

### Auditors' report to the shareholders of Union Capital Limited

We have audited the accompanying financial statements of Union Capital Limited, ("the Company"), namely, Balance Sheet as at 31 December 2010 and Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and notes thereon for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards and for such internal control as management considers necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud and error. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Accordingly, in our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards, give a true and fair view of the state of affairs of the Company as at 31 December 2010 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

#### We also report that:

- we have obtained all 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 and found them satisfactory;
- in our opinion, proper books of account as required by law were 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;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity Analysis of the Company dealt with by this report are in agreement with the books of account maintained by the Company;
- the financial position of the Company at 31 December 2010 and its operating result for the year then ended have been properly reflected in the financial statements and these were prepared in accordance with generally accepted accounting principles and said accounting/financial reporting standards;
- adequate provisions have been made for leases and other assets which are, in our opinion, doubtful of recovery;
- the expenditures incurred during the year were for the purposes of the business of the Company.

Sd/-  
S. F. AHMED & CO  
Chartered Accountants

House 25, Road 13A, Block D  
Banani, Dhaka 1213  
Dated, 22 March 2011

| Particulars  | Consolidated Statement of Changes in Equity |                |                |                |                |
|--|---|----------------|----------------|----------------|----------------|
|  | At 31 Dec 2010                              | At 31 Dec 2009 | At 31 Dec 2010 | At 31 Dec 2009 | At 31 Dec 2010 |
| Balance at 01 January 2010                                 | 418,283,920                                 | 93,845,510     | -              | 140,587,640    | 652,717,070    |
| Surplus/(deficit) on account of revaluation of properties  | -   | -              | -              | -              | -              |
| Surplus/(deficit) on account of revaluation of investments | -   | 505,500,000    | -              | -              | 505,500,000    |
| Currency translation differences                           | -   | -              | -              | -              | -              |
| Net gain/(losses) not recognised in the income statement   | -   | -              | -              | 570,847,467    | 570,847,467    |
| Net profit for the year                                    | -   | -              | -              | 570,847,467    | 570,847,467    |
| Dividend (bonus shares)                                    | 125,485,170                                 | -              | -              | (125,485,170)  | -              |
| Issue of share capital                                     | -   | -              | -              | -              | -              |
| Appropriation during the year                              | -   | 113,709,234    | -              | (113,709,234)  | -              |
| Balance at 31 December 2010                                | 543,769,090                                 | 207,554,744    | 505,500,000    | 472,240,703    | 1,729,064,537  |
| Balance at 31 December 2009                                | 418,283,920                                 | 93,845,510     | -              | 140,587,640    | 652,717,070    |

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### Union Capital Limited Consolidated Balance Sheet

|   | Amounts in Taka      |                      |
|---|----------------------|----------------------|
|   | At 31 Dec 2010       | At 31 Dec 2009       |
| <b>PROPERTY AND ASSETS</b>  |                      |                      |
| Cash  | 41,100               | 1,376,104            |
| In hand (including foreign currencies)  | -                    | -                    |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | 50,556,660           | 56,156,559           |
| Balance with other banks and financial institutions                               | 50,597,760           | 57,532,662           |
| In Bangladesh   | 261,011,752          | 182,975,186          |
| Outside Bangladesh  | 261,011,752          | 182,975,186          |
| Money at call and short notice  | -                    | -                    |
| Investments   | -                    | -                    |
| Government  | 921,208,802          | 352,352,878          |
| Others  | 921,208,802          | 352,352,878          |
| Leases, loans and advances  | -                    | -                    |
| Leases, loans, cash credits, overdrafts, etc                                      | 5,862,951,623        | 4,611,055,854        |
| Bills purchased and discounted  | -                    | -                    |
| Fixed assets including premises, furniture and fixtures                           | 5,862,951,623        | 4,611,055,854        |
| Other assets  | 24,105,631           | 16,956,575           |
| Non-financial institutional assets  | 1,253,340,930        | 869,388,177          |
| <b>Total Assets</b>   | <b>6,090,261,333</b> | <b>6,090,261,333</b> |
| <b>LIABILITIES AND CAPITAL</b>  |                      |                      |
| Liabilities   |                      |                      |
| Borrowings from other banks, financial institutions and agents                    | 1,513,576,801        | 1,554,379,762        |
| Deposits and other accounts   | -                    | -                    |
| Current deposits  | -                    | -                    |
| Bills payable   | -                    | -                    |
| Savings bank  | -                    | -                    |
| Term deposit  | 3,202,462,255        | 2,721,872,580        |
| Other deposit   | 231,053,629          | 179,508,866          |
| Bearer certificate of deposit   | -                    | -                    |
| Other liabilities   | 3,433,515,884        | 2,901,381,446        |
| Total Liabilities   | 1,687,059,278        | 981,783,054          |
| Capital/Shareholders' Equity  |                      |                      |
| Paid-up capital   | 543,769,090          | 418,283,920          |
| Statutory reserve   | 207,554,744          | 93,845,510           |
| Revaluation reserve   | 505,500,000          | -                    |
| Retained earnings   | 472,240,703          | 140,587,640          |
| Total Shareholders' Equity  | 1,729,064,537        | 652,717,070          |
| Total Liabilities and Shareholders' Equity  | <b>6,090,261,333</b> | <b>6,090,261,333</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>  |                      |                      |
| Contingent liabilities  |                      |                      |
| Acceptances and endorsements  | -                    | -                    |
| Letters of guarantee  | -                    | 120,000,000          |
| Irrevocable letters of credit   | -                    | 3,000,000            |
| Bills for collection  | -                    | -                    |
| Other contingent liabilities  | -                    | -                    |
| <b>Total Off-Balance Sheet Items Including Contingent Liabilities</b>             | <b>30,000,000</b>    | <b>123,000,000</b>   |

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Dated, 22 March 2011

### Union Capital Limited Consolidated Profit and Loss Statement

|  | Amounts in Taka        |                        |
|--|------------------------|------------------------|
|  | Year ended 31 Dec 2010 | Year ended 31 Dec 2009 |
| Interest income                                  | 725,739,382            | 545,093,809            |
| Interest paid on deposits, borrowings, etc       | (487,823,104)          | (423,703,327)          |
| Net interest income                              | 237,916,278            | 121,390,482            |
| Investment income                                | 490,451,843            | 102,731,152            |
| Commission, exchange and brokerage               | 319,925,454            | 156,008,679            |
| Other operating income                           | 194,259,762            | 87,692,884             |
| <b>Total operating income (A)</b>                | <b>1,232,553,336</b>   | <b>467,823,197</b>     |
| Salary and allowances                            | 55,038,222             | 40,374,392             |
| Charges for stock exchanges, etc                 | 50,777,002             | 31,407,771             |
| Rent, taxes, insurance, electricity, etc         | 11,634,032             | 5,811,410              |
| Legal expenses                                   | 925,551                | 243,668                |
| Postage, stamp, telecommunication, etc           | 2,548,402              | 1,648,825              |
| Stationery, printings, advertisements, etc       | 16,360,340             | 7,252,312              |
| Managing Director's salary and allowances        | 8,360,000              | 7,360,000              |
| Directors' fees                                  | 813,000                | 604,000                |
| Auditors' fees                                   | 226,825                | 177,650                |
| Depreciation and repair of company's assets      | 8,120,978              | 6,216,554              |
| Other expenses                                   | 15,144,832             | 9,678,048              |
| <b>Total operating expenses (B)</b>              | <b>169,949,184</b>     | <b>110,774,630</b>     |
| <b>Profit before provision (C=A-B)</b>           | <b>1,062,604,152</b>   | <b>357,048,567</b>     |
| Provision for loan                               | -                      | -                      |
| Specific provision                               | 81,002,668             | 76,609,100             |
| General provision                                | 42,823,490             | 10,934,400             |
| Provision for diminution in value of investments | 123,826,158            | 87,543,500             |
| Other provisions                                 | -                      | (9,541,509)            |
| <b>Total provision (D)</b>                       | <b>123,826,158</b>     | <b>77,588,991</b>      |
| <b>Profit before taxes (C-D)</b>                 | <b>938,777,994</b>     | <b>279,459,576</b>     |
| Provision for taxation                           | -                      | -                      |
| Current tax                                      | 369,900,000            | 118,549,383            |
| Deferred tax                                     | (1,969,473)            | (2,253,139)            |
| <b>Total tax</b>                                 | <b>367,930,527</b>     | <b>116,296,244</b>     |
| <b>Net profit after tax</b>                      | <b>570,847,467</b>     | <b>163,163,332</b>     |
| Retained earnings, brought forward               | 15,102,470             | 9,699,599              |
| <b>Retained earnings, carried forward</b>        | <b>585,949,937</b>     | <b>172,862,931</b>     |
| <b>Earnings per share (EPS)</b>                  | <b>10.50</b>           | <b>3.90</b>            |

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### Union Capital Limited Consolidated Cash Flow Statement

|   | Amounts in Taka        |                        |
|---|------------------------|------------------------|
|   | Year ended 31 Dec 2010 | Year ended 31 Dec 2009 |
| <b>(A) Cash flows from operating activities</b>   |                        |                        |
| Interest receipts   | 746,273,007            | 551,641,130            |
| Interest payments   | (487,823,104)          | (381,489,126)          |
| Dividend receipts   | 6,962,843              | 1,900,965              |
| Fee and commission receipts   | 319,925,454            | 156,008,679            |
| Recoveries of loans previously written off  | -                      | -                      |
| Payments to employees   | (42,494,304)           | (37,335,649)           |
| Payments to suppliers   | (17,921,791)           | (6,594,350)            |
| Income taxes paid   | (172,077,626)          | (92,468,069)           |
| Payments from other operating activities  | 193,368,601            | 87,692,884             |
| Payments for other operating activities   | (81,256,644)           | (48,966,179)           |
| Cash generated from operating activities before changes in operating assets and liabilities | 464,956,436            | 228,390,286            |
| Increase/(decrease) in operating assets and liabilities                                     |                        |                        |
| Statutory deposits  | -                      | -                      |
| Purchase of trading securities (treasury bills)   | -                      | -                      |
| Lease, loans and advances to banks and financial institutions                               | -                      | -                      |
| Lease, loans and advances to customers  | (1,251,895,769)        | (1,358,276,956)        |
| Other assets  | (209,865,409)          | (425,755,750)          |
| Deposits from banks and other financial institutions  | (165,000,000)          | 945,000,000            |
| Deposits from customers   | 697,134,437            | 598,623,454            |
| Other liabilities account of customers  | -                      | -                      |
| Trading liabilities   | 199,792,901            | 270,284,685            |
| Other liabilities   | (81,256,644)           | (48,966,179)           |
| <b>Net cash from/(used in) operating activities</b>   | <b>(264,877,404)</b>   | <b>258,265,719</b>     |
| <b>(B) Cash flows from investing activities</b>   |                        |                        |
| Proceeds from sale of securities  | 1,318,908,287          | 386,542,688            |
| Payments for purchases of securities  | (929,308,836)          | (423,241,775)          |
| Purchase of property, plant and equipment   | (1,148,365)            | (9,038,800)            |
| Proceeds from sale of property, plant and equipment   | 1,330,942              | 5,333                  |
| Payment against lease obligation  | -                      | -                      |
| Net cash from/(used in) investing activities  | 376,782,028            | (45,732,554)           |
| <b>(C) Cash flows from financing activities</b>   |                        |                        |
| Receipts of long term loan  | 650,000,000            | 529,929,339            |
| Repayment of long term loan   | (562,832,119)          | (650,514,712)          |
| Net draw down/(payment) of short term loan  | (127,970,842)          | (46,660,635)           |
| Net cash from/(used in) financing activities  | (40,802,961)           | (167,246,008)          |
| <b>(D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>                     | <b>71,101,663</b>      | <b>45,287,156</b>      |
| <b>(E) Effects of exchange rate changes on cash and cash equivalents</b>                    | <b>240,507,849</b>     | <b>195,220,693</b>     |
| <b>(F) Cash and cash equivalents at beginning of the year</b>                               | <b>311,609,512</b>     | <b>240,507,849</b>     |
| <b>(G) Cash and cash equivalents at end of the year (D+E+F)</b>                             | <b>311,609,512</b>     | <b>240,507,849</b>     |
| Cash and cash equivalents at end of the year  | 41,100                 | 1,376,104              |
| Cash in hand (including foreign currencies)   | -                      | -                      |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)           | 50,556,660             | 56,156,559             |
| Balance with other banks and financial institutions   | 261,011,752            | 182,975,186            |
| Money at call and short notice  | -                      | -                      |
| <b>Total Cash and Cash Equivalents</b>  | <b>311,609,512</b>     | <b>240,507,849</b>     |

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Chartered Accountants

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Dated, 22 March 2011

### Union Capital Limited Balance Sheet

| Particulars  | Amounts in Taka      |                      |
|--|----------------------|----------------------|
|  | At 31 Dec 2010       | At 31 Dec 2009       |
| <b>PROPERTY AND ASSETS</b>   |                      |                      |
| Cash   | 40,000               | 1,375,004            |
| In hand (including foreign currencies)   | -                    | -                    |
| Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies) | 50,556,660           | 56,156,559           |
| Balance with other banks and financial institutions                                | 50,596,660           | 57,531,563           |
| In Bangladesh  | 98,472,445           | 140,242,934          |
| Outside Bangladesh   | 98,472,445           | 140,242,934          |
| Money at call and short notice   | -                    | -                    |
| Investments  | -                    | -                    |
| Government   | 482,633,397          | 386,851,779          |
| Others   | 482,633,397          | 386,851,779          |
| Leases, loans and advances   | -                    | -                    |
| Leases, loans, cash credits, overdrafts, etc                                       | 5,862,951,623        | 4,611,055,854        |
| Bills purchased and discounted   | -                    | -                    |
| Fixed assets including premises, furniture and fixtures                            | 5,862,951,623        | 4,611,055,854        |
| Other assets   | 24,105,631           | 16,956,575           |
| Non-financial institutional assets   | 1,095,740,415        | 648,301,375          |
| <b>Total Assets</b>  | <b>7,614,500,171</b> | <b>5,860,940,080</b> |
| <b>LIABILITIES AND CAPITAL</b>   |                      |                      |
| Liabilities  |                      |                      |
| Borrowings from other banks, financial institutions and agents                     | 1,513,576,801        | 1,554,379,762        |
| Deposits and other accounts  | -                    | -                    |
| Current deposits   | -                    | -                    |
| Bills payable  | -                    | -                    |
| Savings bank   | -                    | -                    |
| Term deposit   | 3,202,462,255        | 2,721,872,580        |
| Other deposit  | 231,053,629          | 179,508,866          |
| Bearer certificate of deposit  | -                    | -                    |
| Other liabilities  | 3,433,515,884        | 2,901,381,446        |
| Total Liabilities  | 1,451,518,691        | 757,836,250          |
| Capital/Shareholders' Equity   |                      |                      |
| Paid-up capital  | 543,769,090          | 418,283,920          |
| Statutory reserve  | 207,554,744          | 93,845,510           |
| Other reserve  | -                    | -                    |
| Retained earnings  | 464,564,961          | 135,213,192          |
| Total Shareholders' Equity   | 1,215,888,795        | 647,342,622          |
| Total Liabilities and Shareholders' Equity   | <b>7,614,500,171</b> | <b>5,860,940,080</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>   |                      |                      |
| Contingent liabilities   |                      |                      |
| Acceptances and endorsements   | -                    | -                    |
| Letters of guarantee   | -                    | 120,000,000          |
| Irrevocable letters of credit  | -                    | 3,000,000            |
| Bills for collection   | -                    | -                    |
| Other contingent liabilities   | -                    | -                    |
| <b>Total Off-Balance Sheet Items Including Contingent Liabilities</b>              | <b>30,000,000</b>    | <b>123,000,000</b>   |

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Dated, 22 March 2011

### Union Capital Limited Profit and Loss Statement

| Particulars                                | Amounts in Taka        |                        |
|--|------------------------|------------------------|
|  | Year ended 31 Dec 2010 | Year ended 31 Dec 2009 |
| Interest income                            | 724,384,646            | 543,132,478            |
| Interest paid on deposits, borrowings, etc | (487,823,104)          | (423,703,327)          |
| Net interest income                        | 236,561,542            | 119,429,151            |
| Investment income                          | 477,209,657            | 100,810,419            |
| Commission, exchange and brokerage         | -                      | -                      |
| Other operating income                     | 413,101,221            | 200,750,771            |
| <b>Total operating income (A)</b>          | <b>1,126,872,420</b>   | <b>420,990,341</b>     |
| Salary and allowances                      | 55,038,222             | 40,374,392             |
| Rent, taxes, insurance, electricity, etc   | 11,634,032             | 5,811,410              |
| Legal expenses                             | 925,551                | 243,668                |
| Postage, stamp, telecommunication, etc     | 2,548,402              | 1,648,825              |
| Stationery, printings, advertisements, etc | 16,360,340             | 7,252,312              |
| Managing Director's salary and allowances  | 8,360,000              | 7,360,000              |
| Directors' fees                            | 813,000                | 604,000                |
| Auditors' fees                             | 138,000                | 88,625                 |
| Charges on loan losses                     | -                      | -                      |
|  |                        |                        |