

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DASHEN BANK SHARE COMPANY

We have audited the financial statements of Dashen Bank Share Company at 30 June 2009, the Profit and Loss Account, the Cash Flow Statement, and the related notes for the year then ended. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' are responsible for preparing the financial statements in accordance with applicable laws, regulations and Generally Accepted Accounting Principles. Their responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Generally Accepted Auditing Standards and to express an opinion on these financial statements based on our audit and whether the financial statements are properly prepared in accordance with the relevant provisions of the Commercial Code of Ethiopia and the Banking Business Proclamation No. 592/2008. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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Basis of audit opinion

We conducted our audit in accordance with Generally Accepted Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements present fairly, in accordance with Generally Accepted Accounting Principles, the state of the company's affairs as at 30 June 2009 and its result for the year then ended;
- the financial statements have been properly prepared in accordance with the relevant provisions of the Commercial Code of Ethiopia, the Banking Business Proclamation No. 592/2008 and the directives of the National Bank of Ethiopia.
- the information given in the Directors' Report is consistent with the financial statements.

We have no comment to make on the report of your directors in so far as it relates to these financial statements and pursuant to Article 375 of the 1960 Commercial Code of Ethiopia, recommend approval of the above-mentioned financial statements.



A.W. Thomas & Co.
Chartered Certified Accountants
(Auditors of the Dashen Bank S.C.)

Addis Ababa
18 September 2009

DASHEN BANK S.C.
BALANCE SHEET
AS AT 30 JUNE 2009

Currency: Ethiopian Birr

	Notes	2009	2008
ASSETS			
Cash and balances with other banks			
Cash on hand	3	370,494,011	268,239,923
Deposits with local commercial banks	4	232,367,477	45,708,057
Deposits with foreign banks		658,306,784	828,826,460
Deposits with National Bank of Ethiopia	5	<u>3,441,643,302</u>	<u>1,772,733,544</u>
		4,702,811,574	2,915,507,984
Investments	6	28,385,795	28,385,795
Items in course of collection from other banks	7	343,711,429	274,573,670
Loans and advances to customers	8	4,349,249,994	4,291,704,476
Other assets	9	198,683,752	114,907,333
Fixed assets	10	<u>109,740,897</u>	<u>93,848,772</u>
TOTAL ASSETS		<u>9,732,583,441</u>	<u>7,718,928,030</u>
LIABILITIES			
Customers' deposits			
Demand		2,189,749,336	1,616,812,548
Saving		5,033,506,814	3,841,932,645
Fixed		<u>701,954,139</u>	<u>692,776,352</u>
		7,925,210,289	6,151,521,545
Margin held on letters of credit		159,639,855	153,347,720
Other liabilities	11	636,426,571	589,932,767
Provision for taxation	17	<u>102,611,999</u>	<u>93,516,341</u>
TOTAL LIABILITIES		<u>8,823,888,714</u>	<u>6,988,318,373</u>
SHAREHOLDERS' FUNDS			
Share capital	12	528,512,000	453,993,000
Legal reserve		259,207,089	196,737,990
Retained earnings	20	<u>120,975,638</u>	<u>79,878,667</u>
		908,694,727	730,609,657
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>9,732,583,441</u>	<u>7,718,928,030</u>

DASHEN BANK S.C.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

		Notes	2008
INCOME			
Interest income			
Loans and advances		431,238,109	403,530,085
Foreign deposits		3,539,010	16,544,662
Total interest income		434,777,119	420,074,747
Interest expense			
Interest paid on deposits		(199,447,691)	(162,148,506)
		235,329,428	257,926,241
Less: Provision for doubtful loans and advances		(2,174,504)	(18,248,030)
		233,154,924	239,678,211
Other income			
Service income	13	35,122,125	30,301,885
Letters of credit opening charges		14,121,029	12,524,910
Commissions		57,447,593	44,026,969
Gain on foreign exchange		198,151,814	147,838,133
Investment income	14	2,569,919	2,979,157
Sundry income	15	13,380,526	12,082,357
		320,793,006	249,753,411
EXPENSES			
Salaries and benefits		97,478,289	72,533,093
Rent		22,069,236	20,199,921
General and administrative	16	56,567,458	44,616,595
Depreciation		24,182,337	18,657,282
Directors' remuneration		1,005,615	707,876
Audit fee and expenses		156,600	146,500
		(201,459,535)	(156,861,267)
PROFIT BEFORE PROVISION FOR TAXATION			
Provision for taxation	17	(102,611,999)	(93,515,285)
NET PROFIT AFTER PROVISION FOR TAXATION			
Transfer to legal reserve (25%)		(62,469,099)	(59,763,768)
Transfer to retained earnings		187,407,297	179,291,302
Earnings per share	18	550	846

DASHEN BANK S.C.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

	Notes	2008
Cash flow from operating activities		
Operating profit before provision for taxation		352,488,395
Adjustments for:		
Depreciation		24,182,337
Loss on disposal of fixed assets		-
Gain on disposal of fixed assets		(628,585)
Interest income from foreign deposits		(3,539,010)
Investment income		(2,569,919)
Depreciation adjustment		928,328
Prior year		-
		<u>370,861,546</u>
Decrease (Increase) in items in course of collection		(69,137,759)
Decrease (Increase) in other assets		(83,776,418)
Decrease (Increase) in loans and advances to customers		(57,545,517)
Increase (Decrease) in demand deposits		572,936,788
Increase (Decrease) in saving deposits		1,191,574,169
Increase (Decrease) in fixed deposits		9,177,787
Increase (Decrease) in margin held on letters of credit		6,292,135
Increase (Decrease) in other liabilities		46,493,803
		<u>1,986,876,534</u>
Directors' bonus paid		(3,165,826)
Income tax paid		(93,516,341)
Net cash inflow from operating activities		<u>1,890,194,367</u>
Cash flow from investing activities		
Purchase of fixed assets		(41,039,206)
Disposal of fixed assets		665,000
Interest income received from foreign deposits		3,539,010
Investment income		2,569,919
Net cash received from (used for) investing activities		<u>(34,265,277)</u>
Cash flow from financing activities		
Proceeds from issuance of share capital		1,970,000
Dividend paid	20	(70,595,500)
Net cash received from (used for) financing activities		<u>(68,625,500)</u>
Net increase in cash and cash equivalents		<u>1,787,303,590</u>
Cash and cash equivalents, opening balance		<u>2,915,507,984</u>
Cash and cash equivalents, closing balance		<u>4,702,811,574</u>

DASHEN BANK S.C.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. ESTABLISHMENT

The Bank is a privately owned company established in 1995 in accordance with the “Licensing and Supervision of Banking Business Proclamation No. 84/1994” of Ethiopia to undertake commercial banking activities.

The Bank obtained its license from the National Bank of Ethiopia on 20 September 1995 and started normal business activities on the first of January 1996. It operates through its Head Office in Addis Ababa and fifty two area banks established within and outside Addis Ababa, five Foreign Exchange Bureaux, five hundred and fifty seven Point of Sale (PoS) terminals and forty Automatic Teller Machines (ATMs) installed at different places within and outside Addis Ababa.

2. ACCOUNTING POLICIES

The significant accounting policies adopted by the bank are summarized hereunder:

(a) Accounting convention

These financial statements are prepared under the historical cost convention and generally accepted accounting principles.

(b) Interest income and expenses

Interest income and interest expenses are accounted for on the accrual basis. However, no interest is accounted for unpaid past due loans and advances.

(c) Other income

All other income is accounted for at the time of completion of related banking transactions.

(d) Conversion of foreign currencies

- (i) Foreign currency denominated transactions are converted into Birr at the prevailing rates of exchange and realized foreign exchange gains or losses are reflected in the profit and loss account.
- (ii) Year-end balances of foreign currencies on hand and with correspondent banks are converted into Birr at the mean of the buying and selling rates ruling at the balance sheet date.
- (iii) During the fiscal year the mid-market rate of the ETB against the US Dollar has been within the range of Birr 9.7488 to Birr 11.4105 per USD.

DASHEN BANK S.C.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(e) Provision for doubtful debts

The provision for doubtful loans and other receivables is maintained at a level adequate to cover possible losses. Management determines the adequacy of the provision based upon reviews of individual credits and other related factors, and pursuant to the Directives of the National Bank of Ethiopia.

(f) Fixed assets

Fixed assets are stated at cost, net of depreciation calculated on the following basis at their respective rates per annum.

- i) Building is depreciated based on the straight-line method at a rate of 5% per annum.
- ii) The following categories of business assets are depreciated based on the declining balance method:

Furniture and fixtures	20%
Office and other equipment	20%
Motor vehicles	20%
Computer hardware and software	25%

The depreciation base is the book value as recorded in the opening balance sheet of the tax period including assets acquired during the tax period and excluding net book value of assets disposed of.

3. CASH ON HAND

		2008
Local currency	359,812,427	240,980,409
Foreign currency	7,965,864	23,038,541
Travelers' cheques	1,726,020	3,172,773
Ethiopian Millennium commemorative coins	989,700	1,048,200
	370,494,011	268,239,923

4. DEPOSITS WITH LOCAL COMMERCIAL BANKS

Current account with CBE	179,889,059	45,708,057
ECX Account with AIB	7,202,045	-
ECX Account with UB	23,576,761	-
ECX Account with NIB	21,699,612	-
	232,367,477	45,708,057

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

5. DEPOSITS WITH NATIONAL BANK OF ETHIOPIA

		2008
Statutory reserve balance	1,280,078,993	920,078,993
Payment and settlement account	2,161,564,309	852,654,551
	<u>3,441,643,302</u>	<u>1,772,733,544</u>

6. INVESTMENTS

Investment in Tana Building (i)	22,801,795	22,801,795
Investment in Nyala Insurance S.Co. (ii)	5,584,000	5,584,000
	<u>28,385,795</u>	<u>28,385,795</u>

- (i) The Bank and MIDROC Ethiopia PLC following their agreement on 5 October 2001 acquired jointly the Tana Department Store Building in Addis Ababa, as a result of a tender procedure instituted by the Commercial Bank of Ethiopia.

According to the terms of the agreement between the two joint venture parties:

- a) The contributions for the acquisition are:

MIDROC Ethiopia PLC	60%	34,202,693	34,202,693
Dashen Bank S.C.	40%	22,801,795	22,801,795
		<u>57,004,488</u>	<u>57,004,488</u>

- b) Dashen Bank S.C. is appointed to manage and administer the affairs of the building.
- c) The results of operations are to be shared on a basis pro-rata to the respective contributions.

- (ii) The Bank has 5,584 shares at par value of Birr 1,000 each in Nyala Insurance Share Company.

7. ITEMS IN COURSE OF COLLECTION FROM OTHER BANKS

Un-cleared local cheques	317,448,478	229,764,380
Outward bills purchased	2,311,897	1,342,844
Outward documentary bills purchased	15,375,667	19,370,059
MT/TT received-foreign	-	47,375
MoneyGram paid and outstanding	660,845	-
Western Union paid and outstanding	7,914,542	24,049,012
	<u>343,711,429</u>	<u>274,573,670</u>

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

8. LOANS AND ADVANCES TO CUSTOMERS

		2008
Agriculture	136,779,724	162,016,125
Manufacturing	1,027,133,349	1,012,829,639
Domestic trade and services	1,253,248,319	969,349,846
Export	349,372,027	338,025,125
Import	359,847,717	516,411,835
Construction machineries and working capital	467,536,093	801,434,024
Transport	251,080,743	368,830,219
Advances on letters of credit	26,915,202	98,459,236
Personal	1,105,011	1,242,892
Loans in litigation	99,753,248	82,528,751
Loans under re-activation	24,031,523	7,186,585
Staff housing loans	49,501,521	43,101,534
Real estate	405,205,480	-
Less: Provision for doubtful debts and advances	(96,919,720)	(101,548,280)
Suspended interest account	(5,340,243)	(8,163,055)
	4,349,249,994	4,291,704,476

8.1 Net Recoverable Values (NRVs) were computed in relation to loan provisions as defined on the Form - SD 4.2/SBB/43, an attachment to the Asset Classification and Provisions Directive No. SBB/43/2008 of the National Bank of Ethiopia. Thus, Average Recovery Rate (ARR) is multiplied by the value of the physical collateral for each loan, provided that the resulting product is not greater than 97% of the outstanding balance.

8.2 The Bank is a party to various legal proceedings in relation to loans and advances, the ultimate resolution of which is not expected to have a materially adverse effect on the financial position of the Bank or the results of its operations.

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

9. OTHER ASSETS

		2008
Stocks of		
- stationery, printing and computer supplies	3,120,799	802,598
- passbooks, drafts and CPOs	5,097,748	472,240
- cheque books	1,594,780	958,523
- fixed assets	6,206,464	3,157,727
- cleaning and sanitation	38,349	39,212
- entertainment supplies	230	1,122
- uniforms	64,489	56,361
- debit card	1,112,262	520,357
- pin mailer	86,501	16,199
- sundry materials	32,080	25,541
	17,353,702	6,049,880
National Trading Enterprise, outstanding deposit for rent	2,257,578	2,257,578
Prepayments	29,469,017	25,633,990
Staff advance	7,870,866	24,599,435
Purchase advance	6,988,128	-
Western Union (20% shared cost for advertisement)	-	204,214
Suspense account (National Bank of Ethiopia)	707,400	707,400
Other non-current assets (see below 1)	128,728,611	46,221,693
Sundry debtors (see below 2)	5,308,450	9,233,143
	198,683,752	114,907,333

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

		2008
Other non-current assets - above 1		
Acquired property	1,221,164	2,681,199
Constructions in progress *	125,821,952	41,846,333
Cash collateral to VISA	1,264,077	1,058,903
Deposit for Multimedia Broad-band	196,418	194,907
Deposit for signboards and logo	14,000	14,000
Suspense- fixed asset A/C	211,000	426,351
	128,728,611	46,221,693

* Unpaid capital commitments for constructions in progress at Head Office, Wolayta Sodo and Dilla sites amount to approximately Birr 41,567,526.

Sundry debtors - above 2

Credit cards	7,631	11,468
Counterfeit cash notes holding (National Bank of Ethiopia)	1,895	8,334
Stolen money and related court fees	1,756,854	972,587
Wrong payments and overdrawn accounts	85,537	115,966
Charge back	143,275	83,569
2% withholding tax	113,982	91,763
Receivable from VISA	851,249	-
Payment cards	297,954	393,088
Local banks	-	1,033,356
Blocked balance for land lease of head office	-	4,000,000
Correspondent bank account	-	255,424
Receivable from Master Card	331,004	-
Miscellaneous	1,719,069	2,267,588
	5,308,450	9,233,143

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

10. FIXED ASSETS

Cost	30/06/08	Additions	Adjustments	Disposals	30/06/09
Premises	35,135,945	-	(1,833,562)	-	33,302,383
Furniture and fixtures	21,870,459	5,380,904	-	-	27,251,363
Office and other equipment	23,835,356	6,572,988	-	-	30,408,344
Computer hardware and software	71,277,460	18,924,236	(325,566)	-	89,876,130
Motor vehicles	34,064,305	10,161,078	-	(981,384)	43,243,999
	<u>186,183,525</u>	<u>41,039,206</u>	<u>(2,159,128)</u>	<u>(981,384)</u>	<u>224,082,219</u>

Accumulated depreciation

Premises	2,529,187	1,665,119	(1,833,562)	-	2,360,744
Furniture and fixtures	12,605,498	2,902,911	119,301	-	15,627,710
Office and other equipment	12,269,443	3,611,656	77,738	-	15,958,837
Computer hardware and software	44,967,098	11,255,995	(118,982)	-	56,104,111
Motor vehicles	19,963,527	4,746,656	524,706	(944,969)	24,289,920
	<u>92,334,753</u>	<u>24,182,337</u>	<u>(1,230,799)</u>	<u>(944,969)</u>	<u>114,341,322</u>

Net Book value

Premises	32,606,758				30,941,639
Furniture and fixtures	9,264,961				11,623,654
Office and other equipment	11,565,913				14,449,506
Computer hardware and software	26,310,362				33,772,019
Motor vehicles	14,100,778				18,954,079
	<u>93,848,772</u>				<u>109,740,897</u>

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

11. OTHER LIABILITIES

		2008
Outstanding transfers	143,871,426	122,556,486
CPOs and certified cheques issued	198,977,126	181,149,544
Exchange payable to National Bank of Ethiopia	20,943,477	21,697,215
MTs/TTs payable	36,243,804	35,239,636
Blocked current and saving accounts	8,273,533	17,285,500
Demand drafts payable	1,098,800	390,100
Accrued interest payable on fixed deposits	18,625,887	17,455,101
Accrued leave pay	9,736,505	7,324,242
Bonus adjustment	10,070,765	8,146,528
Accruals	3,452,352	3,282,381
Taxes	2,860,537	2,256,763
Unearned revenue	1,714,389	4,014,523
Special reserve, Article 21 of Proclamation 592/2008	27,158,708	25,099,963
Tana Department Store building	6,642,193	5,255,389
Special clearance	131,520,424	130,043,213
ATM rejected note control	26,240	26,120
Sundries (see below)	15,210,405	8,710,063
	636,426,571	589,932,767

Sundries

National Motors Corporation	126,500	126,500
Office rent payable	303,382	303,382
Payable to correspondent banks	3,294,752	2,081,875
Retention on construction work	4,426,886	1,967,891
Agent commission on credit cards	8,906	8,906
Payable to MIDROC Ethiopia PLC	64,230	52,767
Ethiopian Revenue and Customs Authority	306	1,195
Deposit for guarantees	685,514	1,045,903
Adjustment and refund account	22,568	980
Merchant control account	4,530	-
Charge-back for ATMs\PoSs	381,914	-
Loan repayment, suspense account	1,081,831	-
Payable to shareholders	975,150	450,897
Miscellaneous	3,833,936	2,669,767
	15,210,405	8,710,063

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

12. SHARE CAPITAL

		2008
Authorized capital 1,000,000 Ordinary Shares of Birr 1,000 each	1,000,000,000	1,000,000,000
Paid-up capital 528,512 Ordinary shares of Birr 1,000 each	528,512,000	453,993,000

12.1 The paid up capital is raised by Birr 74,519,000 during the fiscal year.

12.2 Four shareholders hold more than 5% of the bank's share capital.

13. SERVICE INCOME

Service charges - local	3,320,663	2,359,101
Service charges - foreign	31,801,462	27,942,784
	<u>35,122,125</u>	<u>30,301,885</u>

14. INVESTMENT INCOME

Tana Building	1,856,016	1,694,306
Nyala Insurance S.C.	713,903	1,284,851
	<u>2,569,919</u>	<u>2,979,157</u>

15. SUNDRY INCOME

Telecommunications	8,743,097	7,419,914
Postage	174,851	224,604
Estimation fees	540,572	338,117
Correspondent bank charges	68,043	157,480
Legal fees	22,170	7,345
Miscellaneous	3,831,793	3,934,897
	<u>13,380,526</u>	<u>12,082,357</u>

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

16. GENERAL AND ADMINISTRATIVE EXPENSES

		2008
Stationery, printings and computer supplies	6,158,541	4,262,486
Telecommunications	11,055,961	9,665,782
Postage	232,771	227,737
Advertisements	4,129,896	4,795,724
Correspondent bank charges	380,929	440,293
Entertainment	524,832	428,906
Insurance	1,949,815	1,148,651
Fuel and lubricants	2,174,442	1,654,761
Per-diems and hotel accommodations	1,334,448	1,171,255
Representation allowance	1,048,452	954,876
Transport	1,066,048	811,080
Water and light	1,340,411	1,078,400
Special reserve, Article 21 of Proclamation 592/2008	2,137,362	7,210,321
Maintenance and repairs	3,332,669	2,352,694
Donations and contributions	1,128,200	25,000
Professional fees, for banking softwares	7,578,069	2,552,920
Bank charges	666,277	510,205
VISA charges	2,223,117	1,457,378
PoS reimbursement charges	2,426,907	1,177,678
Fixed assets	45,397	34,960
Cost of debit cards	747,490	379,131
Charges for land leases	798,797	-
Master card charges	582,637	-
Sundries	3,503,991	2,276,357
	56,567,458	44,616,595

DASHEN BANK S.C.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Currency: Ethiopian Birr

17. PROVISION FOR TAXATION

			2008
Profit before provision for taxation		352,488,395	332,570,355
Add: Depreciation as per bank's policy	24,182,337		18,657,282
Donations and contributions	-		5,000
Loss on disposal of fixed assets	-		121,213
Entertainment	524,832		428,906
Prior period adjustment	-		3,521
		24,707,169	19,215,922
Less: Gain on disposal of fixed assets	635,329		789,110
Depreciation for tax purpose pursuant to Proc. No. 286/2002	24,054,098		19,005,941
Interest on foreign deposits *	3,539,010		16,544,662
Dividend earned on shares	713,903		1,284,851
Bad debts written off against provision held before June 2002	6,803,064		5,198,020
		(35,745,404)	(42,822,584)
Taxable profit		341,450,160	308,963,693
Taxation			
(a) 341,450,160 @ 30%		102,435,048	92,689,108
(b) 3,539,010 @ 5% *		176,951	827,233
Business profit tax		102,611,999	93,516,341
Prior year adjustment		-	(1,056)
Charge to profit and loss account		102,611,999	93,515,285

* Profit tax is computed at the rate of 5% on interest earned on deposit with foreign banks as per Income Tax Proclamation No. 286/2002, Article 36, Sub Article 1.

18. EARNINGS PER SHARE

Earnings per share for the year are calculated on the basis of the average number of shares outstanding during the year.

19. GENERAL RESERVE

Balance, 1 July 2008	-	64,717,354
Less: Transfer to paid up capital	-	(64,700,000)
Transfer from (to) retained earnings	-	(17,354)
	-	-

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20. RETAINED EARNINGS

			2008
Balance, 1 July 2008	79,878,667		60,571,162
Add: Transfer from profit and loss account	187,407,297		179,291,302
Transfer from General Reserve	-		17,354
Prior year adjustment	-		2,465
		267,285,964	239,882,283
Less: Dividend paid	(70,595,500)		(55,000,000)
Directors' Bonus (2008)	(3,165,826)		(420,000)
Transfer to Legal Reserve (adjustment)	-		(616)
Transfer to paid up capital	(72,549,000)		(104,583,000)
		(146,310,326)	(160,003,616)
		<u>120,975,638</u>	<u>79,878,667</u>

21. MEMORANDUM AND CONTINGENT ITEMS

(a) Contingent and memorandum assets			
Interest on loans and advances in litigation		30,622,098	33,724,636
Interest on loans and advances under re-activation		220,129	954,512
Outward bills for collection		190,280	2,284,786
Inward bills for collection		105,811,124	106,558,473
		<u>136,843,631</u>	<u>143,522,407</u>

(b) Contingent and memorandum liabilities			
Guarantees issued to customers		311,778,783	402,112,786
Letters of credit	475,715,355		530,290,516
Less: Margin held on letters of credit	(159,639,855)		(153,347,720)
		316,075,500	376,942,796
		<u>627,854,283</u>	<u>779,055,582</u>

(c) The un-utilized balances of overdraft facilities granted to customers as at 30 June 2009 amounted to Birr 297,857,000 (2008 Birr 434,326,000).

22. EMPLOYEES' BENEFITS SCHEMES

Regarding the provident fund scheme, the Bank contributes 15% of basic salary while employees contribute 7%. These contributions are held for each individual in saving accounts of the Bank. All other employees' benefits are in accordance with the Labour Proclamation No. 377/2003 and Labour Amendment Proclamation No. 494/2006. Eligible staff also benefit from Housing Loan.

23. COMPARATIVE FIGURES

Some accounts comparative figures have been reclassified.