PROSPECTUS

SOUTHEAST BANK LIMITED

Continued from page 19

which are in our opinion, doubtful of recovery,

viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh,

ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements, and

x) the information and explanations required by us have been received and found satisfactory

Sd/-
(Rahman Rahman Huq)
Chartered Accountants

Dhaka, 5 September 1999

SOUTHEAST BANK LIMITED

Balance Sheet at 30 June 1999.

CAPITAL AND LIABILITIES	Notes	At 30 June 1999 Taka		At 31 Dec. 1998 Taka	
CAPITAL					
Authorised					
5,000,000 ordinary shares of Tk 100 each			500,000,000		500,000,000
Issued, subscribed and paid up					
1,000,000 ordinary shares of Tk. 100 each issued for cash		100,000,000		100,000,000	
500,000 ordinary shares (1998: 250,000 ordinary shares) of Tk 100 each issued as bonus shares		50,000,000		25,000,000	
			150,000,000		125,000,000
PROPOSED ISSUE OF BONUS SHARES: 250,000 ordinary shares of Tk. 100 each	4		–		25,000,000
RESERVE FUND AND OTHER RESERVES:	5				
Statutory reserve		52,833,000		37,297,000	
General reserve		14,000,000		14,000,000	
			66,833,000		51,297,000
DEPOSITS AND OTHER ACCOUNTS:	6				
Fixed deposits		4,334,828,510		3,968,224,366	
Savings bank deposits		392,141,282		347,746,466	
Current accounts, contingency accounts etc		534,615,960		517,423,090	
			5,261,585,752		4,833,393,922
BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS ETC.:					
In Bangladesh			685,114,849		650,214,657
BILLS PAYABLE			106,912,994		84,708,889
BILLS FOR COLLECTION BEING BILLS RECEIVABLE AS PER CONTRA :					
Payable in Bangladesh		12,553,526		25,229,878	
Payable outside Bangladesh		26,476,024		7,053,772	
			39,029,550		32,283,650
OTHER LIABILITIES	7		263,651,069		193,067,115
ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS AS PER CONTRA :					
Letters of credit		1,197,353,795		1,597,146,979	
Letters of guarantee		761,425,147		667,696,249	
			1,958,778,942		2,264,843,228
PROFIT AND LOSS ACCOUNT :					
Balance as per last balance sheet		29,490		22,721	
Profit for the half year/year		77,679,861		98,014,769	
		77,709,351		98,037,490	
Provision for tax	8	(48,000,000)		(41,305,000)	
		29,709,351		56,732,490	
Transferred to					
Statutory reserve		(15,536,000)		(19,603,000)	
General reserve		–		(12,100,000)	
Proposed bonus shares		–		(25,000,000)	
Retained earnings			14,173,351		29,490
			8,546,079,507		8,259,837,951
Contingent liabilities	16		720,196,325		635,282,136

PROPERTY AND ASSETS	Notes	At 30 June 1999 Taka		At 31 Dec. 1998 Taka	
CASH	9				
In hand and with Bangladesh Bank and Sonali Bank (including foreign currencies)			424,677,279		380,520,584
BALANCES WITH OTHER BANKS:					
In Bangladesh:					
Current Accounts		3,258,502		1,155,557	
Deposit Accounts		125,009,000		280,502,000	
		128,267,502		281,657,557	
Outside Bangladesh		81,434,432		142,637,907	
			209,701,934		424,295,464
MONEY AT CALL AND SHORT NOTICE			1,130,000,000		1,055,000,000
INVESTMENTS	10		714,843,005		509,727,679
ADVANCES:	11				
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the auditors)					
Loans, cash credits, overdrafts etc.					
In Bangladesh		3,762,379,328		3,337,025,705	
Bills discounted and purchased (excluding treasury bills):					
Payable in Bangladesh		84,970,145		45,870,484	
Payable outside Bangladesh		8,294,288		19,316,408	
		93,264,433		65,186,892	
			3,855,643,761		3,402,212,597
BILLS RECEIVABLE BEING BILLS FOR COLLECTION AS PER CONTRA :					
Payable in Bangladesh		12,553,526		25,229,878	
Payable outside Bangladesh		26,476,024		7,053,772	
			39,029,550		32,283,650
CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS AS PER CONTRA:					
Letters of credit		1,197,353,795		1,597,146,979	
Letters of guarantee		761,425,147		667,696,249	
			1,958,778,942		2,264,843,228
FIXED ASSETS At cost less depreciation	12		81,698,610		85,919,929
OTHER ASSETS	13		131,706,426		105,034,820
			8,546,079,507		8,259,837,951

Annexed notes form an integral part of these accounts

Sd/- Syed Anisul Huq President & Managing Director	Sd/- Azim Uddin Ahmed Director	Sd/- Muhammad Abul Kashem Director	Sd/- Ragib Ali Vice Chairman	Sd/- Yussuf Abdullah Harun Chairman

As per our report of same date.
Sd/-
(Rahman Rahman Huq)
Chartered Accountants

Dhaka, 5 September 1999

SOUTHEAST BANK LIMITED

Profit and Loss Account

For the half year ended 30 June 1999

EXPENDITURE	Notes	Half year ended 30 June 1999 Taka	Year ended 31 December 1998 Taka	INCOME	Notes	Half year ended 30 June 1999 Taka	Year ended 31 December 1998 Taka
Interest paid on deposits, borrowings etc		246,799,963	349,209,071	(Less provisions made for bad and doubtful debts and other usual or necessary provisions)			
Salaries, allowances and provident fund [including Tk 380,000 (1998 Tk 910,000) paid to Managing Director]		23,007,355	45,411,676	Interest and discount		343,828,692	461,860,750
Directors' and committee members' fees and allowances		255,000	593,333	Commission, exchange and brokerage		46,032,238	106,775,267
Rents, taxes, insurance, lighting etc		12,714,629	19,699,777	Other receipts			106,101
Law charges		90,000	192,750				
Postage, telegrams and stamps		2,755,254	5,903,332				
Audit fees		115,000	115,000				
Depreciation on and repairs to bank's property		8,819,629	18,318,820				
Stationery, printing, advertisement etc		2,797,895	5,951,172				
Other expenditures	14	14,826,344	25,332,418				
Net profit, carried to balance sheet		77,679,861	98,014,769				
		389,860,930	568,742,118			389,860,930	568,742,118

Annexed notes form an integral part of these accounts

Sd/- Syed Anisul Huq President & Managing Director	Sd/- Azim Uddin Ahmed Director	Sd/- Muhammad Abul Kashem Director	Sd/- Ragib Ali Vice Chairman	Sd/- Yussuf Abdullah Harun Chairman

As per our report of same date.
Sd/-
(Rahman Rahman Huq)
Chartered Accountants

Dhaka, 5 September 1999

SOUTHEAST BANK LIMITED

NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 1999

1 **Status of the Bank**

Southeast Bank Limited is a scheduled commercial bank in private sector established under the Banking Companies Act 1991 and incorporated as a public limited company under the Companies Act 1994. The Bank had 12 branches with no overseas branch as on 30 June 1999

2 **Basis of presenting the accounts**

2.1 The accounts have been prepared under the historical cost convention and following the requirements of the Banking Companies Act 1991

2.2 The current financial statements have been prepared for half year and those of 1998 for a full year

3 **Significant accounting policies**

3.1 **Provisions for classified and unclassified debts**

Provisions for classified and unclassified loans and advances have been made as per BCD circular no. 34 of 1989 and BCD circular no. 20 of 1994 and BCD circular no. 12 of 1995

3.2 Depreciation on fixed assets

Depreciation is charged at the following rates on reducing balance method on all fixed assets other than motor vehicles which are depreciated on a straight line basis

Furniture and fixtures	10%
Electrical installation including computer	20%
Typewriter, adding and calculating machine	20%
Motor vehicles	20%

Fixed assets

Description	Cost: Balance at 1 January 1999	Addition during the period	Adjustment for disposal	Balance at 30 June 1999	Depreciation: Balance at 1 January 1999	Charged for the period	Adjustment for disposal	Balance at 30 June 1999	Net book Value at 30 June 1999
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Office Furniture and fixture	64,273,410	370,391	–	64,643,801	13,101,862	2,577,368	–	15,679,230	48,964,571
Office appliance	1,202,485	29,730	–	1,232,215	447,285	81,820	–	529,105	703,110
Electrical appliance	32,802,812	1,330,786	–	34,133,598	13,143,881	1,989,819	–	15,133,700	18,999,898
Motor vehicles	22,845,278	-	–	22,845,278	10,592,771	2,182,419	–	12,775,190	10,070,088
Sub-total	121,123,985	1,730,907	–	122,854,892	37,285,799	6,831,426	–	44,117,225	78,737,667
Residence of executive: Furniture and fixtures	537,170	372,000	–	909,170	113,603	25,366	–	138,969	770,201
Electrical appliance	2,501,800	724,508	–	3,226,308	843,624	191,942	–	1,035,566	2,190,742
Sub-total	3,038,970	1,096,508	–	4,135,478	957,227	217,308	–	1,174,535	2,960,943
Grand total	124,162,955	2,827,415	=	126,990,370	38,243,026	7,048,734	=	45,291,760	81,698,610
Total 1998	117,096,370	8,833,585	(1,767,000)	124,162,955	23,834,335	15,494,594	(1,085,903)	38,243,026	85,919,929

3.3 **Foreign currency translation**

a) Assets and liabilities denominated in foreign currency are translated into taka at mid rates at the balance sheet date.

b) Transactions in foreign currencies are converted into Taka currency at the rates of exchange prevailing on the dates of such transactions and any gains or losses thereon are adjusted to revenue through foreign exchange trading account

3.4 **Retirement benefit schemes**

The Bank operates a contributory provident fund, a superannuation scheme and an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees

3.5 **Consolidation procedures**

A separate set of records for consolidating the Statement of Affairs and Income and Expenditure Statement of the branches are maintained at the Head Office of the Bank in Dhaka from which these accounts are drawn up

4 **Proposed issue of bonus shares**

	At 30 June 1999 Taka	At 31 December 1998 Taka
250,000 ordinary shares of Tk. 100 each proposed to be issued @ 1 share per 5 shares held	=	25,000,000

5 **Reserve fund and other reserves**

5.1 Balance as per last Balance Sheet	37,297,000	17,694,000
Add: Transferred from Profit and Loss Account (20% of pretax profit)	15,536,000	19,603,000
	52,833,000	37,297,000
5.2 **General reserve**		
Balance as per last Balance Sheet	14,000,000	1,900,000
Add: Transferred from Profit and Loss Account	–	12,100,000
	14,000,000	14,000,000

5.3 **Capital Adequacy Requirement**

Capital Adequacy Requirement has been duly complied with by the Bank.

6 **Deposits and other accounts**

These include foreign currency deposits amounting to Tk 6,340,834

7 **Other liabilities**

Accrued expenses	954,000	1,767,857
Interest payable on B.C.D	38,221,950	32,008,178
Accounts payable-Bangladesh Bank(local currency)	2,572,816	730,000
Accounts payable-Others	63,091,045	56,128,935
Provisions for bonus	5,195,164	5,195,164
Provision for tax	120,562,419	72,562,419
Exchange equalisation	1,357,000	1,357,000
Provision for gratuity	5,310,000	3,560,000
Unearned income on treasury bills	25,462,237	15,088,373
Withholding tax on interest on deposits	498,862	3,879,256
Withholding surcharge for flood rehabilitation	293,274	772,677
Others	132,302	17,256
	263,651,069	193,067,115

8 **Provision for tax**

Provisions for corporate tax has been made as follows:

Provision in respect of earlier years	15,000,000
Provision for the half year ended 30 June 1999	33,000,000
	48,000,000

Tax returns for the year 1997 (assessment year 1998-99) and 1998 (assessment year 1999-2000) have been filed on 19 July 1998 and 14 July 1999 respectively. Assessments for these years have not been done yet by the DCT.)

9 **Cash**

	At 30 June 1999 Taka	At 31 December 1998 Taka
Cash in hand including foreign currency	86,210,388	81,926,178
Balance with Bangladesh Bank(Note 9.1)	334,639,325	292,279,381
Balance with Sonali Bank (as agent of Bangladesh Bank)	3,827,566	6,315,025
	424,677,279	380,520,584
9.1 **Balance with Bangladesh Bank**		
In Local Currency	326,336,101	291,494,226
In Foreign currency	8,303,224	785,155
	334,639,325	292,279,381

10 **Investments**

Government Treasury Bills (at face value)		570,000,000		320,000,000
5 years 5% Biman Bond (at cost)		30,000,000		30,000,000
3 years 4% Grameen Bank Bond (at cost)		60,000,000		60,000,000
3 years T&T Bond(at cost)		50,000,000		98,000,000
Prize Bonds (at cost)		1,278,100		1,243,700
Shares in quoted companies(at cost)	4,233,826		1,152,900	
Less: Provision for loss in investment	668,921		668,921	
		3,564,905		483,979
		714,843,005		509,727,679

11 **Advances**

Particulars of advances

i) Debts considered good in respect of which the Bank is fully secured	3,346,425,839	3,057,777,049
ii) Debts considered good for which the Bank holds no Other security than the debtor's personal security	391,382,336	266,760,313
iii) Debts considered good secured by the personal Liabilities of one or more parties in addition to the Personal security of the debtors	117,835,586	77,675,235
iv) Debts considered doubtful or bad, not provided for	-	-
	3,855,643,761	3,402,212,597
v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the Directors, or Officers of the Bank are interested as Directors, Partners or Managing Agents or in the case of Private Companies as Members	309,813,983	186,185,342
vi) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other persons	60,928,866	44,033,516
vii) Maximum total amount of advances, including temporary advances granted during the year to the Companies or Firms in which the Directors of the bank are interested as Directors, Partners, or Managing Agents or, in case of Private Companies, as Members	297,636,000	146,532,000
viii) Due from other banking companies	–	–

11.1 Bangladesh Bank's approval for renewal in respect of certain advances aggregating to Taka 44.71 million is awaited

13 **Other assets**

	At 30 June 1999 Taka	At 31 Dec 1998 Taka
Interest receivable	8,773,506	7,306,169
Accounts receivable (others)	11,162,562	11,097,149
Branch pre-opening expenditures	39,000	759,542
Advance rent-office and residences	9,613,128	9,560,856
Advances against telephone and telex	3,795,470	193,003
Prepaid insurance	997,779	1,230,564
Supplies and stationeries	12,198,485	11,297,559
Interest on BCD	20,954,308	17,123,782
Sundry advances	29,431,130	15,301,910
Stock of stamps	90,197	103,841
Branch adjustment (net)	(66,936,146)	(38,173,002)
Advance income tax	101,587,007	69,233,447
	131,706,426	105,034,820

14 **Other expenditures**

These include conveyance, petrol, oil and lubricant, travelling expenses, staff benefit, books and periodicals, uniforms and apparels, medical, staff training expenses, entertainment, professional fees, pre-operating expenditure and miscellaneous expenses

15 General

15.1 Figures in these accounts have been rounded off to the nearest taka

15.2 Previous year's figures have been rearranged, where necessary, to conform to current period's presentation

16 **Contingent liabilities**

	At 30 June 1999 Taka	At 31 Dec 1998 Taka
i) Claims against the Bank not acknowledged as debts	-	-
ii) Money for which the bank is contingently liable in respect of guarantee given favouring		
Directors or officers	-	-
Government	-	-
Banks and other financial institutions	-	-
Others	761,425,147	667,696,249
	761,425,147	667,696,249
Less: Margin	41,228,822	32,414,113
	720,196,325	635,282,136
iii) Liabilities on account of bills re-discounted	–	–
iv) Liabilities on account of outstanding forward exchange contract	–	–
	720,196,325	635,282,136

Auditors' Report in pursuance of Section 135(1) under para 24(1) of Part II of the Third Schedule of the Companies Act 1994

We have examined the financial statements of Southeast Bank Limited for the half year ended 30 June 1999 and for the year ended 31 December 1998 audited by us and those for the year ended 31 December 1997 and 1996 and for period ended 31 December 1995 audited by M.J. Abedin & Co., Chartered Accountants and in pursuance of Section 135(1) under Para 24(1) of Part II of the Third Schedule of the Companies Act 1994, we report that:

1 The company was incorporated on 12 March 1995

2 The statement of operating results of the Bank is as under

Particulars	1.1.99 to 30.6.99 Taka	1998 Taka	1997 Taka	1996 Taka	25.5.95 to 31.12.95 Taka
Interest on discount	343,828,692	461,860,750	291,343,936	124,276,917	19,770,232
Commission exchange and brokerage	46,032,238	106,775,267	64,341,010	37,179,228	4,498,255
Other receipts	-	106,101	3,470	-	-
Total Income	389,860,930	568,742,118	355,688,416	161,456,145	24,268,487
Less: Operating, administrative and general expenses	312,181,069	470,727,349	287,052,984	141,638,830	36,847,094
Profit before tax	77,679,861	98,014,769	68,635,432	19,817,315	(12,578,607)
Profit and Loss Account:					
Balance as per last balance sheet	29,490	22,721	17,289	(12,578,607)	–
Profit/(Loss) for the year/period	77,679,861	98,014,769	68,635,432	19,817,315	(12,578,607)
	77,709,351	98,037,490	68,652,721	7,238,708	(12,578,607)
Provision for tax	(48,000,000)	(41,305,000)	(28,000,000)	(3,257,419)	-
	29,709,351	56,732,490	40,652,721	3,981,289	(12,578,607)
Statutory reserve	(15,536,000)	(19,603,000)	(13,730,000)	(3,964,000)	-
General reserve	-	(12,100,000)	(1,900,000)	-	-
Proposed bonus share	-	(25,000,000)	(25,000,000)	-	-
Retained earnings	14,173,351	29,490	22,721	17,289	(12,578,607)

3 The Statement of Assets and Liabilities of the Bank is as under

	30.06.99 Taka	1998 Taka	1997 Taka	1996 Taka	1995 Taka
CAPITAL AND LIABILITIES					
Shares capital-Issued, subscribed and up	150,000,000	125,000,000	100,000,000	100,000,000	100,000,000
Proposed issue of bonus shares	-		25,000,000	-	
Reserve fund and other reserves	66,833,000	51,297,000	19,594,000	3,964,000	-
Deposits and other accounts	5,261,585,752	4,833,393,922	3,286,008,865	2,373,746,287	1,174,517,953
Borrowings from other banking companies, agents etc	685,114,849	650,214,657	860,335,890	720,110,270	40,015,890
Bills payable	106,912,994	84,708,889	55,263,573	53,340,769	12,482,715
Bills for collection being bills receivable as per contra	39,029,550	32,283,650	8,809,782	10,924,936	1,805,193
Other liabilities	263,651,069	193,067,115	76,986,763	24,137,944	10,991,961
Acceptances, endorsements and other obligations as per contra	1,958,778,942	2,264,843,228	1,166,774,564	845,774,613	192,900,250
Retained earning	14,173,351	29,490	22,721	17,289	(12,578,607)
Total	8,546,079,507	8,259,837,951	5,598,796,158	4,132,216,108	1,520,136,387
PROPERTY AND ASSETS					
Cash (in hand and with Bangladesh Bank and Sonali Bank)	424,677,279	380,520,584	230,434,079	180,763,463	68,106,148
Balance with other banks	209,701,934	424,295,464	367,729,589	230,028,170	591,231,877
Money at call and short notice	1,130,000,000	1,055,000,000	642,650,000	1,035,000,000	170,000,000
Investment	714,843,005	509,727,679	420,660,352	429,817,050	277,041,385
Advances	3,855,643,761	3,402,212,597	2,588,316,502	1,231,013,289	138,615,664
Bills receivable being bills for collection as per contra	39,029,550	32,283,650	8,809,782	10,924,936	1,805,193
Constituents liabilities for acceptances, endorsements and other obligation as per contra	1,958,778,942	2,264,843,228	1,166,774,564	845,774,613	192,900,250
Fixed assets less depreciation	81,698,610	85,919,929	93,262,035	65,542,333	52,632,240
Other assets	131,706,426	105,034,820	80,159,255	103,352,254	27,802,600
Total	8,546,079,507	8,259,837,951	5,598,796,158	4,132,216,108	1,520,136,387

4 Company declared dividend as follows

Year	Rate of dividend
1997	25% stock dividend(one bonus share for every 4 shares held)
1998	20% stock dividend(one bonus share for every 5 shares held)

5 The company did not prepare any accounts for any period subsequent to 30 June 1999

Sd/-
(Rahman Rahman Huq)
Chartered Accountants

Dhaka, 5 September 1999

Comparative Cash Flow Statement of the Bank is as under:

Particulars	30.06.99 Taka	1998 Taka	1997 Taka	1996 Taka	1995 Taka
A. Cash flow from operating activities					
Profit before tax	77,679,861	98,014,769	68,635,432	19,817,315	(12,578,607)
Add: Item not involving movement of cash	-	-	-	-	-
Depreciation	7,048,734	14,408,691	13,030,513	9,114,765	1,689,057
	84,728,595	112,423,460	81,665,945	28,932,080	(10,889,550)
Increase in advance (Net of provision for bad and doubtful debts and interest suspense)	(453,431,164)	(813,896,095)	(1,357,303,213)	(1,092,397,625)	(138,615,664)
Increase in deposit and other account and borrowing from other banking companies, agents etc	463,092,022	1,337,263,824	1,052,288,198	1,879,522,712	1,214,533,845
Increase in bills payable	22,204,105	29,445,316	1,922,804	40,858,054	12,482,715
Increase in other liabilities	22,583,954	74,775,352	24,848,819	9,888,564	10,991,961
Decrease/(increase) in other assets	5,681,954	24,274,539	46,142,034	(72,683,962)	(27,802,600)
Advance tax paid on operating income	(32,353,560)	(49,150,104)	(22,949,035)	(2,865,692)	-
	112,505,906	715,136,292	(173,384,448)	791,254,131	1,060,700,707
B. Cash flow from investing activities					
Purchases of fixed assets	(2,827,415)	(7,066,385)	(40,750,215)	(22,024,858)	(34,321,297)
Investment on Govt. Treasury Bills	(250,000,000)	(190,000,000)	10,000,000	(138,000,000)	(2,000,000)
Investment in shares and bonds	44,919,074	100,411,173	(627,902)	(158,267,250)	(130,000,000)
Prize bonds	(34,400)	521,500	(215,400)	(1,519,100)	(30,700)
FDR with other banks	-	-	-	145,010,685	(145,010,685)
	(207,942,741)	(96,133,912)	(31,593,517)	(174,800,523)	(331,362,682)
C. Cash flow from financing activities					
Financed by Shareholders					100,000,000
D Net Cash inflows/(outflows) (A+B+C)	(95,436,835)	619,002,380	(204,977,965)	616,453,608	829,338,025
E Opening net cash and cash equivalent	1,859,816,048	1,240,813,668	1,554,791,633	829,338,025	
F Closing net cash and cash equivalent(D+E)	1,764,379,213	1,859,816,048	1,240,813,668	1,445,791,633	829,338,025

Auditors' Certificate about issue of shares other than for cash

This is to certify that the shareholders of Southeast Bank Limited in the 3rd Annual General Meeting held on 30 June 1998 unanimously declared dividend @25% for the year 1997 to all shareholders on 1,000,000 ordinary shares in the form of bonus shares as recommended by the Bank's Board of Directors in its 52nd meeting held on 5 March 1998 and the 4th Annual General Meeting held on 28 June 1999 unanimously declared dividend @20% for the year 1998 t all shareholders on 1,250,000 ordinary shares in the form of bonus shares as recommended by the Bank's Board of Directors in its 74th meeting held on 7 March 1999. Thus in total 500,000 bonus shares were issued to the sponsor shareholders for which no payment was made in cash

Sd/-
(Rahman Rahman Huq)
Chartered Accountants

Dhaka, 5 September 1999