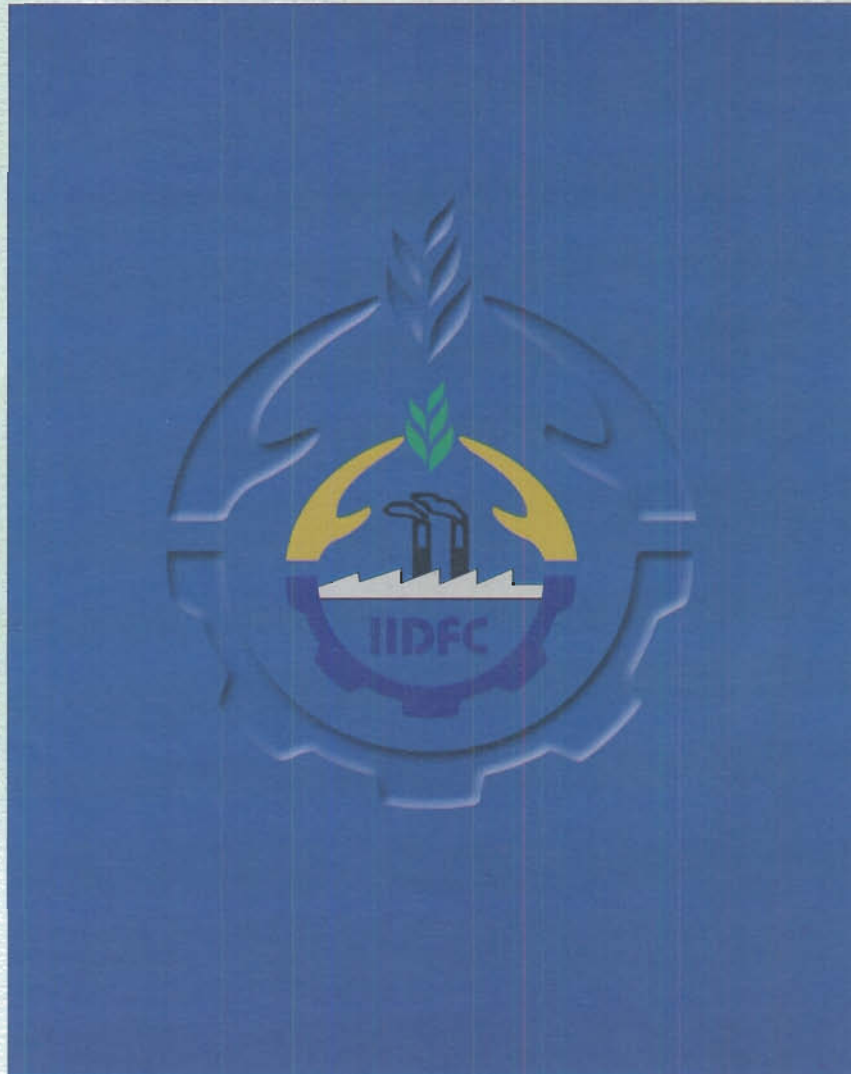


ANNUAL REPORT 2005



Industrial and Infrastructure Development Finance Company Limited

Annual Report 2005



Industrial and Infrastructure Development Finance Company Limited

Chamber Building (6th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh

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NOTICE

Notice of the 5th Annual General Meeting

Notice is hereby given that the 5th Annual General Meeting of the **Industrial and Infrastructure Development Finance Company Limited** will be held on Thursday, 01 June 2006, at 08.00 p.m. at Shuruchi Restaurant, BRAC Centre Inn, BRAC Centre (4th Floor) 75 Mohakhali, Dhaka-1212, Bangladesh to discuss the following businesses:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2005 and Auditors' Report & Directors' Report thereon.
2. To declare dividend for the year 2005
3. To elect Directors of the Company
4. To appoint auditors for the year 2006 and to fix their remuneration
5. To transact any other business with the permission of the Chair

Dated, Dhaka
08 May 2006

By order of the Board



Nandan Kumar Paul
Company Secretary

NOTES

1. Members holding shares on the date of the Annual General Meeting will be entitled to the Dividend to be declared in that Annual General Meeting.
2. A member entitled to attend & vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her behalf. The proxy form duly filled in & stamped, must be deposited at least 48 hours before the time scheduled for holding the Annual General Meeting. (A PROXY-FORM is available in the Annual Report)
3. Members are requested to notify change of address, if any, to the Company.

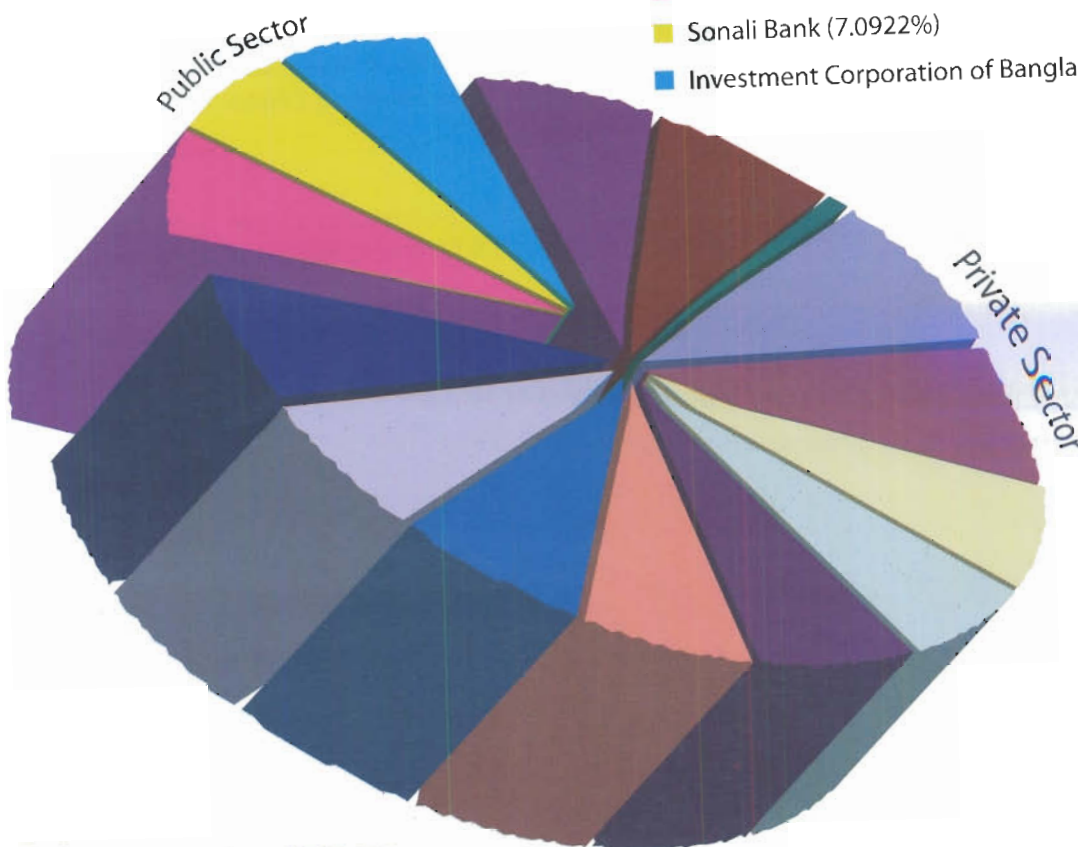
Enclosed:
Annual Report 2005

SHAREHOLDING STRUCTURE

Shareholding Structure

Public Sector (21.2766%)

- Janata Bank (7.0922%)
- Sonali Bank (7.0922%)
- Investment Corporation of Bangladesh (7.0922%)



Private Sector (78.7234%)

- Arab Bangladesh Bank Limited (7.0922%)
- Bank Asia Limited (7.0922%)
- BRAC Bank Limited (7.0922%)
- The City Bank Limited (7.0922%)
- Mutual Trust Bank Limited (7.0922%)
- National Bank Limited (7.0922%)
- ONE Bank Limited (7.0922%)
- Southeast Bank Limited (7.0922%)
- Eastland Insurance Co. Limited (7.0922%)
- National Life Insurance Co. Limited (7.0922%)
- Pragati Insurance Limited (7.0922%)
- Md. Matiul Islam (0.7092%)

BOARD OF DIRECTORS

Chairman

Mr. Md. Matiul Islam

Vice Chairman

Mr. M. Syeduzzaman, Bank Asia Limited

Directors

Mr. Neaz Ahmed, Southeast Bank Limited

Mr. Fazle Hasan Abed, BRAC Bank Limited

Mr. Syed Manzur Elahi, Mutual Trust Bank Limited

Mr. R.Q.M. Forkan, Arab Bangladesh Bank Limited

Mr. Deen Mohammed, The City Bank Limited

Mr. M. Aminuzzaman, National Bank Limited

Mr. M. Tahmilur Rahman, Sonali Bank

Mr. M. Haider Chowdhury, National Life Insurance Co. Limited

Mr. Al-Haj Khalilur Rahman, Pragati Insurance Limited

Mr. Ghulam Rahman, Eastland Insurance Co. Limited

Mr. Md. Ziaul Haque Khondker, Investment Corporation of Bangladesh

Mr. S.M. Aminur Rahman, Janata Bank

Mr. Syed Nurul Amin, ONE Bank Limited

Managing Director

Mr. Mahmood Malik

Company Secretary

Mr. Nandan Kumar Paul



A meeting of the Board of Directors

MANAGEMENT

Management

Sl.	Name	Designation
01	Mr. Mahmood Malik	Managing Director
02	Mr. Nandan Kumar Paul	Senior Vice President and Company Secretary Head of Finance & Administration
03	Mr. Proshanta K. Halder	Senior Vice President Head of Operations
04	Mr. Kh. Shafiqur Rahman	Assistant Vice President Head of Structured Finance
05	Engineer Md. Russel Shahriyor	Assistant Vice President Head of SME Finance
06	Mr. Rashedul Haque	Assistant Vice President Head of Corporate Finance

Corporate Information

Registered Office

Chamber Building (6th floor)
122-124, Motijheel C/A, Dhaka- 1000
Tel : 9559311-12, 9553254, 9553387, 9553090
Fax : 880-2-9568987
Website : www.iidfc.com

Auditors

M/S Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban (8th Level)
7-9 Karwan Bazar
Dhaka- 1215, Bangladesh

Business Hours

Unless otherwise advised by Bangladesh Bank
9.00 a.m. to 5.00 p.m.
Sunday to Thursday

Legal Advisors

M/S Lee, Khan & Partners
Barristers, Attorney & Advocates
City Heart, Suite # 5/8
67, Naya Paltan (4th floor), Dhaka-1000

BANKERS

Bankers

- **Arab Bangladesh Bank Limited**
Principal Branch, Dhaka-1000
- **Bank Asia Limited**
Principal Office, Dhaka-1000
- **The City Bank Limited**
Principal Office, Dhaka-1000
- **Citi Bank N.A.**
Dhaka Branch, Dhaka-1000
- **Janata Bank**
Janata Bhaban Corp. Br. Motijheel, Dhaka-1000
- **Mutual Trust Bank Limited**
Principal Branch, Dhaka-1000
- **National Bank Limited**
Motijheel Branch, Dhaka-1000
- **ONE Bank Limited**
Principal Branch, Dhaka-1000
- **Prime Bank Limited**
Foreign Exchange Branch, Dhaka-1000
- **Sonali Bank**
Local Office, Dhaka-1000
- **Uttara Bank Limited**
Local Office, Dhaka-1000
- **The Trust Bank Limited**
Dhanmondi Branch, Dhaka-1205
- **Mercantile Bank Limited**
Main Office Branch, Dhaka-1000
- **Bank Al-Falah Limited**
5, Rajuk Avenue, Dhaka-1000

SERVICES OFFERED

Services Offered

- A. Lease Finance** : IIDFC Provides Lease financing for industrial equipment, Capital machinery, vehicles and other productive equipments both for manufacturing and service industries. IIDFC has special interest in infrastructure projects.
- B. Term Lending** : Medium to Long Term Loans to financially viable service industries, industrial undertakings and infrastructure projects in the power and telecommunication sector, oil & gas exploration, roads & highway, bridges, river and air transport etc.
- C. Structured Finance** : Structured Finance encompasses syndicated fund arrangement including cross-border syndication and other financial advisory services.
- D. Equity support** : Equity Financing and Venture Capital Financing are the new areas of long term investments where IIDFC plans to give special emphasis in the coming years.
- E. Financial Package** : IIDFC provides comprehensive financial package, which comprises, among others, acquisition or taking over of public sector enterprises, financial or otherwise, stated for Privatization, Providing technical and support services for merger, acquisition or takeover and various consultancy services.
- F. Deposit Scheme** : IIDFC encourages term deposits of 6 months and above as has been allowed by Bangladesh Bank for Non-Banking Financial Institutions. We offer attractive terms, returns and profits to the depositors while giving top most importance to the security of the depositors' money. The depositors are also allowed to take loans against deposits.

Business Performance

	2005	2004	2003	2002	2001
No. of Project Approved	69	48	33	30	12
Finance Approved (BDT in Million)	1,692.86	1,011.40	694.05	548.05	333.51
No. of Contracts Signed	72	27	39	30	4
Fund Disbursed (BDT in Million)	1,130.62	689.90	619.86	421.16	41.76

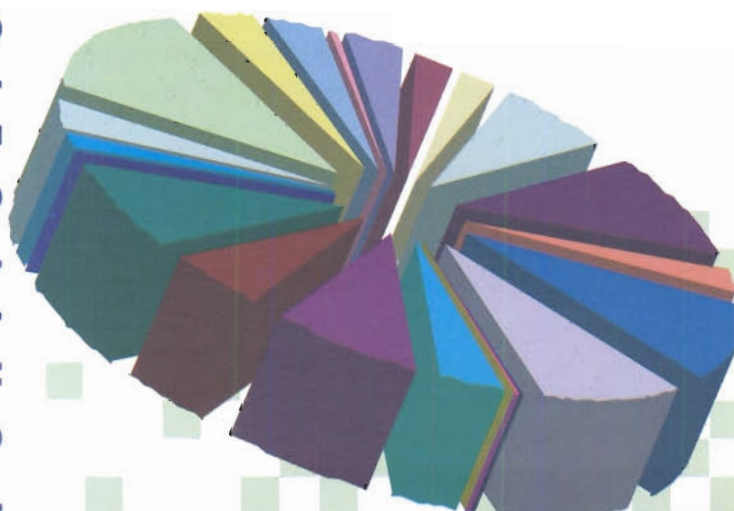
Financial Performance

Operational Revenue (BDT in Million)	209.79	212.32	361.18	111.49	3.32
Operational Expenses (BDT in Million)	153.28	129.21	303.56	89.19	8.58
Operating Profit (BDT in Million)	56.50	83.11	57.62	22.3	-5.26
Net Profit (BDT in Million)	49.23	58.78	49.64	19.71	4.3
Provision for Bad and Doubtful Debts (BDT in Million)	16.87	30.61	11.2	4.25	0.22
Leased Assets (BDT in Million)	1,636.38	1,038.24	786.99	343.61	39.46
Direct Finance (BDT in Million)	346.75	127.03	125.07	80.45	1.91
Shareholders' Equity (BDT in Million)	308.57	259.33	200.55	165.01	145.3
Paid up Capital (BDT in Million)	194.58	162.15	141.00	141.00	141.00
Total no. of Shares	1,945,800	1,621,500	1,410,000	1,410,000	1,410,000

Ratios

Book Value per Share (BDT)	158.58	159.93	150.18	120.05	103.20
Earning Per Share (BDT)	25.30	36.25	35.20	13.98	3.05
Dividend Per Share (BDT)	20.00	20.00	15.00	10.00	-
Dividend Payout Ratio (In Percentage)	79.00	55.00	43.00	72.00	-

PORTFOLIO



Serial	Sectors	BDT in Million	%
1	Agro-based Industries	64.55	3.25%
2	Air Transport	44.62	2.25%
3	Banking Companies	39.94	2.01%
4	Cement Industries	114.70	5.78%
5	Chemical & Chemical Products	195.58	9.86%
6	Construction Companies	45.33	2.29%
7	Engineering Industries	224.34	11.31%
8	Garments Industries	201.38	10.15%
9	Housing Companies	6.82	0.34%
10	Insurance Companies	2.88	0.15%
11	Leasing Companies	2.62	0.13%
12	Paper & Paper Products	75.47	3.81%
13	Pharmaceutical Industries	159.75	8.06%
14	Power Generating Companies	98.06	4.94%
15	Rubber & Rubber Products	159.52	8.04%
16	Professional & Self Employed Persons	6.11	0.31%
17	Service Provider Companies	34.87	1.76%
18	Telecom Companies	64.47	3.25%
19	Textile Industries	292.59	14.75%
20	Trade & Commerce	72.35	3.65%
21	Road Transport	66.07	3.33%
22	Water Transport	11.11	0.56%
Total:		1,983.13	100.00%

DIRECTORS' REPORT

Directors' Report



Introduction:

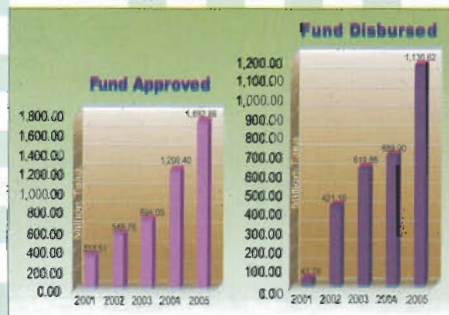
I, on behalf of Board of Directors, welcome you all to the 5th Annual General Meeting of the Company. I also have the pleasure of presenting the Audited Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity of the Company for the year 2005 along with the Auditors' Report thereon.

Business Review:

I am glad to inform you that during the year, your company was able to attain substantial growth in terms of volume of business. Compared to FY 2004, the company recorded a 64% growth in disbursement - from Tk. 690 million to Tk. 1,131 million in FY 2005. Though assets volume increased the operating profit decreased because of substantial decline in earnings from the treasury operations to Tk. 0.03 million from Tk. 31.92 million. This was as a result of Bangladesh Bank's circular restricting Financial Institutions' participation in the call money market. Net assets of the Company increased by Tk. 315 million to Tk. 1,407 million and overdue receivables decreased to Tk. 30 million from Tk. 48 million. The shareholders' equity registered an increase by Tk. 50.00 million i.e., from Tk. 259 million to Tk. 309.00 million. Book value of the shares, however, decreased marginally to Tk. 158.58 from Tk. 159.93 since the number of shares during the year increased by 20% and an amount Tk. 20 million out of profit before tax of Tk. 69.23 million was provided on account of deferred tax.

The Company has opened a separate department namely, Structured Finance to provide syndication services to the multinationals and local corporate houses to increase its earning from non-funded activities. The department will be able, besides earning substantial fee income, to improve brand image and build up goodwill of the company.

During the year 2005, the tenure of the first Managing Director, Mr. AKM Nozmul Haque, expired and Mr. Mahmood Malik, a banker having experiences in multinational banking companies, joined in the Company as its Managing Director.



During FY 2005, Profit after tax earned by the Company was Tk. 49,233,039 because the company lost a lucrative source of income generated from treasury operations and significant amount was provided for deferred tax. Since current tax liability of the Company is nil, no provision has been made on this account.

DIRECTORS' REPORT

Directors' Report

With regard to the provision for Deferred Tax as per IAS - 12, Deferred Tax liability is a liability which becomes due & payable in future period in respect of net taxable timing differences. The Company has been making lump sum provision for deferred tax, which will be continued until a satisfactory level of deferred tax is achieved. The Directors, however, feel that the company has enough free reserve to payoff any unusual future tax liability- deferred or otherwise.

Financial Performance:

The Directors take pleasure in summarizing below the financial results of the Company dealt with in detail with explanations in the enclosed audited Financial Statements:

Figures in Taka

Operational Revenue:

Profit after tax

Add:

Retained earnings brought forward

Reversal of provision for bonus share premium

Profit available for appropriation

Less: Appropriations

Statutory Reserve

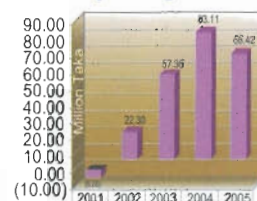
General Reserve

Proposed Dividend

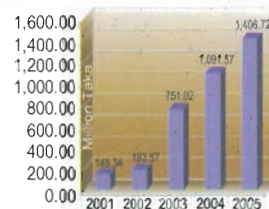
Retained earnings transferred to Reserve & surplus

	2005	2004
Profit after tax	49,233,039	58,781,023
Add:		
Retained earnings brought forward	253,671	468,888
Reversal of provision for bonus share premium	-	8,933,760
Profit available for appropriation	49,486,710	68,183,671
Less: Appropriations		
Statutory Reserve	9,900,000	12,500,000
General Reserve	500,000	23,000,000
Proposed Dividend	38,916,000	32,430,000
	49,316,000	67,930,000
Retained earnings transferred to Reserve & surplus	170,710	253,671

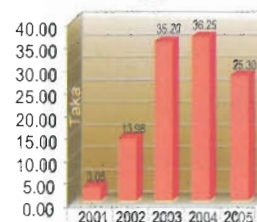
Operating Results



Net Assets



Earning per Share



Shareholders' Equity



Dividend:

The directors recommend 20.00% dividend as bonus shares i.e., 20 fully paid up Ordinary Shares for each 100 fully paid up Ordinary Shares for the year ended 31st December, 2005

Retirement and re-election of Directors:

By operation of Article 99 of the Company's Articles of Association, the following Directors of the Company retire from office at this 5th Annual General Meeting and being eligible offer themselves for re-election:

DIRECTORS' REPORT

Directors' Report

Serial	Name	Representing
1	Mr. M. Syeduzzaman	Bank Asia Limited
2	Mr. Neaz Ahmed	Southeast Bank Limited
3	Mr. Fazle Hasan Abed	BRAC Bank Limited
4	Mr. Syed Manzur Elahi	Mutual Trust Bank Limited
5	Mr. R. Q. M. Forkan	Arab Bangladesh Bank Limited



A View of the 4th Annual General Meeting

Auditors:

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants, BTMC Bhaban (8th level), 7-8, Karwan Bazar, Dhaka-1215, Bangladesh retire and being eligible offer for re-appointment for the year 2006 at a fee of Tk. 60,000.00

Appreciation:

We would like to express our grateful thanks to our esteemed shareholders, clients, the Bangladesh Bank, the Securities and Exchange Commission, the National Board of Revenue, the Registrar of Joint Stock Companies and other regulatory bodies for the co-operation extended to us, and to the Company's dedicated management team for their hard work and commitment to the Company.

Thank you,

On behalf of Board of Directors

Md. Matiul Islam
Md. Matiul Islam
 Chairman

AUDITORS' REPORT

Auditors' Report

to the shareholders

We have audited the accompanying Balance Sheet of INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED as of 31 December 2005 and the related Profit and Loss Account and Statement of Cash Flows together with the notes from 1 to 35 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements have been prepared in accordance with International Accounting Standards (IASs) other than IAS - 17, Lease. The Company has consistently been following operating method of lease accounting although transactions undertaken by the Company fall under finance lease. Had those been accounted under finance method, the profit of the Company would however, remained unchanged.

The Company has made partial provisions for deferred taxation (Note No. 5). For full provision as per BAS -12 : Income Taxes, further an estimated amount of Tk. 35,099,361 is required to be transferred to the account in compliance to BAS -12 : Income Taxes.

Subject to these, the financial statements give a true and fair view of the state of the company's affairs as on 31 December 2005 and of the results of its operations and its Cash Flows for the year then ended and comply with the rules & regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (i) 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 due verification thereof;
- (ii) 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;
- (iii) the company's Balance Sheet and Profit and Loss Account together with notes 1 to 35 dealt with by the report are in agreement with the books of account and
- (iv) The expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka
04 May 2006


Hoda Vasi Chowdhury & Co.
Chartered Accountants

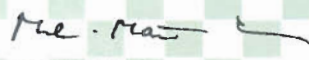
BALANCE SHEET

Balance Sheet

as at 31 December 2005

SOURCES OF FUNDS	Note(s)	2005 Taka	2004 Taka
Shareholders' Fund			
Share capital	3	194,580,000	162,150,000
Reserves & surplus	4	75,070,710	64,753,671
Proposed dividend		38,916,000	32,430,000
		308,566,710	259,333,671
Deferred Tax	5	25,000,000	5,000,000
Finance Loss Reserve	6	16,872,911	30,611,365
Income Suspension	7	1,887,226	6,322,089
Long-term Liabilities- Net of current maturity			
Term Loan	8	638,458,981	165,097,714
Zero Coupon Bonds	9	55,204,320	419,312,009
Lease rental deposit	10	40,739,261	38,043,964
Security deposit & term deposit	11	319,994,590	167,809,857
		1,054,397,152	790,263,544
Capital Employed		1,406,723,999	1,091,530,669
APPLICATION OF FUNDS			
Fixed Assets- at cost less accumulated depreciation	12	2,602,531	1,917,212
Leased Assets- net of current maturity			
Gross lease rental receivables	13A	1,591,123,857	866,775,435
Less: Un-earned revenue	13A	363,931,995	179,999,142
Net leased assets	13A/13B	1,227,191,862	686,776,293
Advances for leased assets	14	409,193,114	351,461,430
		1,636,384,976	1,038,237,723
Less: Current portion of lease rental receivables		505,823,887	218,847,255
		1,130,561,089	819,390,468
Direct Finance	15	186,226,760	106,511,694
Investments	16	30,200	892,250
Current Assets			
Current portion of lease rental receivables	13A	505,823,887	218,847,255
Current portion of direct finance	15	160,520,363	20,521,300
Advances, deposits & prepayments	17	50,962,973	17,065,617
Sundry receivables	18	78,924,957	127,368,590
Money market placement	19	568,188,840	3,420,430,252
Cash & cash equivalents	20	57,592,733	225,399,410
		1,422,013,753	4,029,632,424
Less: Current Liabilities			
Current portion of term loan	8	179,598,514	26,744,601
Current portion of zero coupon bonds	9	404,317,162	-
Current portion of lease deposits	10	3,663,883	2,721,095
Short Term deposit	21	200,000,000	250,000,000
Money market borrowing	22	490,000,000	3,535,000,000
Liabilities for expenses	23	55,711,790	51,049,161
Liabilities for other finance	24	1,418,985	1,298,522
		1,334,710,334	3,866,813,379
Net Surplus in Current Assets		87,303,419	162,819,045
Net Assets		1,406,723,999	1,091,530,669

These financial statements should be read in conjunction with the annexed notes


Md Matiul Islam
Chairman


Mahmood Malik
Managing Director


Nandan Kumar Paul
Company Secretary

Dhaka, 04 May 2006

Auditors' Report to the Shareholders
See annexed report of date


Hoda Vasi Chowdhury & Co.
Chartered Accountants

PROFIT & LOSS

Profit & Loss Account

for the year ended 31 December 2005

	Notes	2005 Taka	2004 Taka
A Operational Revenue:			
Lease Rental		380,281,905	326,317,616
Less: Depreciation on leased assets	13B	246,556,004	209,773,960
Finance Income		133,725,901	116,543,656
Income from lending operations	25	67,148,557	55,746,241
Income from treasury operations	26	294,896	31,917,893
Income structured finance	27	1,225,043	-
Other operational income	28	7,391,370	8,113,738
		209,785,767	212,321,528
B Operational Expenses:			
General & administrative expenses	29	21,094,981	16,185,861
Depreciation on own-used assets	12	1,047,493	790,091
Financial expenses	30	131,141,338	112,237,658
		153,283,812	129,213,610
C Operating Profit (A-B)		56,501,955	83,107,918
D Provisions for Advances:			
Bad & doubtful debts	31	(5,003,147)	21,354,163
Revenue Suspension	32	(4,912,212)	6,322,089
		(9,915,359)	27,676,252
Profit before other income (c-d)		66,417,314	55,431,666
E Other Income			
Profit from sale of shares		672,459	4,397,787
Income from dividend		157,400	361,000
Profit from sale of Fixed Assets		151,172	10,000
Miscellaneous income	33	1,834,694	1,080,570
		2,815,725	5,849,357
F Profit Before Taxation (d-e)		69,233,039	61,281,023
Less: Provision for Taxation:			
Current Tax		-	-
Deferred Tax		20,000,000	2,500,000
		20,000,000	2,500,000
Profit after tax		49,233,039	58,781,023
Add: Retained earnings brought forward		253,671	468,888
Reversal of provision for bonus share premium		-	8,933,760
Profit available for appropriation		49,486,710	68,183,671
Less: Appropriations			
Statutory Reserve		9,900,000	12,500,000
General Reserve		500,000	23,000,000
Proposed Dividend		38,916,000	32,430,000
		49,316,000	67,930,000
Retained earnings transferred to Reserve & surplus		170,710	253,671

These financial statements should be read in conjunction with the annexed notes

Md. Matul Islam
Md Matul Islam
Chairman

Mahmood Malik
Mahmood Malik
Managing Director

Nandan Kumar Paul
Nandan Kumar Paul
Company Secretary

Dhaka, 04 May 2006

Auditors' Report to the Shareholders
See annexed report of date

Hoda Vasi Chowdhury & Co.
Hoda Vasi Chowdhury & Co.
Chartered Accountants

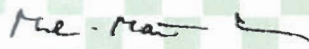
CASH FLOWS

Statement of Cash Flows

for the year ended 31 December 2005

SL	Particulars	2005 Taka	2004 Taka
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Operational revenue receipts	258,229,401	264,374,667
	Operational expenses payments	(114,157,385)	(185,739,007)
	Other income receipts	1,992,094	1,446,116
	Increase in advances, deposits & prepayments	(33,897,357)	(6,430,402)
	Increase / (Decrease) in liabilities of other finance	120,463	(2,090,890)
	Net cash from operating activities	112,287,216	71,560,484
B	CASH FLOW FROM FINANCING ACTIVITIES:		
	(Pay-back) / receive of long-term loan	626,215,180	(53,236,614)
	Proceeds of zero coupon bonds	-	46,321,500
	Security & long term deposits	150,719,943	30,043,385
	Increase in money market borrowing	(3,045,000,000)	2,470,650,412
	Short Term Deposits	(50,000,000)	150,000,000
	Net cash from financing activities	(2,318,064,877)	2,643,778,683
C	CASH FLOW FROM INVESTING ACTIVITIES:		
	Lease rental deposits	3,638,085	(1,026,889)
	Decrease in / (acquisition of) lease assets	(540,415,569)	63,184,456
	Increase in direct finance	(219,714,129)	(1,961,262)
	Advance for lease assets	(57,731,684)	(314,435,896)
	Increase in money market placements	2,852,241,412	(2,265,931,439)
	Purchase of fixed assets	(2,152,812)	(988,279)
	Sale of / (investment in) shares	1,534,509	6,383,037
	Sale proceeds of Fixed Assets	571,172	500,000
	Net cash used in investing activities	2,037,970,984	(2,514,276,272)
D	CASH GENERATED DURING THE YEAR:	A+B+C	
	Add- Opening cash & cash equivalents	(167,806,677)	201,062,895
	Closing cash & cash equivalents	225,399,410	24,336,515
		57,592,733	225,399,410

These financial statements should be read in conjunction with the annexed notes


Md Matiul Islam
Chairman


Mahmood Malik
Managing Director


Nandan Kumar Paul
Company Secretary

Dhaka, 04 May 2006

Auditors' Report to the Shareholders
See annexed report of date


Hoda Vasi Chowdhury & Co.
Chartered Accountants

CHANGES IN EQUITY

Statement of Changes in Equity

for the year ended 31 December 2005

Figures in Taka

Sl.	Particulars	Share Capital (Tk.)	Statutory Reserve (Tk.)	General Reserve (Tk.)	Proposed Dividend (Tk.)	Retained Earnings (Tk.)	Total
1	Balance at 01 January 2005	162,150,000	28,000,000	36,500,000	32,430,000	253,671	259,333,671
2	Dividend paid as Bonus shares	32,430,000	—	—	(32,430,000)	—	—
3	Profit for the year 2005	—	—	—	—	49,233,039	49,233,039
4	Appropriations	—	9,900,000	500,000	38,916,000	(49,316,000)	—
Total		194,580,000	37,900,000	37,000,000	38,916,000	170,710	308,566,710

Dhaka, 04 May 2006

Md. Matul Islam
Md Matul Islam
Chairman

Mahmood Malik
Mahmood Malik
Managing Director

Nandan Kumar Paul
Nandan Kumar Paul
Company Secretary

as at 31 December 2005

STATEMENT OF LIQUIDITY

Statement of Liquidity

(Maturity Analysis of Assets & Liabilities)

Figures in Taka

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
Assets:						
Fixed Assets	-	-	-	2,602,531	-	2,602,531
Leased assets	51,895,636	53,953,391	245,683,173	857,735,675	17,923,987	1,227,191,862
Advances for leased assets	-	20,459,656	81,838,623	265,975,524	40,919,311	409,193,114
Direct Finance	5,858,352	40,814,699	111,680,089	133,754,362	54,639,621	346,747,123
Investments	-	-	-	30,200	-	30,200
Advances, deposits & prepayments	5,096,297	10,192,595	35,674,081	-	-	50,962,973
Sundry receivables	16,767,607	41,919,018	20,238,332	-	-	78,924,957
Money market placement	14,390,090	50,000,000	503,798,750	-	-	568,188,840
Cash & cash equivalents	57,592,733	-	-	-	-	57,592,733
	151,600,715	217,339,359	998,913,048	1,260,098,292	113,482,919	2,741,434,333
Liabilities:						
Deferred Tax	-	-	-	-	25,000,000	25,000,000
Finance Loss Reserve	-	-	-	-	16,872,911	16,872,911
Income Suspension	-	-	1,887,226	-	-	1,887,226
Term Loan	526,086	49,319,699	129,752,729	638,458,981	-	818,057,495
Zero Coupon Bonds	-	-	404,317,162	55,204,320	-	459,521,482
Lease rental deposit	-	-	3,663,833	40,739,311	-	44,403,144
Security deposit & term deposit	-	-	-	319,994,590	-	319,994,590
Short Term deposit	-	-	200,000,000	-	-	200,000,000
Money market borrowing	40,000,000	100,000,000	350,000,000	-	-	490,000,000
Liabilities for expenses	1,388,155	3,165,281	51,158,354	-	-	55,711,790
Liabilities for other finance	1,418,985	-	-	-	-	1,418,985
	43,333,226	152,484,980	1,140,779,304	1,054,397,202	41,872,911	2,432,867,623
Net Liquidity Gap	108,267,489	64,854,379	(141,866,256)	205,701,090	71,610,008	308,566,710

Net result of the Statement of Liquidity represents the "Shareholders' Fund" of the Company
These financial statements should be read in conjunction with the annexed notes

Dhaka, 04 May 2006

Me. Naz
Md Matul Islam
Chairman

Amul
Mahmood Malik
Managing Director

Apurva
Nandan Kumar Paul
Company Secretary

NOTES TO THE Financial Statements

for the year ended 31 December 2005

1. The Company And Its Activities:

Industrial and Infrastructure Development Finance Company Limited (IIDFC), a public limited company was incorporated on the 19th day of December 2000 as a development financial institution to boost investment specially in the spectrum of industrial and infrastructure development. The Company was licensed by Bangladesh Bank on the 23rd day of January 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (6th floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh.

IIDFC offers financial services that include promotion and term financing of financially viable industrial undertakings & infrastructure projects, lease financing for all type of machinery and equipment including vehicle for industrial and commercial purposes, financial packaging for syndicated fund arrangement including cross-boarder syndication, acquisition or take over of public sector enterprises, financial or otherwise, slated for privatization.

2. Significant Accounting Policies:

2.1 Basis of Preparing Financial Statements:

The Financial Statements have been prepared on the basis of going concern concept and basically on accrual method under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP).

2.2 Revenue Recognition:

a. Accounting for Lease Finance:

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted IAS - 17, for the accounting & reporting of lease financing transactions effective from 01 January 2005 and the Securities & Exchange Commission (SEC) has made its application mandatory only for the listed companies. The accounting for lease transactions is consistently being maintained as prescribed & practiced for operating lease financing.

b. Accounting for Direct Finance

Incomes from direct finance are recognized on accrual basis.

c. Income from Structured Finance:

Income from structured finance is recognized as and when received.

d. Income from Treasury Operations:

Incomes from treasury operations are recognized on accrual basis.

e. Other Operational Income:

Other operational income is recognized as and when received. Such income comprises of the following:

- i. appraisal and documentation fee
- ii. commitment fee
- iii. supervision fee
- iv. delinquent charge and
- v. miscellaneous receipts.

NOTES TO THE Financial Statements

for the year ended 31 December 2005

f. Depreciation on Fixed Assets:

Depreciation on fixed assets under the Company's use is charged consistently on straight-line method at following rates through out the estimated useful life of the assets. Depreciation on newly acquired assets is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year:

- i. Motor vehicles : 20%
- ii. Furniture & fixture : 10%
- iii. Office equipments : 18%
- iv. Software : 18%

Leased assets in the possession and use of the lessees are depreciated in the books of the Company over lease terms applying interest method with no residual value.

g. Provision For Bad & Doubtful Debts:

Provision has been made at estimated rates on outstanding exposures based on critical review of possible irrecoverable receivables. The provision is considered adequate to meet possible losses as per Bangladesh Bank Guidelines.

h. Employees' Benefit Obligation

The Company started operating from January 2003 an approved contributory provident fund scheme for its employees as per provident fund rules. The fund consists of subscription of all participatory employees and contribution from the company at a predetermined rate. The fund is administered by a Board of Trustees and invested separately from the Company's assets.

The Company started operating from January 2002 an approved gratuity scheme as per gratuity rules which is administered by a Board of Trustees and invested separately from the Company's assets.

i. Liabilities and Provisions:

All material liabilities and provisions have been included in the financial statements.

j. Integral Components of Financial Statements:

The Financial Statements of the Company include the following:

- i. Balance Sheet as at 31 December 2005
- ii. Profit and Loss Account for the year ended 31 December 2005
- iii. Cash Flow Statement for the year ended 31 December 2005
- iv. Statement of Changes in Equity for the year ended 31 December 2005
- v. Statement of Liquidity as at 31 December 2005
- vi. Notes to the Financial Statements for the year ended 31 December 2005

Description	2005 Taka	2004 Taka
3. Share Capital		
Authorised Capital		
(10,000,000 shares of Tk. 100 each)	1,000,000,000	1,000,000,000
Subscribed & Paid up Capital :		
(1,945,800 shares (FY: 2004, 1,621,500 shares) of Tk. 100 each, fully paid up)	194,580,000	162,150,000

NOTES TO THE Financial Statements

for the year ended 31 December 2005

Description		2005 Taka	2004 Taka
Paid up share capital as on 31 December 2005 comprises the followings			
i. Public Sector :			
Name of Shareholders	No. of Shares	Value	Percentage
Sonali Bank	138,000	13,800,000	7.0922
Janata Bank	138,000	13,800,000	7.0922
Investment Corporation of Bangladesh	138,000	13,800,000	7.0922
	414,000	41,400,000	21.2766
ii. Private Sector :			
Arab Bangladesh Bank Ltd.	138,000	13,800,000	7.0922
Bank Asia Ltd.	138,000	13,800,000	7.0922
BRAC Bank Ltd.	138,000	13,800,000	7.0922
The City Bank Ltd.	138,000	13,800,000	7.0922
Mutual Trust Bank Ltd.	138,000	13,800,000	7.0922
National Bank Ltd.	138,000	13,800,000	7.0922
ONE Bank Ltd.	138,000	13,800,000	7.0922
Southeast Bank Ltd.	138,000	13,800,000	7.0922
Eastland Insurance Co. Ltd.	138,000	13,800,000	7.0922
National Life Insurance Co. Ltd.	138,000	13,800,000	7.0922
Pragati Insurance Ltd.	138,000	13,800,000	7.0922
Mr. Md. Matiul Islam	13,800	1,380,000	0.7092
	1,531,800	153,180,000	78.7234
	1,945,800	194,580,000	100.0000
4 Reserves & Surplus:			
Statutory Reserve		37,900,000	28,000,000
General Reserve		37,000,000	36,500,000
Retained Earnings		170,710	253,671
		75,070,710	64,753,671
5 Provision for Deferred Tax:			
Balance brought forward		5,000,000	2,500,000
Add: Provisions during the year		20,000,000	2,500,000
Closing Balance		25,000,000	5,000,000
Provision for taxation has not been made for the year 2005 since there appears no income tax liability for the current year as per computation of taxable income according to income tax laws. But the Company has been making lumpsum provision for deferred tax in order to comply with the requirements of IAS - 12, Income Taxes though further provision of Tk. 35,099,361.00 is required to be made. The Company has decided that provision for deferred tax will be continued until a satisfactory level of deferred tax provision is achieved.			
6 Finance Loss Reserve:			
Finance loss reserve has been made as required by guidelines issued by Bangladesh Bank(FID Circular no:08 dated 3 August 2002). According to the guidelines, General Provisions is made 1% on good assets while Specific Provisions on infected assets. Details are as follows:			
General Provisions Note # 6(i)		16,872,911	15,200,000
Specific Provisions Note # 6(ii)		-	15,411,365
		16,872,911	30,611,365
i) General Provisions:			
Lease Finance		13,201,439	12,899,971
Direct Finance		3,671,472	2,300,029
		16,872,911	15,200,000
ii) Specific Provisions:			
Dredge Bangla Pvt. Limited		-	9,935,463
Cab Bangla Limited		-	5,475,902
		-	15,411,365

NOTES TO THE Financial Statements

for the year ended 31 December 2005

7 Interest Suspension:

Anudip Autos Ltd.(July05 to Nov05)
Dredge Bangla Pvt. Ltd.
Cab Bangla Ltd.

2005 Taka	2004 Taka
1,887,226	-
-	5,109,560
-	1,212,529
1,887,226	6,322,089

The Company has suspended recognition of accrued income from the client(s) since they are classified. Law suits under the Aurtho Rin Adalat Ain, 2003 are filed against the clients.

8 Long-term Loans:

Bangladesh Bank
Dhaka Bank Ltd.
Prime Bank Ltd.
Bank Asia Ltd.
Trust Bank Ltd.,The
Sonali Bank Ltd.
Uttara Bank Ltd.
Mercantile Bank Ltd

23,000,000	-
55,000,000	75,000,000
140,000,000	-
105,057,975	31,842,795
94,999,520	84,999,520
100,000,000	-
200,000,000	-
100,000,000	-
818,057,495	191,842,315

Less: Current Liabilities (maturity within next twelve months):

Bangladesh Bank
Dhaka Bank Ltd.
Prime Bank Ltd.
Bank Asia Ltd.
Sonali Bank Ltd.
Uttara Bank Ltd.
Mercantile Bank Ltd

4,678,779	-
20,000,000	20,000,000
40,000,000	-
26,737,256	6,744,601
36,363,636	-
31,818,843	-
20,000,000	-
179,598,514	26,744,601
638,458,981	165,097,714

Non-current liabilities

The Company has received long-term loans from the above financial institutions which is secured by first charge on all present and future movable and immovable assets of the company ranking pari-passu amongst the lenders and investors of Zero Coupon Bonds issued by the Company. Interest on the borrowings ranged from 5.00% to 13.00% while tenure varied from 03 years to 05 years.

9 Liability for Zero Coupon Bonds (ZCBs):

Zero Coupon Bonds- Issue Price **Note: 9(i)**

Accrual of Redemption Expenses of ZCBs **Note: 9(ii)**

364,538,046	364,538,046
94,983,436	54,773,963
459,521,482	419,312,009
404,317,162	-
55,204,320	419,312,009

Less: Current Liabilities (maturity within next twelve months):

Non-current liabilities

i) Zero Coupon Bonds- Issue Price

The City Bank Ltd.
Bank Asia Ltd.
Arab Bangladesh Bank Ltd.
United Commercial Bank Ltd.
Mutual Trust Bank Ltd.
Delta-Brac Housing Finance Corporation Ltd.
Janata Bank
Southeast Bank Ltd.
BRAC Bank Ltd.-1
BRAC Bank Ltd.-2
Eastland Insurance Co. Ltd.
South Asia Insurance Ltd.-1
South Asia Insurance Ltd.-2
South Asia Insurance Ltd.-3

37,565,740	37,565,740
50,000,000	50,000,000
37,565,000	37,565,000
37,565,000	37,565,000
37,565,000	37,565,000
50,337,770	50,337,770
37,565,740	37,565,740
15,026,296	15,026,296
15,026,000	15,026,000
34,559,800	34,559,800
5,000,000	5,000,000
1,878,250	1,878,250
2,253,900	2,253,900
2,629,550	2,629,550
364,538,046	364,538,046

NOTES TO THE Financial Statements

for the year ended 31 December 2005

ii) Accrual of Zero Coupon Bonds Interest Expenses

The City Bank Ltd.
Bank Asia Ltd.
Arab Bangladesh Bank Ltd.
United Commercial Bank Ltd.
Mutual Trust Bank Ltd.
Delta-Brac Housing Finance Corporation Ltd.
Janata Bank
Southeast Bank Ltd.
BRAC Bank Ltd.-1
BRAC Bank Ltd.-2
Eastland Insurance Co. Ltd.
South Asia Insurance Ltd.-1
South Asia Insurance Ltd.-2
South Asia Insurance Ltd.-3

2005 Taka	2004 Taka
10,511,555	6,366,800
13,898,935	8,382,266
10,384,705	6,240,030
10,361,679	6,217,004
10,142,933	5,998,257
13,915,690	8,361,758
9,498,393	5,353,638
3,785,467	2,127,613
3,601,259	1,943,394
6,672,921	2,870,856
969,721	418,218
348,268	141,030
417,230	168,547
474,680	184,552
94,983,436	54,773,963

The Company has issued Zero Coupon Bonds of three years term to different Banks and Financial Institutions which are secured by first charge on all present and future movable and immovable assets of the company ranking pari-passu amongst the investors of Zero Coupon Bonds and long-term lenders of the Company. Investment Corporation of Bangladesh (ICB) has been acting as trustee of the bondholders.

10 Lease Rental Deposit:

Opening Balance
Add- Received during the year

Less: Adjusted during the year

Less: Current Liabilities (maturity within next twelve months):
Non-current liabilities

40,765,059	41,791,948
7,648,870	13,218,720
48,413,929	55,010,668
4,010,785	14,245,609
44,403,144	40,765,059
3,663,883	2,721,095
40,739,261	38,043,964

The Company takes Rental Deposits from the lessees on signing lease agreement, refundable at the maturity of lease term. Lease Deposits adjustable within next twelve months has been reported as current liabilities of the Company.

11 Security & Term Deposit- Long term

Some of the interest bearing term deposits are taken from institutions for a period of atleast 12 months which are generally renewed upon maturity. Considering the nature of continuity, the deposits are considered as non-current liability of the Company.

Details are as follows:

PHP Power Generation Plant Ltd.
PHP NOF Continuous Galvanizing Ltd.
CNG Distribution Co. Ltd.
Sunman Spinning Mills Ltd
S. Alam Luxury Chair Coach Services Ltd.
National Life Insurance Co. Ltd.
Sonali Bank
Agrani Bank
Deferral of interest payments **Note - 11(ii)**

1,000,000	1,000,000
4,000,000	4,000,000
43,385	43,385
719,943	-
2,481,540	2,481,540
60,000,000	60,000,000
100,000,000	100,000,000
150,000,000	-
1,749,722	284,932
319,994,590	167,809,857

i) Deferral of Interest Payments:

PHP Power Generation Plant Ltd.
PHP NOF Continuous Galvanizing Ltd.

259,722	224,658
1,490,000	60,274
1,749,722	284,932

NOTES to Financial Statements

for the year ended 31 December 2005

Note # 12: Fixed Assets as at 31 December 2005

Figures in Taka

Serial	Particulars	COST			DEPRECIATION					Net Book Value
		Opening	Additions	Sale	Closing	Rate	Opening	Charges	Adjustment	Closing
1	Motor Vehicles	3,000,000	2,152,812	700,000	4,452,812	20%	1,700,000	890,562	280,000	2,310,562
2	Furniture & Fixture	297,840	-	-	297,840	10%	62,964	29,784	-	92,748
3	Office Equipments	480,819	-	-	480,819	18%	139,083	86,547	-	225,630
4	Softwares	100,000	-	-	100,000	18%	59,400	40,600	-	100,000
	Total	3,878,659	2,152,812	700,000	5,331,471		1,961,447	1,047,493	280,000	2,728,940
	as at 31 December 2004	3,590,380	988,279	700,000	3,878,659		1,587,356	790,091	210,000	1,961,447
										1,917,212

Note # 13A: Receivables from Leased Assets as at 31 December 2005

Figures in Taka

Serial	Particulars of assets leased out	Gross Lease Rental Receivables	Un-Earned Revenue	Net Lease Rental Receivables	Current portion of lease rental (being receivable within next twelve months)
1	Plant & Machinery	1,182,834,063	275,817,820	907,016,243	373,941,493
2	Industrial Generator	14,427,819	3,978,229	10,449,590	3,424,030
3	Construction Equipments	39,691,161	7,638,414	32,052,747	13,230,412
4	Furniture & Fixture	44,465,328	7,909,387	36,555,941	18,161,653
5	Office Equipments	859,734	49,302	810,432	778,748
6	Road Transport	168,582,530	35,296,010	133,286,520	59,135,917
7	Water Transport	77,012,528	14,607,558	62,404,970	25,103,883
8	Air Transport	63,250,694	18,635,275	44,615,419	12,047,751
	Total	1,591,123,857	363,931,995	1,227,191,862	505,823,887
	as at 31 December 2004	966,775,435	179,999,142	686,776,293	218,447,295

Note # 13B: Assets Leased Out as at 31 December 2005

Figures in Taka

Serial	Particulars of assets leased out	Cost of Assets Leased Out			Depreciation on Assets Leased Out				Written Down Value of Assets Leased Out
		Opening Balance	Leased During the Year	Adjusted during the year	Closing Balance	Opening Balance	Charged During the Year	Adjusted during the year	Closing Balance
1	Plant & Machinery	551,458,040	642,932,215	36,074,484	1,158,315,771	120,222,326	151,757,623	20,680,421	251,299,528
2	Industrial Generator	13,028,450	4,188,666	-	17,217,116	3,810,911	2,996,615	-	6,767,526
3	Construction Equipments	85,248,853	-	45,507,000	39,741,853	44,958,344	8,237,762	45,507,000	7,689,106
4	Furniture & Fixture	32,679,966	21,535,339	-	54,215,305	5,501,568	12,157,796	-	17,659,364
5	Office Equipments	6,615,884	-	-	6,615,884	3,368,276	2,437,176	-	5,805,452
6	Road Transport	200,590,783	49,840,194	16,160,000	224,270,977	66,156,900	49,084,779	14,257,222	100,984,457
7	Water Transport	44,300,000	35,772,000	-	80,072,000	3,127,358	14,539,672	-	17,667,030
8	Air Transport	-	50,000,000	-	50,000,000	-	5,384,581	-	5,384,581
	Total	933,921,976	804,268,414	97,741,484	1,640,448,906	247,145,683	246,556,004	80,444,643	413,257,044
	as at 31 December 2004	906,273,764	374,470,122	346,821,910	933,921,976	156,313,045	209,773,960	118,941,322	247,145,683
									686,776,293

NOTES TO THE Financial Statements

for the year ended 31 December 2005

14 Advances for Leased Assets:

These represent disbursements for procurement of leased assets which will be transferred to leased assets upon the execution of lease agreement(s).

15 Direct Finance:

i) Disbursed during the year:

Opening balance

Add- Disbursed during the year

ii) Realised during the year:

Opening balance

Add- Realised during the year

Less: Current Assets (maturity within next twelve months):

Non-current assets

2005 Taka	2004 Taka
156,119,672	139,490,286
268,621,359	16,629,386
424,741,031	156,119,672
29,086,678	14,418,554
48,907,230	14,668,124
77,993,908	29,086,678
346,747,123	127,032,994
160,520,363	20,521,300
186,226,760	106,511,694

16 Investment in Shares

The investment has been made in the shares of listed companies which is valued at cost price. The market price is higher than the cost price. Details are as follows:

Name of Company No. of Shares

Mercantile Bank Ltd.	250
Mutual Trust Bank Ltd.	33
ONE Bank Ltd.	19

25,000	100,000
3,300	222,250
1,900	570,000
30,200	892,250

17 Advances, Deposits and Prepayments

Advance for Leasing own asset

Advance for Supplies

Deposits for Services

Advance for Travelling

Insurance premium

Advance for Pre-IPO Shares

Tax deducted at source from interest

5,765,865	
60,000	9,000
22,000	-
-	-
72,175	66,835
5,000,000	-
40,042,933	16,989,782
50,962,973	17,065,617

18 Sundry Receivables

Accounts Receivables: Direct Finance

Accounts Receivables: Lease Finance

Deferred Receivables

IDCP Interest Receivables

Other Receivables

Total

1,036,482	-
29,016,450	48,433,178
7,499,519	-
24,487,161	14,045,744
16,885,345	64,889,668
78,924,957	127,368,590

NOTES TO THE Financial Statements

for the year ended 31 December 2005

19 Money Market Placement

The Company participates actively in the money market. It borrows fund from the money market and places the same in various banks & financial institutions through prudent and efficient interest risk on assets/liabilities management.

Details are as follows:

Dhaka Bank Ltd.
Dutch-Bangla Bank Ltd.
EXIM Bank Ltd.
Fareast Finance & Investment Ltd.
First Security Bank Ltd.
Jamuna Bank Ltd.
Mercantile Bank Ltd.
Mutual Trust Bank Ltd.
National Bank of Pakistan Ltd
ONE Bank Ltd.
Prime Bank Ltd.
Shah Jalal Bank Ltd.
Southeast Bank Ltd.
Standard Bank Limited
VANIK Bangladesh Ltd.

	2005 Taka	2004 Taka
	-	900,000,000
	-	100,000,000
	10,483,750	55,175,000
	-	20,000,000
	358,315,000	605,397,500
	-	580,000,000
	-	100,000,000
	54,040,000	180,017,183
	5,000,000	-
	-	219,468,927
	-	100,000,000
	-	50,000,000
	-	300,000,000
	60,350,090	105,371,642
	80,000,000	105,000,000
Total	568,188,840	3,420,430,252

20 Cash & Cash Equivalents:

Cash on Hand
Balance with Bangladesh Bank
Cash At Banks (Note: 20A)

	311,216	9,704,016
	13,816,203	4,675,760
	43,465,314	211,019,633
Total	57,592,733	225,399,410

20A Cash at Banks:

Arab Bangladesh Bank Ltd.
Bank Asia Ltd
CitiBank N.A.
City Bank Ltd.,The
Dhaka Bank Ltd.
Janata Bank
Mercantile Bank Ltd.
Mutual Trust Bank Ltd.
National Bank Ltd.
ONE Bank Ltd.
Prime Bank Ltd.
Standard Bank Ltd.
Shamil Bank of Bahrain E.C.
Sonali Bank
Uttara Bank Ltd.

	10,751	11,320
	26,576,144	9,620,957
	92,452	94,872
	559,255	542,932
	-	43,550
	72,556	71,385
	3,552	-
	23	23
	108,095	104,902
	9,094,933	170,371
	6,708,634	200,198,870
	8,600	9,450
	98,410	98,530
	53,409	52,471
	78,500	-
Total	43,465,314	211,019,633

NOTES TO THE Financial Statements

for the year ended 31 December 2005

21 Short Term Deposits:

Bank Asia Ltd.
BRAC Bank Ltd.
Eastern Bank Ltd.
Janata Bank
Jamuna Bank Ltd.

2005 Taka	2004 Taka
-	50,000,000
50,000,000	100,000,000
-	50,000,000
-	50,000,000
150,000,000	-
Total	
200,000,000	250,000,000

22 Money Market Borrowing:

The Company participates as an active player in the money market. It borrows fund from the money market and places the same in various banks & financial institutions through prudent and efficient interest risk on assets/liabilities management. Details are as follows:

AB Bank Ltd.
BRAC Bank Ltd.
Bangladesh Finance & Investment Ltd.
Dhaka Bank Ltd.
Eastern Bank Ltd.
First Security Bank Ltd.
Jamuna Bank Ltd.
Janata Bank
Mercantile Bank Ltd.
Prime Bank Ltd.
Mutual Trust Bank Ltd.
Sonali Bank
Southeast Bank Ltd.
Standard Bank Ltd.
Shahjalal Islami Bank Ltd.

50,000,000	-
-	100,000,000
-	20,000,000
-	910,000,000
-	100,000,000
260,000,000	580,000,000
90,000,000	810,000,000
-	100,000,000
-	100,000,000
-	200,000,000
50,000,000	130,000,000
-	100,000,000
-	300,000,000
40,000,000	50,000,000
-	35,000,000
Total	
490,000,000	3,535,000,000

23 Liabilities for Expenses:

Creditors for Expenses
Provision for Expenses (Note: 23A)

1,024,962	74,469
54,686,828	50,974,692
55,711,790	51,049,161

23A Provision for Expenses:

Communication Expenses
Utilities Expenses
Car Running & Maintenance Expenses
Meeting Expenses
Financial Charges Accrued (Note: 23AA)

20,000	20,000
60,000	60,000
33,193	33,193
250,000	150,000
54,323,635	50,711,499
Total	
54,686,828	50,974,692

NOTES TO THE Financial Statements

for the year ended 31 December 2005

23AA Provision for Financial Charges:

	2005 Taka	2004 Taka
Agrani Bank	13,512,500	-
Bangladesh Bank	1,022,222	-
Arab Bangladesh Bank Limited	633,333	600,833
Bangladesh Finance Investment Ltd.	-	55,556
Bank Asia Ltd.	2,280,833	3,552,740
BRAC Bank Ltd.	2,058,681	3,624,287
Dhaka Bank Ltd.	1,993,334	6,871,767
Dutch-Bangla Bank Ltd.	-	210,417
Eastern Bank Limited	-	1,417,628
First Security Bank Ltd.	1,462,500	2,127,953
Jamuna Bank Limited	7,979,861	15,381,874
Janata Bank	-	901,408
Mercantile Bank Ltd.	-	420,284
Mutual Trust Bank Ltd.	1,094,221	864,111
National Life Insurance Co. Ltd.	5,608,889	5,630,822
Premier Bank Ltd.	-	246,875
Prime Bank Ltd.	3,211,944	97,222
Shahjalal Bank Ltd.	-	22,361
Sonali Bank	9,277,777	5,407,534
Southeast Bank Ltd.	-	998,750
Standard Bank Limited	1,204,169	100,840
Uttara Bank Ltd.	305,557	-
Trust Bank Ltd., The	2,677,814	2,178,238

Total **54,323,635** **50,711,499**

24 Liabilities for Other Finance:

L.R. Part Collection	995,974	1,170,189
Car Loans Recovery	134,159	64,163
Miscellaneous Liabilities	288,852	64,170
Total	1,418,985	1,298,522

25 Income from Lending Operations :

Term Finance	17,930,751	25,828,167
IDCP interest	49,217,806	29,918,074
Total	67,148,557	55,746,241

26 Income from Treasury Operations :

Term Placement	184,293,250	140,747,590
Overnight Placement	4,400,472	5,613,477
	188,693,722	146,361,067
	188,398,826	114,443,174
Total	294,896	31,917,893

27 Income From Structured Finance :

Income from structured finance represents appraisal fee, arrangement fee, facility agency fee etc received during the year for arranging syndicated fund.

28 Other Operational Income :

Application & Processing fees	2,302,410	2,094,814
LC Processing Fees	120,470	99,685
Transfer Fees	88,261	3,557,063
Delinquent Interest	4,880,229	2,362,176
Total	7,391,370	8,113,738

NOTES TO THE Financial Statements

for the year ended 31 December 2005

29 General & Administrative Expenses:

Salaries & allowances
Provident fund & Gratuity etc.
Medical & Welfare Expenses
Rent, Rates & Taxes
Printing & Stationery
Office Maintenance
Utilities Expenses
Communications Expenses
Travelling & Conveyance
Directors' Fee
Meeting Expenses
Entertainment
Car Running & Maintenance Expenses
Bank Charge & Excise Duty
Lease Rental
Legal & Professional Fee
Audit Fee
Training Expenses
Subscription
Advertisement & Business Development Exp.
Books & Periodicals
Insurance Expenses

2005 Taka	2004 Taka
8,430,068	6,380,461
822,683	788,768
-	3,495
2,120,091	1,231,794
988,059	406,990
1,353,535	385,474
554,375	378,051
600,349	458,688
537,331	511,105
469,220	331,792
469,426	191,249
119,890	86,898
1,271,243	1,186,625
368,995	201,106
1,214,643	2,391,840
442,494	580,033
67,244	50,000
223,484	10,000
96,310	131,818
744,617	313,900
37,876	19,626
163,048	146,148
Total	16,185,861

30 Financial Expenses:

Long Term Loan
Zero Coupon Bonds
Security & Term Deposits
Short Term Loan & Over Draft Facilities

35,743,692	17,691,042
40,209,472	39,893,057
59,631,986	43,187,747
183,955,014	125,908,986
319,540,164	226,680,832
188,398,826	114,443,174
Total	112,237,658

31 Bad & Doubtful debts :

Direct Finance
Lease Finance

302,168	2,693,552
(5,306,315)	18,660,611
Total	21,354,163

32 Revenue Suspension

Suspended during the year
Less: Realised during the period

197,348	6,322,089
5,109,560	-
Total	6,322,089

33 Miscellaneous income:

Interest from Bank Accounts
Reimbursement of Expenses
Cancellation Charge
Sundry Receipts

888,004	747,528
475,102	318,652
428,588	-
43,000	14,390
Total	1,080,570

34 Others

i) Contingent Liability

There is no contingent liability other than "Letter of Credit" and "Shipping Guarantee" outstanding for import of lease equipment amounting to Tk.=20,723,951 (USD =207,139 and EURO =80,000). There was no acknowledged claim as debt as on the Balance Sheet date.

NOTES TO THE Financial Statements

for the year ended 31 December 2005

ii) Commitment - Lease Rental Expenses

a. The company has made commitment for paying lease rental for Motor Car of 03 (three) units for TK.3,350,000.

b. Lease rentals for the above asset are as follows:

1. 48 installments @ TK.27,500 each w.e.f. 10 September 2003
2. 48 installments @ TK.27,000 each w.e.f. 15 September 2003
3. 36 installments @ TK.46,220 each w.e.f. 08 November 2003

iii) Commitment - Redemption of Zero Coupon Bonds:

The Company has made commitment for redemption of "Zero Coupon Bonds" upon maturity and details are as follows:

Name of Investors	Redemption Date	Redemable Amount Taka
The City Bank Ltd.	18-Jun-06	50,000,000
Bank Asia Ltd.	24-Jun-06	66,551,300
Arab Bangladesh Bank Ltd.	29-Jun-06	50,000,000
United Commercial Bank Ltd.	2-Jul-06	50,000,000
Mutual Trust Bank Ltd.	20-Jul-06	50,000,000
Delta Brac Houseing Finance Corporation Ltd.	29-Jun-06	67,000,000
Janata Bank	16-Sep-06	50,000,000
Southeast Bank Ltd.	21-Sep-06	20,000,000
BRAC Bank Ltd.	30-Oct-06	20,000,000
Eastland Insurance Co. Ltd.	29-Mar-07	6,655,130
Southasia Insurance Co. Ltd.	14-Apr-07	2,500,000
Southasia Insurance Co. Ltd.	26-Apr-07	3,000,000
Southasia Insurance Co. Ltd.	14-May-07	3,500,000
BRAC Bank Ltd.	10-Apr-07	46,000,000
		485,206,430

iv) Commitment - Capital Expenditure

There was no capital expenditure commitment as on 31 December 2005.

v) Contracts and Disbursements

During the year the Company contracted and disbursed the following amounts:

	Sanctioned Taka	Disbursed Taka
Lease Finance	1,182,859,400	862,000,098
Termi Loan	510,000,000	268,621,359
	1,692,859,400	1,130,621,457

vi) Subsequent Events

No material events exist after the Balance Sheet date, non-disclosure of which could affect the ability of the users of the financial statements to make proper evaluation and decisions.

NOTES TO THE Financial Statements

for the year ended 31 December 2005

vii) Written off of Accounts:

The following accounts became bad and were written off from the books of accounts of the Company. Law suits have been filed against them to recover the amount due from them :

Sl.	Client's Name	Amount Disbursed (Tk)	Amount written off (Tk)	Board Meeting no. and date
1.	Multibond Adhesive Co. Ltd.	2,000,000	1,843,255	38th, 26 Aug 04
2.	Cab Bangla Ltd.	12,500,000	11,186,785	55th, 28 Dec 05

viii) Emoluments paid to Managing Director & Other Executives

		2005 Taka	2004 Taka
No. of Persons			
a. Managing Director	1/1	1,990,250	2,218,000
b. Other Executives	14 / 22	6,439,818	4,162,461
		8,430,068	6,380,461

There were 16 (sixteen) {2004: 05 (five)} employees employed for less than full year and all employees of the Company drew more than Taka 3,000 per month.

35 General

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

2. wherever considered necessary, last year's figures have been re-arranged in order to conform to the current year's presentation.

THE FINANCIAL STATEMENTS OF THE COMPANY HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS ON 04 MAY 2006.

Md. Matul Islam

Md Matul Islam
Chairman

Mahmood Malik

Mahmood Malik
Managing Director

Nandan Kumar Paul

Nandan Kumar Paul
Company Secretary





Signing ceremony of syndicated fund arrangement



Signing ceremony of term loan agreement



One of the IIDFC financed projects



Arranging syndicated fund for a Telecom Company

PROXY FORM



Industrial and Infrastructure Development Finance Company Limited

Chamber Building (6th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh

Proxy Form

I/We.....

of.....

being a member of Industrial and Infrastructure Development Finance Company Limited do hereby

appoint Mr. / Ms.

of.....

as proxy to attend and vote for me us **and on** my/our behalf at the 5th Annual General Meeting of the Company to be held on Thursday, 01 June 2006, at 08.00 p.m. at Shuruchi Restaurant, BRAC Centre Inn, BRAC Centre (4th Floor) 75 Mohakhali, Dhaka-1212, Bangladesh and any adjournment thereof.

As witness my/our hand this day of2006

Signature of Shareholder

Revenue Stamp of
Tk. 8.00

Signature of Proxy



IIIDFC ANNUAL REPORT 2005