam
(representing Delta Life Insurance Company Ltd.)

Being eligible for re-election, they are seeking re-election to the Board.

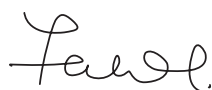
Appointment of Auditor

Messrs. Hoda Vasi Chowdhury & Co., Chartered Accountants and Independent Correspondent Firm to Deloitte Touche Tohmatsu will retire at the forthcoming Annual General Meeting. Since, they have been working as Auditors for the last three consecutive years they are not eligible for re-appointment for the financial year 2009-10. The Board of Directors recommend Messrs. S. F. Ahmed & Co., Chartered Accountants for appointment as auditors for the financial year 2009-10 with a remuneration of Tk.165,000 plus VAT for approval in the 13th AGM and Bangladesh Bank has accorded its consent to their appointment.

Note of Appreciation

Your Directors wish to convey their appreciation to all the Company's employees for their personal efforts as well as their collective contribution to the Company's performance. Your Directors also acknowledge with gratitude the co-operation and support extended by Company's valued customers, banks, shareholders, suppliers, and all other business associates and would like to thank them all for their continuous support to the Company and their confidence reposed in the Management. Your Directors also take this opportunity to convey their thanks to the Bangladesh Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other regulatory authorities for their guideline & support to the Company.

For and on behalf of the Board of Directors



Faruq A. Choudhury
Chairman



Photo Album



Mr. Faruq A. Choudhury, Chairman of Delta Brac Housing Finance Corporation Ltd. (DBH) addressing the 12th Annual General Meeting of the Company. It was also, attended by Board Members along with Mr. Q. M. Shariful Ala, Managing Director of DBH and the general shareholders.



12th Annual General Meeting



12th Annual General Meeting

DBH formally launched its branch office at Kumarpara of Sylhet to provide its services including home loan and various deposit schemes to the city dwellers. Chairman of DBH Mr. Faruq A. Choudhury inaugurated the new office at a ceremony held at the office premises.



Mr. Hamidul Huq, Managing Director of Credit Rating Agency of Bangladesh (CRAB) handing over the Credit Rating Report to Mr. Q.M. Shariful Ala, Managing Director of DBH at a function held at the latter's corporate office in Dhaka.



As part of social initiatives DBH has donated a number of large sized semi-permanent umbrellas along with smaller hand sized ones for the traffic police of Sylhet Metropolitan City (SMC) who performed their duties in different points of the city to ease traffic congestion. Managing Director of DBH Mr. Q M Shariful Ala handed over the umbrellas to the SMC Police Commissioner Syed Towfique Uddin Ahmed at a simple ceremony

Employees of DBH took part in the volunteers-sponsorship home building activities launched by Habitat for Humanity International Bangladesh (HFHIB) at Kaligonj





Report on Corporate Governance

The detailed report on Corporate Governance for the financial year ended June 30, 2009 as per the guidelines of the Securities & Exchange Commission's notification dated February 20, 2006 is set out below:

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed and deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation of the Company, its performance and ownership forms are also part of the corporate governance. Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a Company and its ability to attract investment, protect the rights of shareholders and stakeholders and provide shareholders value.

DBH is committed to the highest standards of corporate governance in all its activities and processes. The Company has always believed in and practiced various elements of corporate governance since its inception.

Delegation of Authority

There is clearly spelled out delegation of authority in sanctioning loan as well as the operational and capital expenditure with specific task authority relationship.

Internal Control and Compliance

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Accounting Standards (IAS) and Bangladesh Accounting Standards (BAS). The annual financial statements have been audited by the reputed chartered accountants firm and issued unqualified audit reports for all the years of the operations. There is an independent Internal Compliance Department, which looks after compliance with the organizational policies by different departments.

Board of Directors

The corporate governance principles of the Company ensures that the Board remains informed, independent and involved in the affairs of the Company and ensuring that there are ongoing efforts towards better corporate governance to mitigate business and non business risks. Directors of DBH possess the highest personal and professional ethics, integrity, and values and are committed to representing the long-term interests of the stakeholders.

The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Managing Director and the overall supervision of the Board. The Management ensures that all provisions of law are complied with. The Management develops Company's strategy, coordinates it with the Board, and ensures its implementation. It ensures appropriate risk management and risk controlling measures throughout the Company.

The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

Composition of the Board

Board Meetings

The Board of Directors meets at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure



that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the sub-committees of the Board and information as required under listing guidelines are also provided to the Directors on a regular basis. The dates of the Board meetings are fixed in advance and the notices are served 14 days before the meeting to enable maximum attendance from Directors. During the year ended June 30, 2009 four meetings of the Board of Directors were held.

Changes in the Board Constitution

During the year ended June 30, 2009 no changes took place in the constitution of the Board. None of the Directors of the Company are disqualified for being appointed/ reappointed as Directors pursuant to the Companies Act, 1994 and or the other regulatory rules.

Board Committees

There are two committees constituted by the Board Members to assist the Board in discharging its responsibilities – the Audit Committee and the Executive Committee. The Board at the time of constitution of each committee fixes the terms of reference for each committee and also delegates power from time to time. Various recommendations of the committees are submitted to the Board for approval. The minutes of the meetings of all the committees are circulated to the Board for its information.

Audit Committee Composition and Meetings

The primary role of the audit committee is overseeing the financial reporting process and disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing adequacy of internal control systems and reviewing findings of internal investigations besides recommending appointment/ removal of statutory auditors and fixing their remuneration. The committee reviews annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements.

The Audit Committee at DBH originally constituted in 2006 and last reconstituted on May 3, 2009. The new committee comprises, Mr. Nasir A. Choudhury as the Chairman, Dr. Syed Mukarram Ali, Mr. Faruq A Choudhury, Mr. Mohammed Syedul Islam and Mr. Q.M. Shariful Ala, Managing Director as its Members. Mr. S.H. Aslam Habib, Company Secretary, acts as Secretary of the Committee.

Executive Committee Composition and Meetings

The Executive Committee is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director.

The Executive Committee originally constituted just after inception of the Company and last reconstituted on May 3, 2009. The new committee consists of five members: Mr. Mohammad Aminul Alam as the Chairman, Mr. Muhammad A. (Rume) Ali, Dr. Kabir Hussain Choudhury, Mr. Nurul Huda and Mr. Q.M. Shariful Ala, Managing Director as its Members. Mr. S.H. Aslam Habib, Company Secretary, acts as Secretary of the Committee.

Annual General Meeting (AGM)

DBH holds General Meeting of shareholders once a year and the Company ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the Annual General Meeting.

The Company's results and official news release are also displayed on the Company's web site and on the websites of the Dhaka and Chittagong Stock Exchanges and the news required to publish in the daily newspaper were also published accordingly.

Resolutions passed at the previous AGM i.e. 12th Annual General Meeting held on December 2, 2008

Details of the previous Annual General Meeting (AGM) is as follows:

Particulars	Date & Time	Venue
12th AGM	December 2, 2008 at 11.00 A M	Bangladesh China Friendship Conference Centre, Shere-e-Bangla Nagar, Dhaka

Approval given by the shareholders;

- Financial Statements for the year ended June 30, 2008
- Issuance of Bonus Shares @30% i.e. 3 bonus shares for every 10 shares held for the year ended June 30, 2008.
- Re-election of Directors namely Mr. Nasir A Choudhury, Mr. Pradeep Kumar Mukherjee, Dr. Syed Mukarram Ali and Mr. Nurul Huda.
- Appointment of Auditors; M/S Hoda Vasi Chowdhury & Co, Chartered Accountants as external auditor of the Company.

General Shareholders' Information for Thirteenth (13th) Annual General Meeting:

Date: 23rd November, 2009 at 11.00 am

Venue: Harmony Hall,
Bangabandhu International Conference Centre,
Agargaon, Sher-E-Bangla Nagar, Dhaka.

Financial Reporting Calendar: 2008-2009 1st of July to 30th June

Dates of Book Closure/Record date: 8th October 2009

Dividend Payment dates: The final dividend if declared by the shareholders at the Annual General Meeting shall be paid on or before 24th December, 2009, i.e. within 30 days from the date of declaration.

Listing on Stock Exchanges: (i) Dhaka Stock Exchange Ltd
(ii) Chittagong Stock Exchange Ltd.

ISIN Number for CDBL – BD0621DBH007

Shareholding Pattern of the Company as on 30th June 2009

On the basis of shareholders types:

Category	No. of Share holder(s)	No. of Share(s)	Percentage (%)
Sponsors/Pre IPO Shareholders (Local)	6	2,002,000	57.04
Sponsors/Pre IPO Shareholders (Foreign)	2	858,000	24.44
General Public	1972	391,820	11.16
Financial Institutions & other Companies	155	258,180	7.36
Foreign Investors	-	-	-
Total:	2135	3,510,000	100.00

Distribution of Shareholding as on 30th June 2009

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage(%)
1 - 500	1960	167,313	4.77
501 - 5000	147	186,015	5.30
5001 - 10000	9	63,155	1.80
10001 - 20000	12	174,090	4.96
20001 - 30000	1	24,930	0.71
30001 - 40000	1	34,500	0.98
40001 - 50000	-	-	-
50001 - 100000	-	-	-
100001 - 1000000	5	2,859,997	81.48
Total:	2135	3,510,000	100.00

Having reviewed the SEC's Corporate Governance guideline as last amended on February 20, 2006, the Company's Board issued and signed their declaration of Compliance, a statement of which is given in this report:

Status of compliance with the conditions imposed by the Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/admin/02-08 dated 20th Feb 2006, issued under Section-2CC of the SEC Ordinance 1969.

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
1.0	Board of Directors		
1.1	Board's Size: Board members should not be less than 5 (Five) and more than 20 (Twenty)	Complied	-
1.2 (i)	Independent Director: At least 1/10th	Not Complied	Under review
1.2 (ii)	Appointment of Independent Directors by elected Directors	Not Complied	Under review
1.3	Individual Chairman of the Board, Chief Executive, clearly defined roles and responsibilities	Complied	-
1.4	Directors' Report to Shareholders		
1.4(a)	Fairness of Financial Statements	Complied	-
1.4(b)	Maintenance of Proper books of accounts	Complied	-
1.4(c)	Adoption of appropriate Accounting policies and estimates	Complied	-
1.4(d)	Compliance with International Accounting Standards, as applicable in Bangladesh	Complied	-
1.4(e)	Soundness of Internal Control System	Complied	-
1.4(f)	Ability to Continue as Going Concern	Complied	-
1.4(g)	Significant deviations from last year.	N/A	N/A
1.4(h)	Presentation of last three years data	Complied	-
1.4(i)	Declaration of Dividend	Complied	-
1.4(j)	Details of Board Meeting	Complied	-
1.4(k)	Shareholding Pattern	Complied	-



Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary:		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	Complied	-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	Complied	-
3.00	Audit Committee:		
3.1 (i)	Constitution of Committee	Complied	-
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director.	Partly Complied	Constituted Audit Committee with Board Members; but independent Director not yet included.
3.1(iii)	Filling of Casual Vacancy in Committee.	N/A	-
3.2(i)	Chairman of the Committee	Complied	-
3.2(ii)	Professional Qualification and experience of the Chairman of the Committee	Complied	-
3.3.1(i)	Reporting on the activities of the Audit Committee to the Board	Complied	-
3.3.1(ii)(a)	Reporting of Conflict of Interest to the Board of Directors	N/A	-
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	N/A	-
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	N/A	-
3.3.1(ii)(d)	Reporting of any other matter to the Board of Directors	Complied	-
3.3.2	Reporting of Qualified point to Commission	N/A	-
3.4	Reporting of activities to the Shareholders and General Investors	Complied	
4.00	External/Statutory Auditors:		
4.00(i)	Non-engagement in appraisal or valuation	Complied	-
4.00(ii)	Non-engagement in designing of Financial Information System	Complied	-
4.00(iii)	Non-engagement in Book-Keeping	Complied	-
4.00(iv)	Non-engagement in Broker-Dealer service	N/A	-
4.00(v)	Non-engagement in Actuarial Services	N/A	-
4.00(vi)	Non-engagement in Internal Audit	Complied	-
4.00(vii)	Non-engagement in any other services	Complied	-



Annexure-I

Directors' Meeting & Attendance

- During the financial year under review total 4 (four) Board Meetings were held and the attendance of the Directors are noted below:

Name of Directors	Position	Nominated by	Attendance
Mr. Faruq A. Choudhury	Chairman	BRAC	4
Mr. Md. Aminul Alam	Director	BRAC	3
Mr. Muhammad A. (Rumee) Ali	Director	BRAC	3
Dr. Syed Mukarram Ali	Director	Delta Life Insurance Company Ltd.	3
Mr. Nasir A Choudhury	Director	Green Delta Insurance Company Ltd.	4
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd.	4
Mr. Nurul Huda	Director	Delta Life Insurance Company Ltd.	4
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Company Ltd.	4
Mr. Pradeep Kumar Mukherjee	Director	HDFC Investments Ltd.	3
Mr. Q. M. Shariful Ala	Managing Director	-	4

Annexure-II

Pattern of shareholdings as on 30th June 2009

(i) Shareholding Status of Pre IPO Shareholders

Name of the Shareholder	No. of Shares held	Percent (%)
Delta Life Insurance Company Limited	715,000	20.37
BRAC	714,998	20.37
Green Delta Insurance Company Limited	571,999	16.30
HDFC Investments Limited	429,000	12.22
International Finance Corporation	429,000	12.22
Mr. Faruq A. Choudhury	1	0.00
Dr. Salehuddin Ahmed	1	0.00
Mr. Q. M. Shariful Ala	1	0.00



(ii) Shareholding status of Directors/CEO/CS/CF0/Head of Internal Audit & their spouses & minor children

Name of the Directors	Nominated by	No. of Shares held	Percent (%)
Mr. Faruq A. Choudhury, Chairman	BRAC	1	0.00
Mr. Md. Aminul Alam	BRAC	-	-
Mr. Muhammad A. (Rume) Ali	BRAC	-	-
Dr. Syed Mukarram Ali	Delta Life Insurance Company Limited	-	-
Mr. Nurul Huda	Delta Life Insurance Company Limited	-	-
Mr. Mohammed Syedul Islam	Delta Life Insurance Company Limited	-	-
Dr. Kabir Hussain Choudhury	Green Delta Insurance Company Limited	-	-
Mr. Nasir A Choudhury	Green Delta Insurance Company Limited	-	-
Mr. Pradeep Kumar Mukherjee	HDFC Investments Limited	-	-
Mr. Q. M. Shariful Ala	Managing Director	1	0.00
Name of the Executives	Status	No. of Shares held	Percent (%)
Mr. Q. M. Shariful Ala	Managing Director	1	0.00
Mr. S.H. Aslam Habib	Company Secretary and Head of Finance & Liabilities	300	0.01
Mr. Khandaker Satil Sayeed	Manager Internal Compliance	-	-

(iii) Top five salaried persons other than CEO, CFO, CS & HIA

Name of the Executives	Status	No. of Shares held	Percent (%)
Mr. A. Farjad Ahmed	Head of Operations	-	-
Mr. Hassan I. Yussouf	Head of IT	-	-
Mr. Tanvir Ahmad	Head of Human Resources	-	-
Mr. A. K. M. Tanvir Kamal	Head of Credit	-	-
Mr. Nasimul Baten	Head of Home Loans	-	-

(iv) Shareholders holding 10% or more voting interest in the Company:

Name of the Shareholder	No. of Shares held	(%)
Delta Life Insurance Company Limited	715,000	20.37
BRAC	714,998	20.37
Green Delta Insurance Company Limited	571,999	16.30
HDFC Investments Limited	429,000	12.22
International Finance Corporation	429,000	12.22



Audit Committee Report

The Board Members to assist the Board in discharging its responsibilities formed Audit Committee in 2006. The Audit Committee oversees the development of sound corporate governance practices; financial reporting and developing a robust internal control system introduced to minimize various business risks.

According to the Bangladesh Bank and SEC's guidelines, the Audit Committee is a sub committee of the Board. The Committee reports on its activities to the Board of Directors. The Company Secretary of the Company is the Secretary of the Audit Committee. The Manager Internal Control & Compliance concurrently reports to Managing Director as well as to the Audit Committee. The Audit Committee of DBH is comprised of five members of the Board of Directors.

The committee consists of the following five members of the Board, and is headed by a Director with professional background in the relevant fields:

The composition of present Audit Committee is as under:

1. Mr. Nasir A. Choudhury
2. Dr. Syed Mukarram Ali
3. Mr. Faruq A Choudhury
4. Mr. Mohammed Syedul Islam
5. Mr. Q. M. Shariful Ala

The audit committee assists the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Company. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks; through the audit process.

The Committee normally meets quarterly, however, during 2008-09, 2 (two) Committee meetings were held. The main objectives of the Audit Committee are:

Financial Reporting:

- Improve financial reporting quality, focus on changes in accounting practices, significant adjustments resulting from audit and compliance with accounting standards;
- In case of financial reporting the income must not be over accrued and the expenses are not hidden or capitalized and the off-balance sheet activities do not have any material effect on the situation.

Control:

- To appraise, improve and reinforce the control environment;
- To review Company's system risk analysis and ensure that they work in a cost effective manner;
- To introduce and maintain of sound financial reporting system.

Internal and External Auditor:

- To improve the communication of Internal and External Auditors and maintenance of independency of these two groups;
- To ensure the direct access by the Chairman of the Committee to any employee record as the Internal or External Auditor's requests;
- To review periodically the remuneration and the performance of the External Auditors;
- To assure the uncompromising independency of External Auditors;
- To promote the efficacy of Internal Audit and support it;
- To receive on behalf of the Board relevant extracts from internal audit reports and draw the attention of the CEO and the Board if any matters to them;
- To seek advise regarding the latest development of accounting and auditing in international arena.

Adhere to laws, regulation and guidance:

- To review External Auditors' letter to management and management responses;
- To review compliance with the rules and observations of the regulatory agencies, monitor the Company's response and report material deficiencies to the Board;
- To receive periodical report and take appropriate action;
- Members of the Audit Committee, other Executives and Managers must recognize that the responsibilities resting upon the Committee are numerous and heavy;
- The Committee may have observations on particular people and should make these known to those responsible, however, they must remember that the responsibility for the competence of management rests with line managers and ultimately with the CEO;
- To commission and receive reports about the reappointment and remuneration of the external auditors and submit their conclusions to the Annual General Meeting;
- Chairman of the Committee should be in attendance to respond to questions



Nasir A. Choudhury
Chairman
Audit Committee

AUDITORS' REPORT

To the shareholders of Delta Brac Housing Finance Corporation Limited

We have audited the accompanying balance sheet of Delta Brac Housing Finance Corporation Limited as of 30 June 2009 and the related profit and loss account, statement of cash flows and statement of changes in equity for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as of 30 June 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, Financial Institutions Act 1993, Securities and Exchange Rules 1987, the rules and regulations issued from time to time by Bangladesh Bank and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c) the Company's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 46 thereto dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred and payments made were for the purposes of the Company's business;
- e) adequate provisions have been made for housing loans considered to be doubtful;
- f) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- g) the Company has followed the instructions issued by the Bangladesh Bank in the matters of housing loans classification, provisioning, and suspension of interest; and
- h) the Company has so far complied with the relevant laws pertaining to reserves and maintenance of liquid assets.

Dhaka
Date: 09 Sep 2009


Chartered Accountants



Delta Brac Housing Finance Corporation Limited

Balance Sheet

as at 30 June 2009

	Notes	2008-2009 Taka	2007-2008 Taka
ASSETS			
Non-Current Assets			
Property, plant & equipment	3	45,503,286	39,396,603
Intangible assets	4	852,573	161,509
Loans - secured	5	12,182,417,181	9,014,077,142
Deferred tax asset	9	33,199,008	30,292,729
Current Assets			
Accounts receivable	6	99,343,056	77,299,672
Advances, deposits & prepaid expenses	7	18,453,237	23,470,662
Current maturity of loans	5	1,058,206,916	776,749,641
Advances against deposits		269,195,145	196,987,037
Investment in marketable securities	8	71,943,526	-
Cash & cash equivalents	10	2,606,567,229	853,736,350
		4,123,709,109	1,928,243,362
Total Assets		16,385,681,157	11,012,171,345
EQUITY & LIABILITIES			
Shareholders' Funds			
Share capital	11	351,040,000	270,040,000
Share premium account	12	154,960,000	154,960,000
		506,000,000	425,000,000
Reserves & surplus			
Statutory reserve	13	204,885,128	158,106,668
Contingency reserve	14	200,000,000	140,000,000
General reserve	15	18,000,000	18,000,000
Dividend equalisation reserve		15,000,000	-
		437,885,128	316,106,668
Retained earnings	36	123,028,074	101,914,234
		560,913,202	418,020,902
Total equity		1,066,913,202	843,020,902
Non-Current Liabilities			
Subordinated loan - unsecured	16	14,961,400	22,442,100
Long term loans - net of current maturity	17	2,580,510,511	1,557,776,444
Non-convertible zero coupon bonds	18	327,018,281	301,552,873
Deposits	19	10,559,474,690	7,393,717,209
Liabilities under finance lease net of current maturity	20	6,173,187	1,280,133
Provision for loans & investment	21	216,237,991	170,788,351
Total non-current liabilities		13,704,376,060	9,447,557,110
Current Liabilities			
Provision for income tax	22	32,611,843	118,374,607
Other liabilities & provisions	23	90,166,499	89,606,115
Current maturity of long term loans	24	416,378,474	396,265,444
Accounts payable	25	71,006,762	26,287,250
Bank overdrafts	26	379,228,317	91,059,917
Short term loans	27	625,000,000	-
Total current liabilities		1,614,391,895	721,593,333
Total equity and liabilities		16,385,681,157	11,012,171,345

The accompanying notes form an integral part of the financial statements.


Faruq A. Choudhury
Chairman



Dr. Syed Mukarram Ali
Director


Q. M. Shariful Ala
Managing Director


S. H. Aslam Habib
Company Secretary

Signed in terms of our report of even date annexed.

Date: 09 Sep 2009


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Delta Brac Housing Finance Corporation Limited

Profit & Loss Account

For the year ended 30 June 2009

	<u>Notes</u>	2008-2009 Taka	2007-2008 Taka
Operating revenue			
Interest income	28	1,864,562,141	1,508,842,618
Fees and other charges on loans		82,425,005	78,871,739
Income from investment in marketable securities	29	3,106,250	-
Other income		80,000	70,000
		1,950,173,396	1,587,784,357
Operating expenses			
Interest expenses	30	1,302,624,132	1,063,714,333
General & administrative expenses	31	162,122,283	138,646,632
Professional fees	32	500,036	553,298
Depreciation on property, plant and equipment	3	8,465,014	8,100,835
Amortization of intangible assets	4	99,789	53,836
		1,473,811,254	1,211,068,934
Profit before provisions		476,362,142	376,715,423
Provisions for loans:	21		
General		34,743,807	24,323,115
Specific		10,274,692	34,525,811
		45,018,499	58,848,926
Operating profit		431,343,643	317,866,497
Non-operating income / (expenses)			
Profit/(loss) on disposal of property, plant and equipment		961,361	(160,706)
Non operating income	33	657,569	25,680,571
Donation paid to Chief Advisor's Relief Fund		-	(1,000,000)
		1,618,930	24,519,865
Profit before tax		432,962,573	342,386,362
Less: Income tax expense			
Current tax	22	201,976,552	182,051,677
Deferred tax income	9	(2,906,279)	(16,149,008)
		199,070,273	165,902,669
Profit after tax available for appropriation	36	233,892,300	176,483,693
Earnings per share	37	64	47

The accompanying notes form an integral part of the financial statements.


Faruq A. Choudhury
Chairman



Dr. Syed Mukarram Ali
Director


Q. M. Shariful Ala
Managing Director


S. H. Aslam Habib
Company Secretary

Signed in terms of our report of even date annexed.

Date: 09 Sep 2009


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Delta Brac Housing Finance Corporation Limited

Cash Flow Statement (Direct Method)

For the year ended 30 June 2009

	2008-2009 Taka	2007-2008 Taka
<i>Cash flows from operating activities:</i>		
Collection from operational income	1,931,282,660	1,589,848,228
Payment for operational expenses	(1,311,269,962)	(1,210,733,606)
Cash flows from operating profits before changes in operating assets and liabilities	620,012,698	379,114,622
Changes in operating assets and liabilities:		
Advances, deposits & prepaid expenses	5,017,425	(9,805,410)
Advances against deposits	(72,208,108)	(81,612,629)
Loans	(3,449,797,314)	(2,426,227,459)
Investment in marketable securities	(71,943,526)	-
Other liabilities & provisions	(2,615,764)	24,674,456
Term Loan	1,042,847,096	382,581,029
Short-term loan	625,000,000	(670,000,000)
Deposits	3,081,965,914	964,575,029
Net cash from operating activities before income tax	1,778,278,421	(1,436,700,362)
Advance payment of tax	(287,739,316)	(123,023,376)
Net cash inflow/(outflow) from operation	1,490,539,105	(1,559,723,738)
<i>Cash flows from investing activities:</i>		
Purchase of property, plant & equipment	(9,088,325)	(5,723,727)
Acquisition of intangible assets	(820,095)	-
Sale proceed of property, plant & equipment	2,107,231	150,000
Net cash outflow from investing activities	(7,801,189)	(5,573,727)
<i>Cash flows from financing activities:</i>		
Repayment of subordinate loan	(7,480,700)	(7,480,700)
Receipt from issue of non-convertible zero coupon bond	-	300,000,000
Repayment of debentures	-	(9,285,692)
Financial lease obligation	(594,737)	(301,411)
Receipt from issue of ordinary shares with premium	-	105,000,000
Dividend paid on preference shares	(10,000,000)	(9,410,000)
Dividend paid on ordinary shares	-	(66,000,000)
Net cash inflow from financing activities	(18,075,437)	312,522,197
Net inflow / (outflow) in cash & cash equivalents	1,464,662,479	(1,252,775,268)
Cash & cash equivalents (net off bank overdrafts) at the beginning of the year	762,676,433	2,015,451,701
Cash & cash equivalents (net off bank overdrafts) at the end of the year	2,227,338,912	762,676,433

The accompanying notes form an integral part of the financial statements.


Faruq A. Choudhury
Chairman


Dr. Syed Mukarram Ali
Director


Q. M. Shariful Ala
Managing Director


S. H. Aslam Habib
Company Secretary

Delta Brac Housing Finance Corporation Limited

Statement of Changes in Equity

For the year ended 30 June 2009

Particulars	Share Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained Earnings	Total
Balance as on 01 July 2007	220,040,000	99,960,000	122,809,929	118,000,000	76,727,280	637,537,209
Net profit for the year ended 30 June 2008	-	-	-	-	176,483,693	176,483,693
Transferred to reserve funds	-	-	35,296,739	40,000,000	(75,296,739)	-
Dividend paid for previous year	-	-	-	-	(66,000,000)	(66,000,000)
Ordinary share issue at Premium	50,000,000	55,000,000	-	-	-	105,000,000
Preference share dividend	-	-	-	-	(10,000,000)	(10,000,000)
Balance as on 30 June, 2008	270,040,000	154,960,000	158,106,668	158,000,000	101,914,234	843,020,902
Net profit for the year ended 30 June 2009	-	-	-	-	233,892,300	233,892,300
Transferred to reserve funds	-	-	46,778,460	75,000,000	(121,778,460)	-
Issue of Bonus Share	81,000,000	-	-	-	(81,000,000)	-
Preference share dividend	-	-	-	-	(10,000,000)	(10,000,000)
Balance as on 30 June 2009	351,040,000	154,960,000	204,885,128	233,000,000	123,028,074	1,066,913,202

The accompanying notes form an integral part of the financial statements.


Faruq A. Choudhury
Chairman


Dr. Syed Mukarram Ali
Director


Q. M. Shariful Ala
Managing Director


S. H. Aslam Habib
Company Secretary

Delta Brac Housing Finance Corporation Limited

Notes to the Financial Statements

For the year ended 30 June 2009

1 COMPANY AND ITS ACTIVITIES

(a) Legal status

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as "DBH" or "the Company") was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company raised additional capital of Tk. 105,000,000 including premium of Tk. 55,000,000 through Initial Public Offering in 2007-08 and the shares of the Company are listed in the stock exchanges in Bangladesh.

(b) Nature of business

i) The principal activities of the Company during the year were providing loans for construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots. The Company also provides services for purchase, sale and transfer of real estate assets.

ii) The Company has also various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income, monthly income deposit, easy way deposit, profit first deposit etc. for its individual and corporate clients.

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Accounting convention and basis

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP). The preparation and presentation of the financial statements and the disclosures thereto have been made in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

2.02 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2.03 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the DBH has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.04 Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign



currencies are translated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.

2.05 Property, plant & equipment

Property, plant & equipment are recorded at historical cost less accumulated depreciation. These are depreciated on reducing balance method using the following rates:

<u>Category of assets</u>	<u>Rates of depreciation per annum</u>
Furniture & Fixture	15% - 20%
Equipment	20% -25%
Vehicles	20%
Building	3%
Land	Not depreciated

Pursuant to BAS - 17 "Leases" fixed asset (motor vehicle) acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreement and the fair value of asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in manner so as to provide a constant rate of charge on the outstanding liability.

Depreciation on newly acquired assets are calculated from the month of acquisition and depreciation on assets disposed of is charged up to the month of disposal.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and carrying amount of the asset and is recognized in profit or loss.

2.06 Intangible assets

Intangible assets (computer software) are recorded at historical cost less accumulated amortization. These are amortized on reducing balance method using the rate at 25%.

2.07 Loans - secured

Repayment of mortgage loans is made by way of Equated Monthly Installments (EMI) consisting of principal and interest. There are two modes of interest calculation on loans i.e., monthly reducing or annual reducing method as per loan agreement between customer and DBH. Effective interest rate is same as the rate quoted in case of monthly reducing method but higher under annual reducing method. EMI commences once the entire loans are disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month.

2.08 Investment in marketable securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis under Bangladesh Accounting Standard (BAS) 25 "Accounting for Investment." Full provision for diminution in value of shares as on closing of the year on an individual investment basis has been made in the account.

2.09 Cash and cash equivalents

Cash and cash equivalents consist of cash, FDR and bank balances. For the purpose of statement of cash flow, cash and cash equivalents are prepared net off bank overdrafts.

The statement of cash flows is prepared using the direct method as stipulated in Bangladesh Accounting Standard - 7 "Cash Flow Statements"

2.10 Revenue recognition

Interest income

Interest income from loans - secured is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset (Loans-secured) to that asset's net carrying amount.

All other interest income is recognized on accrual basis except interest of the loan accounts considered as non-performing. Interest income is suspended and full provision is made against the interest receivables on all non-performing loans when the installments are outstanding for more than six months or any other accounts which are considered doubtful of recovery.

Fees and other charges on loans

Receipt of loan processing/servicing fees are recognized as income on the date of receipt while the refund there against, if applicable, are set off with income during the year of refund.

Dividend income and profit/(loss) on sale of marketable securities

Dividend income is recognised on accrual basis in the period in which the dividend is declared whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realised and loss is incurred.

2.11 Interest suspense account

Interest on non-performing loans is not recognized as revenue and credited to interest suspense account.

2.12 Retirement benefit costs

i) Gratuity scheme

The Company has a funded gratuity scheme for all eligible employees who complete minimum 5 years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees. Actuarial valuation of the gratuity scheme was made in 2008 to assess the adequacy of the liability for the scheme as per Bangladesh Accounting Standard - 19 "Employee Benefits".

Following benefits are payable on retirement, death or leaving service:

Less than 5 year of service - Nil

Service between 5 and 10 year - One month's last drawn basic pay for every completed year of service



On completion of 10 years service and above - Two month's last drawn basic pay for every completed year of service

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

The Company has a contributory provident fund for its regular employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is contributed equally by the Company and the employees.

2.13 Taxation

Current tax

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and the relevant Finance Act 2009. Applicable rate of income tax for financial institute was changed from 45% to 42.5%.

Deferred tax

Pursuant to BAS - 12 "Income Taxes" deferred tax is provided using the asset & liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax as the same rate is expected to be applicable at the time of settlement/adjustment of deferred tax asset or liability.

2.14 Provision for loans

The Company's policy is to ensure that the balance of provision for loans is adequate to cover the principal amount in respect of non-performing loans when the installments are outstanding for more than six months and any other accounts which are considered doubtful of recovery. Amount provided in the accounts is higher than regulatory requirement.

2.15 Interest expense

The Company has incurred interest expenses on account of term loan, deposit, debenture, overdraft and short term loan. The Company changed the basis of calculation of interest on deposit from 365 days to 360 days as per Bangladesh Bank's guideline and new policy was partially implemented during financial year 2008-2009.

2.16 Earnings per share

Earnings Per Share (EPS) has been calculated in accordance with Bangladesh Accounting Standard - 33 "Earnings Per Share" and shown on the face of profit and loss account.

2.17 Branch accounting

The Company has six offices (head office & five branches), with no overseas branch as on June 30, 2009. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

3 PROPERTY, PLANT & EQUIPMENT - at cost less accumulated depreciation

Particulars	C O S T			D E P R E C I A T I O N					Written down value of 30 June 2009
	Balance as on 1 July 2008	Additions during the year	Disposals during the year	Balance as at 30 June 2009	Balance as on 1 July 2008	Charged for the year	Adjustment on disposals	Balance as at 30 June 2009	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Free hold assets:									
Furniture & fixture	25,204,618	3,032,128	-	28,236,746	10,772,142	2,955,452	-	13,727,594	14,509,152
Equipment	29,671,428	5,880,964	517,600	35,034,792	14,442,796	4,020,915	358,451	18,105,260	16,929,532
Vehicles	9,243,245	175,233	3,484,000	5,934,478	5,903,264	632,692	2,526,521	4,009,435	1,925,043
Building	4,785,450	-	-	4,785,450	1,053,689	111,952	-	1,165,641	3,619,809
Land	1,143,750	-	-	1,143,750	-	-	-	-	1,143,750
	70,048,491	9,088,325	4,001,600	75,135,216	32,171,891	7,721,011	2,884,972	37,007,930	38,127,286
Lease hold assets:									
Motor vehicle	2,000,000	6,600,000	-	8,600,000	479,997	744,003	-	1,224,000	7,376,000
Total 2009	72,048,491	15,688,325	4,001,600	83,735,216	32,651,888	8,465,014	2,884,972	38,231,930	45,503,286
Total 2008	67,385,257	5,723,727	1,060,493	72,048,491	25,300,840	8,100,835	749,787	32,651,888	39,396,603



	2008-2009 <u>Taka</u>	2007-2008 <u>Taka</u>
4 INTANGIBLE ASSETS - at cost less accumulated amortization		
Intangible assets (Computer software) at cost:		
Balance as on 01 July	443,600	443,600
Add: Addition during the year	820,095	-
Less: Adjustment/disposal during the year	103,500	-
Balance as at 30 June	1,160,195	443,600
Accumulated amortization:		
Balance on 01 July	282,091	228,255
Add: Charged during the year	99,789	53,836
Less: Adjustments/disposal during the year	74,258	-
	307,622	282,091
Balance as at 30 June	852,573	161,509
5 LOANS - secured		
Individuals	12,877,561,924	9,471,509,032
Corporate bodies	363,062,173	319,317,751
	13,240,624,097	9,790,826,783
Less:		
Transferred to current assets being current maturity of loans	1,058,206,916	776,749,641
	12,182,417,181	9,014,077,142
Loans granted by the Company are secured by registered / equitable mortgage of property and/or guarantee against which loans were approved.		
6 ACCOUNTS RECEIVABLE		
Installments due from borrowers	55,173,437	26,087,789
Interest receivable on fixed deposits	40,000,279	16,837,060
Interest receivable on STD accounts	-	34,079,470
Sundry receivable	4,169,340	295,353
	99,343,056	77,299,672
7 ADVANCES, DEPOSITS & PREPAID EXPENSES		
Loans and advances to employees	7,677,359	5,790,287
Advance to suppliers	1,554,494	5,266,263
Security deposits	796,650	617,450
Advance office rent	6,813,037	10,853,505
Pay-order in hand	744,200	659,400
Stamps in hand	867,497	283,757
	18,453,237	23,470,662
Loans and advances includes car loan given to employees under the car loan scheme of the company to the tune of Tk 7,617,792.		

8 INVESTMENT IN MARKETABLE SECURITIES	2008-2009 Taka		2007-2008 Taka
	Market Value	At Cost	At Cost
Investment in Shares of Listed Companies	80,331,990	71,943,526	-
Details of marketable securities are given below:			-
Name of company	Value at Market Price	Value at Cost	Value at Cost
Eastland Insurance Company Limited	2,637,300	2,613,986	-
Realliance Insurance Limited	897,750	857,280	-
United Leasing Company	1,590,000	1,516,073	-
ICB AMCL First NRB Mutual Fund	3,599,025	3,522,601	-
Bangladesh General Insurance Company	526,680	429,415	-
Meghna Cement Mills Ltd.	2,340,900	2,236,861	-
Shahjalal Bank Ltd	642,500	526,049	-
British American Tobacco Bangladesh Company Limited	1,676,250	1,535,852	-
Bata Shoe Co. (Bangladesh) Ltd.	1,003,400	856,454	-
Padma Oil Company Limited	3,933,000	3,756,780	-
Dhaka Bank Ltd.	1,995,000	1,799,366	-
Southeast Bank Ltd.	1,132,000	907,290	-
ICB Islamic Mutual Fund	2,424,375	2,188,314	-
Mutual Trust Bank Ltd.	1,493,625	1,192,024	-
NCC Bank Ltd.	1,580,000	1,277,781	-
ICB 1st NRB Mutual Fund	3,703,275	3,382,961	-
ICB 2nd NRB Mutual Fund	3,289,500	2,942,995	-
BOC Bangladesh Limited	2,921,000	2,520,237	-
Prime Bank Ltd.	2,293,200	1,863,017	-
Dhaka Electric Supply Company Limited	6,349,500	5,804,816	-
Pubali Bank Ltd.	3,091,110	2,479,333	-
Heidelberg Cement Bangladesh Limited	3,560,000	2,944,161	-
Square Pharmaceuticals Ltd.	3,186,650	2,465,668	-
Prime Finance & Investment Limited	4,408,000	3,665,030	-
Titas Gas Transmission and Distribution Company Ltd.	3,858,900	2,970,585	-
Power Grid Company Ltd	4,551,550	3,609,956	-
Progressive Life Insurance Company Limited	3,597,500	3,897,865	-
Meghna Life Insurance Company Limited	3,450,000	3,545,359	-
1ST BSRS Mutual Fund	4,600,000	4,635,417	-
	80,331,990	71,943,526	-

All investment in marketable shares are valued on an aggregate portfolio basis at the lower of cost and market value at the balance sheet date and adequate provision for future probable losses as per Bangladesh Bank guideline has been made. Market value has been determined on the basis of the value of securities at last trading date of June 2009 (last trading date of was June 30, 2009).

As on June 30, 2009 there were Tk. 8,388,464 of net unrealised gain on investment in marketable listed shares.



9 DEFERRED TAX ASSET

Deferred tax asset has been recognized in accordance with the provisions of BAS - 12 "Income Taxes" based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base. Related tax expense and income has been shown in accompanying profit and loss account.

	2008-2009 Taka	2007-2008 Taka
Carrying amount of fixed assets (excluding leased vehicle and land)	37,836,112	36,894,359
Less: Value of vehicles above Tk. 1 million in accordance with proviso under clause g, subparagraph - 3, paragraph - 11 of 3rd schedule of ITO 1984 being permanent difference	571,382	714,227
	37,264,730	36,180,132
Tax base value of fixed assets	32,138,940	30,680,161
Taxable temporary difference - (A)	(5,125,790)	(5,499,971)
Carrying amount of leased vehicle	7,376,000	1,520,003
Lease obligation	7,635,262	1,629,999
Deductible temporary difference - (B)	259,262	109,996
Carrying amount of provision for doubtful loans	77,418,995	69,582,595
Tax base	-	-
Deductible temporary difference - (C)	77,418,995	69,582,595
Carrying amount of provision for doubtful receivables	5,562,848	3,124,556
Tax base	-	-
Deductible temporary difference - (D)	5,562,848	3,124,556
Total deductible temporary differences - (A+B+C+D)	78,115,315	67,317,176
Applicable tax rate	42.5%	45%
Deferred tax asset	33,199,008	30,292,729
Deferred tax asset in previous year	30,292,729	14,143,721
	2,906,279	16,149,008
Deferred tax income for the year	33,199,008	30,292,729

		2008-2009	2007-2008
		Taka	Taka
10 CASH & CASH EQUIVALENTS			
Cash in hand		59,719	77,176
Balance with Bangladesh bank:			
Local currency		242,408,815	152,458,878
Foreign currency (Lien to Sonali Bank Ltd.)		52,269,018	78,334,311
Balances with other scheduled banks :			
Current account		12,269,514	44,985,529
Short-term deposits		123,697,112	38,718,900
Fixed deposits		2,175,863,051	539,161,556
		2,606,567,229	853,736,350
11 SHARE CAPITAL			
11.1 Authorized capital			
4,995,000 Ordinary shares of Tk. 100 each		499,500,000	499,500,000
5,000 Preference shares of Tk. 100 each		500,000	500,000
		500,000,000	500,000,000
11.2 Issued, subscribed, called and paid-up capital			
(a) Ordinary shares			
2,700,000 Ordinary shares of Taka 100 each		270,000,000	220,000,000
(2007-2008: 2,200,000 Ordinary shares of Taka 100 each)			
500,000 Ordinary shares of Tk. 100 each through public offering		-	50,000,000
810,000 Ordinary shares Taka 100 each issued as bonus shares		81,000,000	-
		351,000,000	270,000,000
(b) Preference shares			
400 Shares of Tk. 100 each (issued at a premium of Tk. 249,900 per share in cash)		40,000	40,000
		351,040,000	270,040,000
11.3 Paid-up capital of the Company is held by the following shareholders			
a) Ordinary shares			
Local shareholders:		2008-2009	
		No. of shares	Taka
Delta Life Insurance Company Limited		715,000	71,500,000
BRAC		714,998	71,499,800
Green Delta Insurance Company Limited		571,999	57,199,900
General shareholders		650,003	65,000,300
Sub-total (a):		2,652,000	265,200,000
Foreign shareholders:			
International Finance Corporation (IFC), USA		429,000	42,900,000
HDFC Investments Ltd (HIL), India		429,000	42,900,000
		858,000	85,800,000
Sub-total (b):		3,510,000	351,000,000
b) Preference shareholders *			
Industrial Promotion and Development Company of Bangladesh Ltd.		400	40,000
Sub-total (b):		400	40,000
Sub-total (a+b):		3,510,400	351,040,000



* Preference shares

Pursuant to a subscription agreement executed with the Industrial Promotion and Development Company of Bangladesh Limited (IPDC) on 31 December 2000 the Company issued redeemable and cumulative preference shares carrying preferential rights which is liable to be redeemed on 01 July 2014 including the premium amount of Tk. 249,900 per share as per terms of the subscription agreement and the subsequent amendment thereto.

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

Shareholding range	No of share holder	No of share	% of share holding
1-500	1960	167,313	4.77%
501-5000	147	186,015	5.30%
5001-10000	9	63,155	1.80%
10001-20000	12	174,090	4.96%
20001-30000	1	24,930	0.71%
30001-40000	1	34,500	0.98%
40001-50000	0	-	0.00%
50001-100000	0	-	0.00%
100001-10000000	5	2,859,997	81.48%
	2135	3,510,000	100%

12 SHARE PREMIUM ACCOUNT

	2008-2009 <u>Taka</u>	2007-2008 <u>Taka</u>
Preference shares	99,960,000	99,960,000
Ordinary shares	55,000,000	55,000,000
	154,960,000	154,960,000

Share premium of Tk 99,960,000 represents premium on 400 preference shares of Tk 100 each @ Taka 249,900 per share with a restriction not to apply the proceeds of share premium towards payment of any bonus share to the shareholders of the Company according to the subscription agreement executed thereon.

Share premium of Tk. 55,000,000 represents premium on 500,000 ordinary shares of Tk. 100 each @ 110 per share raised through public offering during the year 2007-08.

13 STATUTORY RESERVE

Balance as on 1 July	158,106,668	122,809,929
Add: Addition during the year (20% of pretax profit)	46,778,460	35,296,739
Balance at 30 June	204,885,128	158,106,668

This reserve has been created as per the provisions of Financial Institution Rules 1994.

	2008-2009	2007-2008
	<u>Taka</u>	<u>Taka</u>
14 CONTINGENCY RESERVE		
Balance as on 1 July	140,000,000	100,000,000
Add: Addition during the year	60,000,000	40,000,000
Balance at 30 June	200,000,000	140,000,000

The Company maintains a contingency reserve to meet any future contingencies and various risks, inherent to the nature of business of the company.

15 GENERAL RESERVE		
Balance as on 1 July	18,000,000	18,000,000
Add: Addition during the year	-	-
Balance at 30 June	18,000,000	18,000,000

16 SUBORDINATED LOAN - unsecured		
Balance as on 1 July	22,442,100	29,922,800
Less: Current portion of the loan	7,480,700	7,480,700
	14,961,400	22,442,100

The Company received a subordinated loan of EUR 1 million (BDT 67.32 million) in equivalent Taka from Netherlands Development Finance Company (FMO) in 2003. The subordinated loan is unsecured and is to be paid in local currency over a term of 10 years including a grace period of 1 year.

17 LONG TERM LOANS

The break-up of the term loans are as follows:

Secured long-term loan:

	<u>Term</u>		
Uttara Bank Limited	5 years	247,348,192	319,263,847
Sonali Bank Limited	10 years	51,010,000	76,730,000
Pubali Bank Limited	5 years	330,000,000	430,000,000
Commercial Bank of Ceylon Limited	5.5 years	89,980,000	-
Netherlands Development Finance Company (FMO)(Note-17.1)	10 years	548,547,350	637,396,467

Foreign Currency Loan

International Finance Corporation (IFC) (Note-17.2)	10 years	52,130,583	78,195,874
		1,319,016,125	1,541,586,188

Less: Transferred to current liabilities being current maturity
(Note - 24)

342,739,583	313,033,757
976,276,542	1,228,552,431

Unsecured long-term loan:

Mercantile Bank Limited	3 years	11,250,000	93,750,000
Bangladesh Bank housing loan refinance	Up to 20 years	1,659,142,160	311,225,000
		1,670,392,160	404,975,000

Less: Transferred to current liabilities being current maturity
(Note - 24)

66,158,191	75,750,987
1,604,233,969	329,224,013
2,580,510,511	1,557,776,444



The aforesaid long-term secured loans except loan from Sonali Bank Ltd. are secured by first charge on Company's all present and future movable and immovable assets including book debts ranking pari-passu security charges with other lenders of the Company. Loan from Sonali Bank Ltd. is secured by lien over foreign exchange deposits with Bangladesh Bank.

17.1 FMO Taka Loan

The Company received a term loan of EUR 3.5 million (BDT 235.64 million) in 2003, in equivalent Taka, repayable in Taka currency over 10 years including a grace period of 1 year from Netherlands Development Finance Company (FMO) and EUR 1 million (BDT 67.32 million) has been received as subordinated loan (Note - 16).

The company received further term loan of EUR 6.0 million, in equivalent Taka repayable in Taka currency over 10 years including a grace period of 1 year from FMO in 2007.

17.2 IFC Loan

The Company was sanctioned a term loan of US \$ 2.5 million repayable in foreign currency over 10 years with a grace period of 5 years from International Finance Corporation (IFC). Out of the loan sanctioned, the Company has availed of US \$ 2.345 million in 2002. Outstanding loan at 30 June 2009 is US \$ 762,143.

17.3 Term Loan Repayment mode and Maturity date

<u>Name of the Party</u>	<u>Repayment</u>	<u>Maturity</u>
International Finance Corporation	Quarterly equal amortization	June 2011
Netherlands Development Finance Company (FMO)		
FMO Taka 1	Half yearly equal amortization	April 2012
FMO Taka 2	Half yearly equal amortization	October 2016
Sonali Bank Limited	Quarterly equal amortization	June 2011
Uttara Bank Limited	Quarterly equal installment	June 2011
Mercantile Bank Limited	Quarterly equal amortization	September 2009
Pubali Bank Limited	Half yearly equal amortization	November 2012
Bangladesh Bank housing loan refinance	Quarterly equal amortization	Oct-2027 to June-2029
Commercial Bank of Ceylon Limited	Monthly equal amortization	December 2014

18 NON-CONVERTIBLE ZERO COUPON BONDS

327,018,281	301,552,873
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The above bonds are secured by first charge on Company's all present and future moveable and immoveable assets ranking pari-passu security charges with other lenders of the Company. The first redemption will be on the the expiry of 15th months and thereafter every quarter till the maturity up to 5 years in June 2013.

19 DEPOSITS

Balance as on 01 July	6,763,631,215	5,799,056,186
New deposits	9,736,479,740	6,171,777,872
	16,500,110,955	11,970,834,058
Repayments made during the year	6,654,513,826	5,207,202,843
	9,845,597,129	6,763,631,215
Interest payable on deposits	713,877,561	630,085,994
Balance as at 30 June	10,559,474,690	7,393,717,209

19.1 Residual maturity grouping of deposits (excluding interest payable) are as follows:

	2008-2009	2007-2008
	<u>Taka</u>	<u>Taka</u>
Repayable within one year	8,135,272,030	5,567,443,881
Over one year but within five year	1,107,340,479	906,526,155
Over five year but within ten year	598,342,120	286,132,129
Over ten year	4,642,500	3,529,050
	9,845,597,129	6,763,631,215

20 LIABILITIES UNDER FINANCE LEASE

Balance as on 1 July	1,629,999	1,931,410
Add: addition during the year	6,600,000	-
	8,229,999	1,931,410
Less: Repayment during the year	594,737	301,411
	7,635,262	1,629,999
Less: transferred to current liabilities being current maturity	1,462,075	349,866
Balance at 30 June	6,173,187	1,280,133

21 PROVISION FOR LOANS & INVESTMENT

A. Specific

Balance as on 1 July	72,707,151	38,181,340
Transferred from Profit & Loss Account	10,274,692	34,525,811
Balance at 30 June	82,981,843	72,707,151

B. General

Balance as on 1 July	98,081,200	73,758,085
Transferred from Profit & Loss Account	34,743,807	24,323,115
Balance at 30 June	132,825,007	98,081,200

As per policy prescribed by Bangladesh Bank, the General provision for loans amounts to 1% of the outstanding balance of standard / unclassified housing loans as on June 30, 2009.

C. Investment in marketable securities

Provision for decrease in value of marketable securities	431,141	-
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As per Bangladesh Bank guideline, provision has been made for shares whose market value is less than cost price.

Total (A + B + C)	216,237,991	170,788,351
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22 PROVISION FOR INCOME TAX

	2008-2009 <u>Taka</u>	2007-2008 <u>Taka</u>
Balance as on 1 July	118,374,607	59,346,306
Addition during the year (Current tax)	201,976,552	182,051,677
Advance tax paid	(287,739,316)	(123,023,376)
Balance as at 30 June	32,611,843	118,374,607

23 OTHER LIABILITIES & PROVISIONS

Sundry creditors	28,031,645	26,864,026
Stale cheques with customers/vendors	8,017,618	3,816,832
Payable to clients	18,934,969	23,943,414
Payable to gratuity fund	-	7,191,027
Payable for tax consultancy	213,750	422,750
TDS payable	10,826,255	3,201,585
VAT payable	1,259,020	1,519,129
Current maturity of Financial lease obligation	1,462,075	349,866
Interest suspense account	7,733,966	5,670,028
Liability for expenses	3,530,451	6,496,833
Annual audit & tax fees	156,750	130,625
Preference share dividend payable (Note-37)	10,000,000	10,000,000
	90,166,499	89,606,115

24 CURRENT MATURITY OF LONG TERM LOANS

Balance due within one year:		
Term loans		
Secured long term loan	342,739,583	313,033,757
Unsecured long term loan	66,158,191	75,750,987
Subordinated loan	7,480,700	7,480,700
	416,378,474	396,265,444

25 ACCOUNTS PAYABLE

Interest payable on term loan	70,183,366	26,287,250
Call interest payable	823,396	-
	71,006,762	26,287,250

26 BANK OVERDRAFTS

	2008-2009	2007-2008
	<u>Taka</u>	<u>Taka</u>
Prime Bank Limited	61,593	13,369,076
Commercial Bank of Ceylon Limited	323,897,454	77,126,879
Citi Bank N.A	27,745,756	563,315
HSBC	22,160,829	-
Standard Chartered Bank	5,362,685	-
Dhaka Bank Limited	-	647
	379,228,317	91,059,917

Overdraft facility of Prime Bank Ltd is secured by way of lien over FDR worth Tk. 20 Crore and overdraft facility of Commercial Bank of Ceylon Limited is secured by first charge on Company's all present and future moveable and immovable assets including book debts ranking pari-passu security charges with other lenders of the Company. Overdraft facility of Citi N.A, HSBC, and Standard Chartered Bank is secured by way of lien over FDR. Unutilized overdraft balance as at June 30, 2009 is amounting to Tk. 369,771,683.

27 SHORT TERM LOANS

These represent call loans from following banks:

The City Bank Limited	65,000,000	-
Dhaka Bank Limited	50,000,000	-
National Bank Limited	50,000,000	-
Standard Bank Limited	50,000,000	-
Sonali Bank Limited	50,000,000	-
Mercantile Bank Limited	50,000,000	-
Jamuna Bank Limited	90,000,000	-
Premier Bank Limited	90,000,000	-
Brac Bank Limited	50,000,000	-
Bangladesh Commerce Bank Limited	50,000,000	-
IFIC Bank Limited	30,000,000	-
Balance as at 30 June	625,000,000	-

28 INTEREST INCOME

Interest on loans	1,706,336,064	1,286,846,384
Interest on fixed deposits	124,323,263	196,598,627
Interest on short-term deposits	3,790,385	1,427,755
Interest on advance against deposits	29,045,347	20,061,017
Interest on Bangladesh Bank foreign exchange deposit	1,067,082	3,908,835
	1,864,562,141	1,508,842,618



29 INCOME FROM INVESTMENTS IN MARKETABLE SECURITIES

	2008-2009 Taka	2007-2008 Taka
Gain/ (loss) on sale of marketable Securities	3,320,424	-
Dividend income	216,967	-
	3,537,391	-
Provision for decrease in market value of Securities	431,141	-
	3,106,250	-

30 INTEREST EXPENSE

Interest on term loans	227,577,137	195,007,010
Interest on deposits	1,021,057,551	807,277,512
Interest on call loan	15,652,008	32,939,328
Interest on debenture	-	1,009,814
Interest on non-convertible zero coupon bonds	25,465,408	1,552,873
Bond issue expenses	-	518,929
Interest on overdraft	12,455,366	25,139,318
Interest on finance lease	416,662	269,549
	1,302,624,132	1,063,714,333

31 GENERAL & ADMINISTRATIVE EXPENSES

Salaries & benefits - including management emoluments of Tk. 40,255,433
(2007-2008: Tk. 34,861,639) (Note-34)

	101,319,013	76,117,806
Gratuity	6,202,605	9,621,584
Company's contribution to provident fund	3,508,079	2,820,511
Directors' fees (Note-35)	168,000	200,000
Staff training & recruitment expense	860,730	2,858,911
Office rent	10,767,832	7,960,303
Utility expenses	6,015,037	6,784,411
Insurance premium	1,359,234	1,101,419
Office maintenance	3,831,573	3,759,669
Security expenses	628,279	492,160
Printing & stationery	4,400,498	3,168,839
Canteen expenses	1,303,997	1,090,035
Communication expenses	7,990,600	5,577,849
Car maintenance	1,834,182	2,494,690
Advertisements & sales promotion	5,364,118	9,822,908
Books & papers	66,284	83,377
Bank charges	987,439	1,175,046
Stamp expenses	1,911,670	1,627,643
Subscription and fees	935,102	71,310
Business development expenses	688,317	403,080
Entertainment expenses	151,881	168,676
Employees' recreation	348,057	651,179
Material and service cost	412,946	564,850
Public relation and AGM expenses	1,031,213	-
Rates and taxes	35,597	30,376
	162,122,283	138,646,632

32 PROFESSIONAL FEES

	2008-2009	2007-2008
	<u>Taka</u>	<u>Taka</u>
Audit fees and expenses	156,750	130,625
Legal fees & other charges	110,586	37,668
Tax and other consultancy fees	232,700	385,005
	500,036	553,298

33 NON OPERATING INCOME

Short-term deposits interest - IPO applications	667,717	39,157,903
Public issue expenses	-	(13,615,768)
Foreign exchange fluctuation gain/(loss)	(10,148)	138,436
	657,569	25,680,571

34 MANAGEMENT EMOLUMENTS

Remuneration	35,733,056	29,149,610
Benefits	4,522,377	5,712,029
	40,255,433	34,861,639

Management emoluments represent emoluments paid to Managing Director and other Senior executives of the Company. Out of the above, an amount of Tk. 8,550,000 (2007-08: Tk 7,150,000) was paid to Managing Director as remuneration & benefits, which was revised after period of two years.

35 DIRECTORS' REMUNERATION FOR ATTENDING BOARD MEETING

Each director is drawing Tk. 4,000 for attending each meeting.

36 RETAINED EARNINGS

Balance as on 01 July	101,914,234	76,727,280
Add: Profit after tax for the year transferred from Profit & Loss Account	233,892,300	176,483,693
Accumulated profit available for distribution	335,806,534	253,210,973
Less: Appropriations		
Transferred to statutory reserve	46,778,460	35,296,739
Transferred to contingency reserve	60,000,000	40,000,000
Transferred to dividend equalisation reserve	15,000,000	-
Dividend on preference share	10,000,000	10,000,000
Dividend paid for previous year	-	66,000,000
Issue of bonus shares for previous year	81,000,000	-
	212,778,460	151,296,739
Balance as at 30 June	123,028,074	101,914,234



37 EARNINGS PER SHARE

	2008-2009 <u>Taka</u>	2007-2008 <u>Taka</u>
Profit after tax	233,892,300	176,483,693
Less: Preference share dividend	(10,000,000)	(10,000,000)
Profit available for ordinary shareholders	223,892,300	166,483,693
Ordinary shares outstanding until 30 June 2008	2,700,000	2,700,000
Bonus issue (30%)	810,000	810,000
Number of shares outstanding for calculating basic EPS	3,510,000	3,510,000
Basic earnings per shares	64	47

38 DIVIDEND ON PREFERENCE SHARES

A dividend of Tk. 25,000 (2007-2008: Tk. 25,000) per preference share of Tk.100 each amounting to Tk 10,000,000 is payable during the year under audit.

39 DIVIDEND ON ORDINARY SHARES

a Proposal of dividend

The Board of Directors in its 53rd Meeting held on August 31, 2009 has recommended 15% stock dividend and 17% cash dividend for the year ended 30 June 2009 for placement before shareholders for approval at 13th Annual General Meeting of the Company.

b Bonus share issued to non-resident shareholders:

The Company's non resident shareholders as on 30 June 2009 include two foreign investors holding total 858,000 shares (2007-08: 660,000 shares).

The board of directors has recommended a 30% stock dividend (3:10) for the year ended 30 June 2008. 198,000 bonus shares amounting to Tk. 19,800,000 were issued to non-resident shareholders during the year under review.

40 FOREIGN CURRENCY INWARD/OUTWARD REMITTANCE

Name of organization	Currency	Particulars	Amount in FC	Amount in Taka
International Finance Corporation	USD	TL - Principal	381,072	26,065,292
International Finance Corporation	USD	TL- Interest	51,482	3,556,134
FMO	BDT	TL - Principal	-	96,329,817
FMO	BDT	TL- Interest	-	69,959,662
Singapore Institute of Management	SGD	Training fees	4,201	222,961
				196,133,866

41 RELATED PARTY TRANSACTIONS

The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard - 24 "Related Party Disclosures". The terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

Name of the related parties	Relation-ship	Particulars	Expenses incurred during the year Taka	Balance payable as at 30 June 2009 Taka
Delta Life Insurance Company Limited	Shareholder	Insurance premium	717,613	-
Green Delta Insurance Company Limited	Do	Insurance premium	641,641	-
International Finance Corporation (IFC)	Do	Interest	3,543,833	-
International Finance Corporation (IFC)	Do	Borrowing	-	52,130,583

42 COMMITMENTS, CONTRACTS AND DISBURSEMENT

In the normal course of business, the company makes various commitments, contracts and disbursements. No material losses are anticipated as a result of these transactions. Details are given below:

Housing finance commitments outstanding	<u>502,000,000</u>	<u>631,800,000</u>
Bank borrowing commitments outstanding	<u>-</u>	<u>-</u>

43 CONTINGENT LIABILITIES AND CAPITAL EXPENDITURE COMMITMENTS

i) Contingent liability	<u>77,670,138</u>	<u>65,031,646</u>
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The Company has not recognized the tax liability of Tk. 9,955,919 collectively for the assessment year 2004-2005 & 2005-2006 assessed by the Deputy Commissioner of Taxes on the basis of appeal order passed by the Taxes Appellate Tribunal for the income years 2003-2004 & 2004-2005 by disallowing claim for perquisite and statutory reserve. The Company has filed reference to the High Court Division against the impugned orders and the decision is still pending. The Company has also not recognised tax liability of Tk. 67,714,219 for the assessment year 2007-2008 assessed by The Deputy Commissioner of Taxes by disallowing accrued interest on deposits and simple interest charged on net tax payable as per assessment order. Out of the above amount Tk. 55,108,917 is due to disallowances of accrued interest on deposit and Tk. 11,021,783 for simple interest thereon. The Company has lodged appeal with the Taxes of Appellate Tribunal against the order of DCT which is still pending.

Consequently, there is a contingent liability for the above amounts which have not been recognized as liability in anticipation of consequential relief will be granted in favor of the Company as because accrued interest on deposits has been accepted as allowable expense for the assessment year 2008-09.



ii) Claims against the Company not acknowledged as debts	Nil	Nil
iii) Capital expenditure:		
(a) Contracted and incurred but not provided for in the accounts	Nil	Nil
(b) Approved by the Board but not contracted for	Nil	Nil

44 NUMBER OF EMPLOYEES

During the year under audit, there were 110 (2007-2008: 98) employees employed for the full period and 24 (2007-2008: 19) employees for less than full period at a remuneration of Taka 3,000 and above per month.

45 EVENTS AFTER THE BALANCE SHEET DATE

There is no material adjusting or non-adjusting events after the balance sheet date.

46 GENERAL

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

46.2 Previous year's figures have been rearranged wherever considered necessary to conform current year's presentation.



46.3 Name of Directors and entities in which they have interest as Director as at 30 June 2009:

Name	Position DBH	Involvement in other organization	
		Name of the Organization in which they have interest	Position
Mr. Faruq A Choudhury	Chairman	BRAC	Member, Governing Body
Mr. Md. Aminul Alam	Director	BRAC Karnafuli Tea Co. Ltd. BRAC Kaiyacherra Tea Co. Ltd. BRAC Banskhal Tea Co. Ltd. BRAC Kodala Tea Co. Ltd. BRAC Foundation Ayesha Abed Foundation	Director Director Director Director Member, Governing Body Member, Board of Trustee
Mr. Muhammad A. (Rumee) Ali	Director	BRAC Bank Ltd. Brac BD Mail Network Ltd. Documenta TM Ltd. Bangladesh Netting Factory Ltd. BRAC Karnafuli Tea Co. Ltd. BRAC Kayacherra Tea Co. Ltd. BRAC Banskhal Tea Co. Ltd. BRAC Kodala Tea Co. Ltd. BRAC Industries Limited BRAC Services Ltd. (BRAC Centre Inn) BRAC BRAC Foundation	Chairman Director Chairman Chairman Director Director Director Director Director Chairman Member, Governing Body Member, Governing Body
Dr. Syed Mukarram Ali	Director	Delta Hospital Ltd. Delta Life Insurance Company Ltd.	Managing Director Director
Mr. Nurul Huda	Director	Delta Life Insurance Co. Ltd. Delta Hospital Ltd.	Director Director
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Co. Ltd. Delta Hospital Ltd.	Director Director
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd Metropolitan University, Sylhet	Director Vice Chancellor
Mr. Nasir A Choudhury	Director	Green Delta Insurance Company Ltd. Nascom (Pvt.) Ltd. Green Delta Financial Services Ltd. Green Delta Aims Ltd. Progressive Life Insurance Co. Ltd.	Managing Director Chairman & MD Chairman Director Director
Mr. Pradeep Kumar Mukherjee	Director	HDFC	GM Eastern Region India
Mr. Q.M. Shariful Ala	Managing Director	BRAC Bank Ltd. Mobil Jamuna Lubricants Ltd. Mobil Jamuna Fuels Ltd.	Director Director Director


Faruq A. Choudhury
Chairman


Dr. Syed Mukarram Ali
Director


Q. M. Shariful Ala
Managing Director


S. H. Aslam Habib
Company Secretary



Delta Brac Housing Finance Corporation Limited

Head Office: Landmark Building, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: 8822374, 9882112, Fax: 9882110, Website: www.deltabrac.com, E-mail: dbh@deltabrac.com

Proxy Form

I/We
of
being a Shareholder of Delta Brac Housing Finance Corporation Ltd. do hereby appoint Mr./Ms
of
(or failing) Mr/Ms
of as my/our Proxy to attend and vote
my/our behalf at the 13th Annual General Meeting of the Company to be held on November 23, 2009 (Monday), at 11.00 a.m. at
Bangabandhu International Conference Centre, Dhaka and adjournment thereof or any ballot to be taken in consequence thereof.

Signed thisday of2009.

.....
Signature of the proxy

Revenue
Stamp

.....
Signature of shareholders(s)

Folio/BO ID No.....

No. of shares being held

NOTE:

- 1) This form of proxy, duly completed must be deposited at least 48 hours before the meeting at the Company's Registered Office.
Proxy is invalid if not signed and stamped as indicated above.
- 2) Signature of the Shareholders should agree with the Specimen Signature registered with the Company.



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Phone: 8822374, 9882112, Fax: 9882110, Website: www.deltabrac.com, E-mail: dbh@deltabrac.com

Attendance Slip

Folio/BO ID No..... No. of Shares being held

I/We hereby record my attendance at the 13th Annual General Meeting of DBH being held on November 23, 2009 (Monday) at 11.00
a.m. at Bangabandhu International Conference Centre, Dhaka.

.....
Name of the shareholder(s)/Proxy (in Block Letters)
(Member/Proxy)

.....
Signature of shareholder(s)/Proxy

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the
same at the entrance of the meeting hall.



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