



IIDFC

ANNUAL REPORT

industrial and
infrastructure
development
finance
company
limited



2006

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I N D U S T R I A L A N D I N F R A S T R U C T U R E D E V E L O P M E N T F I N A N C E C O M P A N Y L I M I T E D

industrial and infrastructure development



NOTICE OF THE 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the **6th Annual General Meeting of Industrial and Infrastructure Development Finance Company Limited** will be held on **Saturday 28th April 2007 at 7.00 p.m.** at Lake Shore Hotel & Apartments, Road # 41, House # 46, Gulshan-2, 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 2006 and Auditors' Report & Directors' Report thereon
2. To declare dividend for the year 2006
3. To elect Directors of the Company
4. To appoint auditors for the year 2007 and to fix their remuneration
5. To transact any other business with the permission of the Chair

Dated, Dhaka
05 April 2007

By order of the Board



Biplob Kumar Saha
Company Secretary

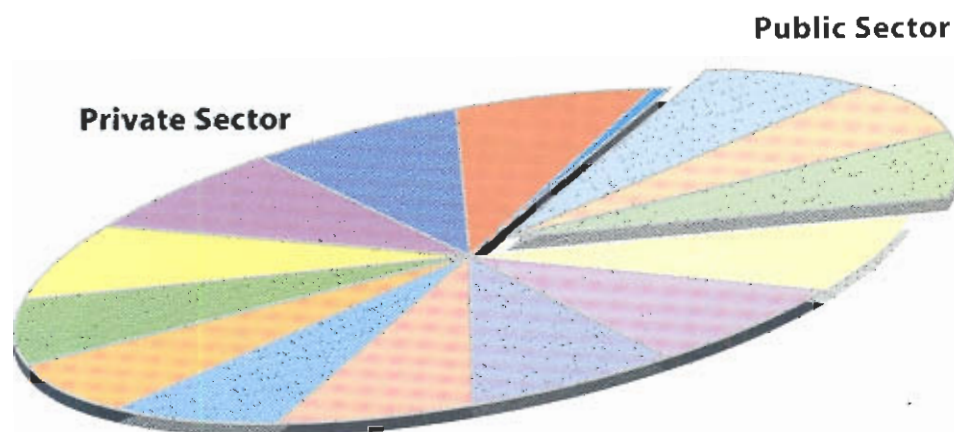
NOTES:

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 Attached)
3. Members are requested to notify change of address, if any, to the Company.

ENCLOSED:

Annual Report 2006

SHAREHOLDING STRUCTURE



Public Sector

Sonali Bank	7.0922%
Janata Bank	7.0922%
Investment Corporation of Bangladesh	7.0922%
Total	21.2766%

Private Sector

Arab Bangladesh Bank Ltd.	7.0922%
Bank Asia Ltd.	7.0922%
BRAC Bank Ltd.	7.0922%
The City Bank Ltd.	7.0922%
Mutual Trust Bank Ltd.	7.0922%
National Bank Limited	7.0922%
One Bank Ltd.	7.0922%
Southeast Bank Ltd.	7.0922%
Pragati Insurance Ltd.	7.0922%
Eastland Insurance Co. Ltd.	7.0922%
National Life Insurance Co. Ltd.	7.0922%
Mr. Md. Matiul Islam	0.7092%
Total	78.7234%

Grand Total	100%
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BOARD OF DIRECTORS

Chairman

Mr. Md. Matiul Islam

Vice Chairman

Mr. M. Syeduzzaman, Bank Asia Ltd.

Directors

Mr. Fazle Hasan Abed, BRAC Bank Ltd.

Mr. Syed Manzur Elahi, Mutual Trust Bank Ltd.

Mr. S.M. Aminur Rahman, Sonali Bank

Mr. M Aminuzzaman, National Bank Limited

Mr. Dilwar H. Choudhury, The City Bank Ltd.

Mr. Al Haj Khalilur Rahman, Pragati Insurance Ltd.

Mr. Ghulam Rahman, Eastland Insurance Co. Ltd.

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

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

Mr. Mukter Hussain, Janata Bank

Mr. Mirza Ezaz Ahmed, One Bank Ltd.

Mr. Neaz Ahmed, Southeast Bank Ltd.

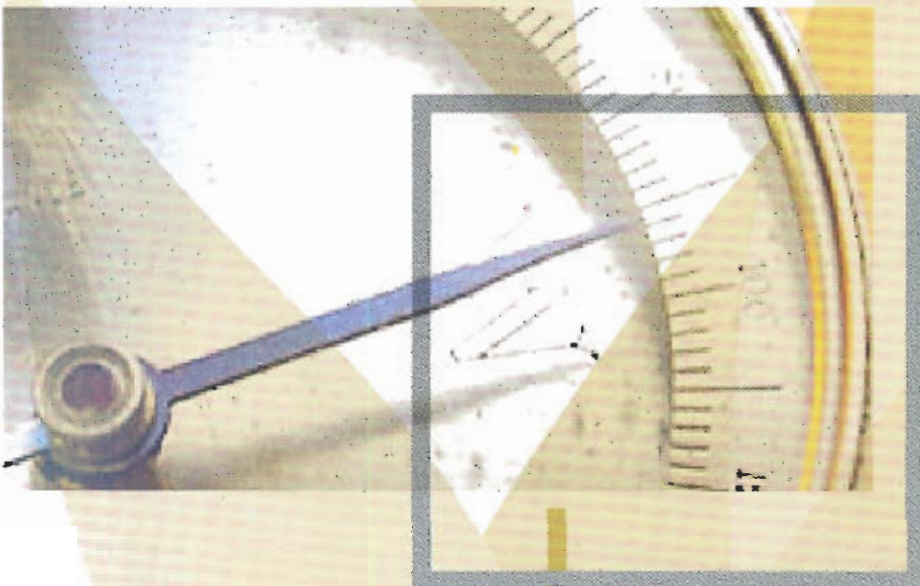
Mr. R. Q. M. Forkan, Arab Bangladesh Bank Ltd.

Managing Director

Mr. Mahmood Malik

Company Secretary

Mr. Biplob Kumar Saha



MANAGEMENT

Managing Director

Mr. Mahmood Malik

Chief Financial Officer and Company Secretary

Mr. Biplob Kumar Saha

Executive Vice President- Head of Operations

Mr. Proshanta K. Halder

Vice President- Head of Structured Finance

Mr. Kh. Shafiqur Rahman

Assistant Vice President-Head of Corporate Finance

Mr. Rashedul Haque

Assistant Vice President- Head of SME Finance

Engr. Md. Russel Shahriar

CORPORATE INFORMATION

Registered Office

Chamber Building (6th & 7th Floor)
122-124, Motijheel C/A
Dhaka-1000, Bangladesh
Telephone: 9559311-12, 9553387
9553254, 9553090

Fax: 880-2-9568987

Website: www.iidfc.com

Business Hours

Unless otherwise advised by
Bangladesh Bank

9.00a.m. to 5.00p.m

Sunday to Thursday

Auditors

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

Legal Advisors

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

Bankers

Arab Bangladesh Bank Limited
Principal Branch, Dhaka-1000

Bank Asia Limited
Principal Office, Dhaka-1000

The City Bank Limited
Principal Office, Dhaka-1000

CitiBank N. A.
Motijheel Branch , Dhaka-1000

Janata Bank
Janata Bhaban Corporate Branch
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

Trust Bank Limited
Dhanmondi Branch, Dhaka-1205

Mercantile Bank Limited
Main Office Branch, Dhaka -1000

Bank Al-Falah Limited
5, Rajuk Avenue, Dhaka-1000

PRODUCTS AND SERVICES

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.

Term Lending: Medium to long term loans to service industries, industrial undertakings and infrastructure projects in the power and telecommunication sector, oil & gas exploration, roads & highway, bridges, river and air transport etc.

Structured Finance: IIDFC is active in the syndication market and has acted as lead arranger to a number of syndication facilities for large loans arranged by it. Structured Finance encompasses syndicated fund arrangement including cross-border syndication and other financial advisory services.

Equity Financing: 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.

Financial Package: IIDFC provides comprehensive financial package which comprises among others acquisition or taking over of public sector enterprises, financial or otherwise, slated for privatization, providing technical and support services for merger, acquisition or takeover and various consultancy services.

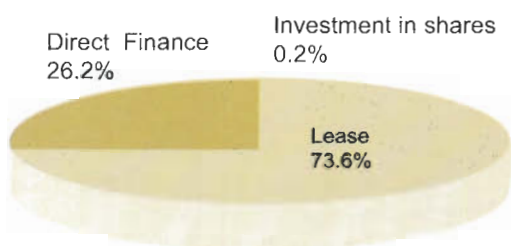
SME Finance: IIDFC promotes small and medium entrepreneurs in manufacturing and service industries through its SME Finance Scheme. The aim is to provide quality service to the entrepreneurs with potential and innovative ideas.

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 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.

FINANCIAL HIGHLIGHTS

	2006	2005	2004	2003	2002
Business Performance					
No. of Project Approved	108	69	48	33	30
Finance Apporved (BDT in million)	2,207.80	1,692.86	1,011.40	694.05	548.05
No. of Contracts Signed	131	72	27	39	30
Fund Disbursed(BDT in million)	1,416.84	1,130.62	689.90	619.86	421.16
Financial Performance (BDT in million)					
Results of operations					
Operational revenue	427.18	399.90	212.32	361.18	111.49
Operational expenses	317.58	341.21	129.21	303.56	89.19
Profit from operation	109.60	58.69	83.11	57.62	22.30
Profit after tax	72.53	49.23	58.78	49.63	19.71
Balance Sheet					
Total investments	2,908.34	1,983.16	1,166.17	914.93	424.06
Provision for investments	33.32	16.87	30.61	11.20	4.25
Lease Receivables/Advances	2,141.56	1,636.38	1,038.24	786.99	343.61
Direct Finance	761.75	346.75	127.03	125.07	80.45
Investment in shares	5.03	0.03	0.89	2.88	-
Shareholders' Equity	381.10	308.57	259.33	200.55	165.01
Statutory Reserve	52.90	37.90	28.00	15.50	5.00
Paid up Capital	233.50	194.58	162.15	141.00	141.00
Total no. of shares	2,334,960	1,945,800	1,621,500	1,410,000	1,410,000
Ratios					
Book value per share	163.22	158.58	159.93	150.18	120.05
Earnings per share	31.06	25.30	36.25	35.20	13.98
Dividend per share	22.00	20.00	20.00	15.00	10.00
Return on average equity (%)	21.03	17.34	25.56	27.15	12.70
Dividend payout ratio (%)	70.82	79.04	55.17	60.60	71.50

Investment Mix



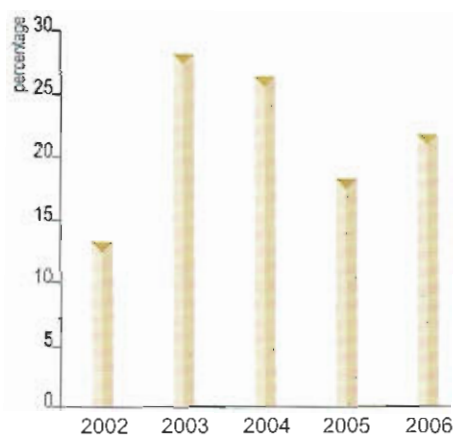
At the year end 2006, the investment mix reflected at 73.6 percent lease finance, 26.2 percent direct finance and 0.2 percent investment in shares.

Deposit Composition



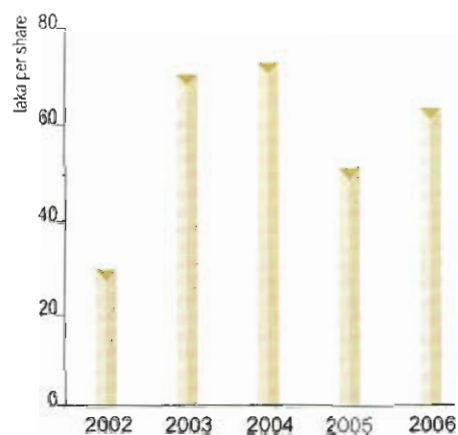
In 2006, the company mobilizes deposits 80.7 percent from Banks, 9.9 percent from Insurance Companies, 7.4 percent from individuals and 2 percent from other Financial Institutions.

Return on Average Equity



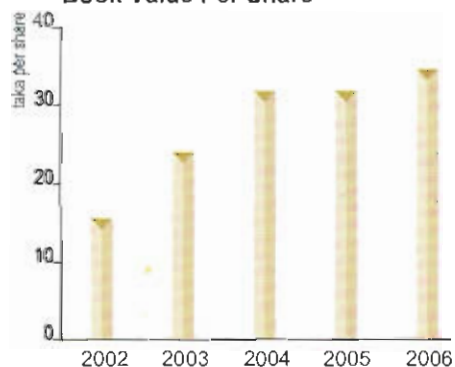
In 2006, the return on shareholders' equity increased by 23.5 percent over 2005.

Earning Per Share



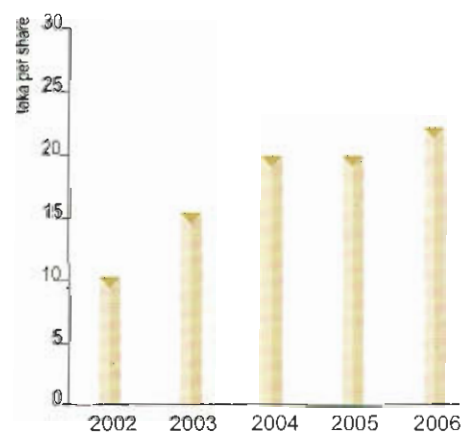
The company recorded a 22.9 percent growth in earning per share from Taka 25.3 in FY 2005 to Taka 31.09 in FY 2006.

Book Value Per Share



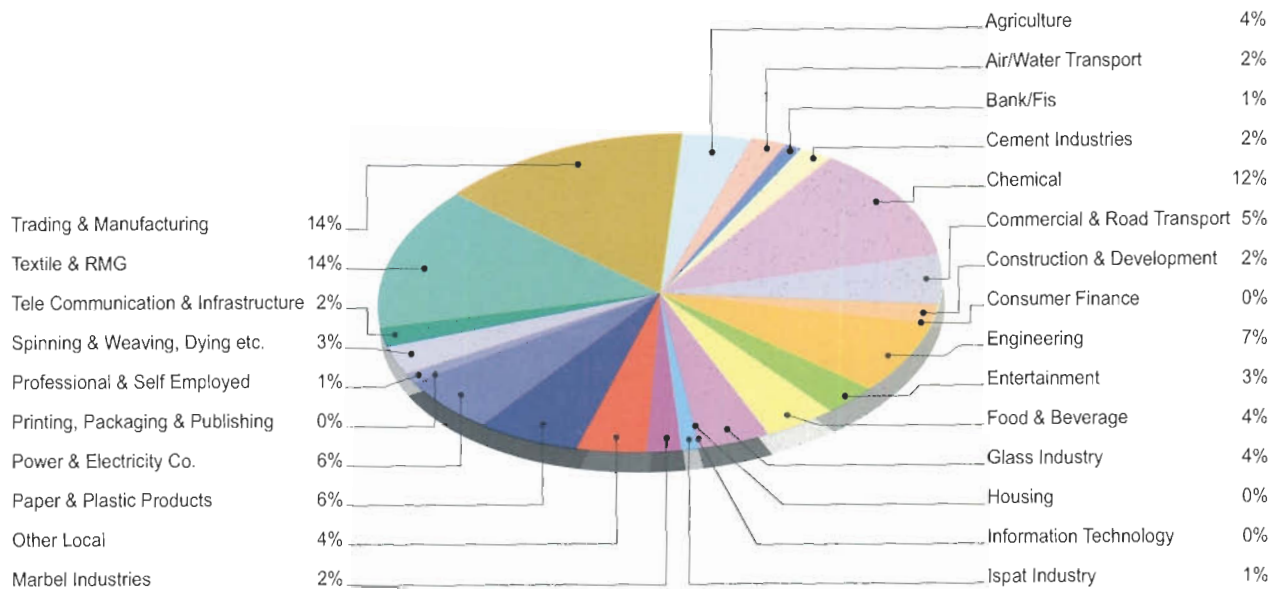
Book value per share increased to Taka 163.22 in FY 2006 from Taka 158.58 in 2005.

Dividend Per Share



Directors recommended 22 percent dividend for 2006- 12 percent in cash and balance 10 percent as bonus shares in its Board meeting held on 04 April 2007.

SECTOR WISE PORTFOLIO



SECTORS	BDT in Million	%
Agriculture	104.25	3.58
Air/Water Transport	55.82	1.92
Bank/Fis	31.97	1.10
Cement Industries	68.09	2.34
Chemical	342.49	11.78
Commercial & Road Transport	141.35	4.86
Construction & Development	52.53	1.81
Consumer Finance	4.51	0.16
Engineering	212.32	7.30
Entertainment	86.32	2.97
Food & Beverage	121.18	4.17
Glass Industry	108.96	3.75
Housing	5.41	0.19
Information Technology	6.50	0.22
Ispat Industry	32.10	1.10
Marbel Industries	47.17	1.62
Other Local	104.77	3.60
Paper & Plastic Products	174.71	6.01
Power & Electricity Co.	182.19	6.26
Printing, Packaging & Publishing	9.41	0.32
Professional & Self Employed	32.50	1.12
Spinning & Weaving, Dying etc.	97.17	3.34
Tele Communication & Infrastructure	70.96	2.44
Textile & RMG	418.89	14.40
Trading & Manufacturing	396.77	13.64
Total	2,908.34	100.00

DIRECTORS' REPORT

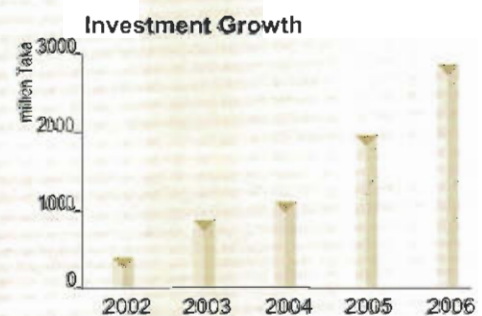


Introduction

I, on behalf of Board of Directors, welcome you all to the 6th Annual General Meeting of the Company and have the pleasure in presenting the Audited Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year 2006 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 and recorded a 47% growth in investments - from Tk 1,983 million in FY 2005 to Tk. 2,908 million in FY 2006. The operating profit recorded an increase of 86.7% from Tk. 58.69 million in FY 2005 to Tk. 109.6 million in FY 2006.



The company recorded a 47 percent growth in investments from Taka 1,983 million in FY 2005 to Taka 2,908 million in FY 2006.

The fee based non-funded income which was Tk. 1.2 million in FY 2005 reached Tk. 28 million FY 2006. The Company successfully arranged term loan facilities of Taka 3.00 billion for Warid Telecom International, Taka 600 million for Pran-RFL Group, Taka 186 million for AM Energy Limited and Taka 250 million for City Navigations Limited.

The net assets of the Company increased from Tk. 1,407 million in FY 2005 to Tk. 2,748 million in FY 2006. The shareholders' equity registered an increase by Tk. 72.5 million i.e., from Tk. 308.6 million FY 2005 to Tk. 381.1 million FY 2006. Book value of the shares, however, increased marginally to Tk. 163.22 from Tk. 158.58 since the number of shares during the year increased by 20% to 3,89,160.

During the latter part of 2006, the Company opened a separate department for SME financing to provide lease and loans facilities to small and medium scale enterprises including cottage and agro-based industries. During the short period of its existence, the company has been able to make a modest investment Tk. 33.0 million which was eligible under Small Enterprise Refinancing Scheme of Bangladesh Bank.

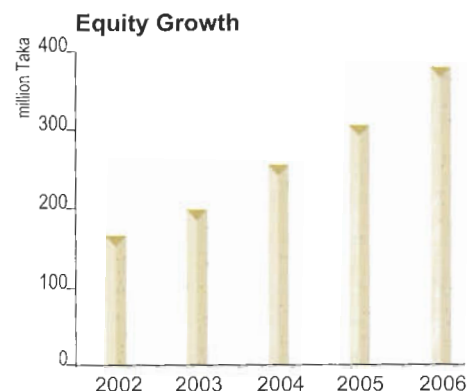
In 2006, the Company introduced a new "Deposit Scheme" and was able to mobilize deposits of Tk. 288.7 million as against Tk. 60 million in 2005. The vigorous effort for deposit mobilization will continue.

During FY 2006, the Company earned after-tax profit of Tk. 72.5 million as against Tk. 49.2 million in 2005 thus recording a growth of 47.3%. A provision of Tk. 2.2 million has been made for the current tax liability as per the provision of section 16 CC of Income Tax Ordinance, 1984 introduced in FY 2006. The Company also provided Tk. 14 million for Deferred Tax which on 31st December 2006 stood at Tk. 39 million.

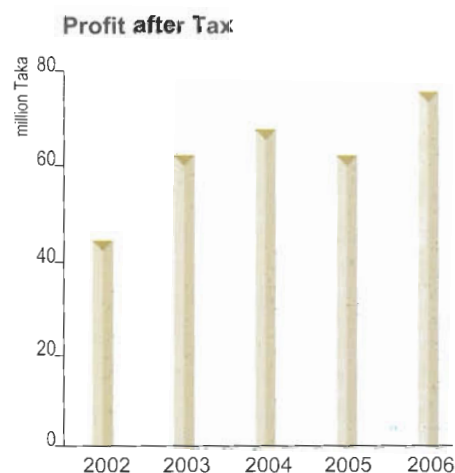
Financial Performance:

The financial results of the Company during FY 2006 are summarized below:

Particulars	Figures in Taka	
	2006	2005
Profit after tax	72,533,810	49,233,039
Add: Retained earnings brought forward	170,710	253,671
Profit available for appropriation	72,704,520	49,486,710
Less: Appropriations		
Statutory Reserve	15,000,000	9,900,000
General Reserve	1,000,000	500,000
Proposed Dividend	51,369,120	38,916,000
	67,369,120	49,316,000
Retained earnings, carried forward	5,335,400	170,710



The Shareholders' equity registered an increase by Taka 72.5 million i.e., from Taka 308.6 million in FY 2005 to Taka 381.1 million in FY 2006.



Profit after tax recorded an increase of 47.3 percent from Taka 49.23 million in FY 2005 to Taka 72.53 million in FY 2006.

Dividend:

Directors recommend 22% dividend for 2006- 12% will be in Cash and the balance 10% as Bonus Shares.

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 6th Annual General Meeting and being eligible offer themselves for re-election:

Name	Representing
Mr. M. Aminuzzaman	National Bank Limited
Mr. Dilwar H. Choudhury	The City Bank Limited
Mr. S.M. Aminur Rahman	Sonali Bank
Mr. Al-haj Khalilur Rahman	Pragati Insurance Limited
Mr. M. Haider Chowdhury	National Insurance Co. Limited

Auditors:

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants, BTMC Bhaban (8th Level) 7-9 Karwan Bazar, Dhaka-1215, Bangladesh retire and as per FID Circular # 03, Dated: 02 March 1999 are not eligible for re-appointment.

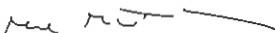
M/S S.F. Ahmed & Co., Chartered Accountants, House # 25, Road # 13A, Block-D, Banani, Dhaka-1213, Bangladesh has intimated their interest to be the auditors of the Company. The Annual Audit fee has been fixed at Taka 60,000.00 for the year 2007.

Appreciation:

The Directors would like to express their gratitude to the esteemed shareholders, valued 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 during the year. The Directors also express their appreciation of the dedication and hard work of the management team and other staff members of the Company but for which it would not have been possible to achieve the excellent growth recorded by your Company.

Thank you,

On behalf of Board of Directors



Md. Matiul Islam
Chairman

AUDITORS' REPORT

TO THE
SHAREHOLDERS OF
INDUSTRIAL AND
INFRASTRUCTURE
DEVELOPMENT
FINANCE COMPANY
LIMITED

We have audited the accompanying Balance Sheet of INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED (here-in-after referred to as the Company) as of 31 December 2006 and related Profit and Loss Account and Cash Flow Statement for the year then ended together with the Notes 1 to 44 thereto. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of 31 December 2006, and of the results of its operations and its cash flow statement for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank, and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the financial statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;
- d) the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- e) the expenditure incurred and payment made were for the purpose of the company's business;
- f) the information and explanations required by us have been received and found satisfactory;
- g) the company has followed the instructions issued by Bangladesh Bank in matters of lease/advance classification, provisioning and suspension of interest;
- h) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets; and
- i) the Company's Balance Sheet and Profit and Loss Account together with notes 1 to 44 thereto dealt with by the report are in agreement with the books of account.

Dhaka, 04 APRIL 2007

Hoda Vasil Chowdhury & Co.
Hoda Vasil Chowdhury & Co.
Chartered Accountants


BALANCE SHEET as at 31 December 2006

SOURCES OF FUNDS	Notes	2006 Taka	2005 Taka
Shareholders' fund			
Share capital	3	233,496,000	194,580,000
Reserves & surplus	4	96,235,400	75,070,710
Proposed dividend	5	51,369,120	38,916,000
		381,100,520	308,566,710
Deferred tax	6	39,115,930	25,000,000
Provision for investments	7	33,317,046	16,872,911
Income suspension	8	7,543,091	1,887,226
Long-term liabilities			
Long-term loans	9	1,094,989,689	818,057,495
Zero coupon bonds	10	60,314,937	459,521,482
Lease advance & security deposit	11	64,371,436	54,397,734
Term deposits	12	1,496,268,240	310,000,000
Obligation under capital lease	13	4,476,995	1,399,832
		2,720,421,297	1,643,376,543
Less: Current portion of long term liabilities	14	432,893,705	588,563,008
		2,287,527,592	1,054,813,535
Capital Employed		2,748,604,179	1,407,140,382
APPLICATION OF FUNDS			
Fixed assets- at cost less accumulated depreciation	15	13,222,797	4,002,363
Investments			
Lease receivable	16	1,515,991,858	1,227,191,862
Advances for leased assets	17	625,567,450	409,193,115
Direct finance	18	761,746,619	346,747,123
Investment in shares	19	5,030,200	30,200
		2,908,336,127	1,983,162,300
Less: Current portion of investments	20	533,393,201	666,344,250
		2,374,942,926	1,316,818,050
Current Assets			
Current portion of investments	20	533,393,201	666,344,250
Advances, deposits & prepayments	21	47,616,043	50,962,973
Sundry receivables	22	178,619,619	77,928,983
Money market placement	23	905,291,847	568,188,840
Cash & cash equivalents	24	85,872,464	57,592,733
		1,750,793,174	1,421,017,779
Less: Current Liabilities			
Current portion of long term liabilities	14	432,893,705	588,563,008
Provision for tax	25	2,200,000	-
Short term deposits	26	680,000,000	450,000,000
Money market borrowing	27	160,000,000	240,000,000
Liabilities for expenses	28	107,703,234	55,711,790
Liabilities for other finance	29	7,557,779	423,011
		1,390,354,718	1,334,697,809
Net Current Assets		360,438,456	86,319,969
Net Assets		2,748,604,179	1,407,140,382

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



Md Matiul Islam
Chairman


Mahmood Malik
Managing Director


Biplob Kumar Saha
Company Secretary

Dhaka, 04 APRIL 2007

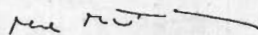
Auditors' Report to the Shareholders
See annexed report of date

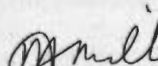

Hoda Vasi Chowdhury & Co.
Chartered Accountants

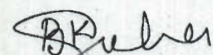
PROFIT & LOSS ACCOUNT for the year ended 31 December 2006

	Notes	2006 Taka	2005 Taka
A. OPERATIONAL REVENUE:			
Lease income	30	206,693,107	133,725,901
Income from lending operations	31	148,886,487	67,148,557
Income from treasury	32	31,604,315	188,693,722
Income from structured finance	33	28,308,915	1,225,043
Other operational income	34	11,691,041	9,109,233
		427,183,865	399,902,456
B. OPERATIONAL EXPENSES:			
General & administrative expenses	35	34,501,727	21,667,373
Financial expenses-core operations	36	256,277,715	131,141,338
Financial expenses- treasury	37	26,800,021	188,398,825
		317,579,463	341,207,536
C. OPERATING PROFIT (A-B)		109,604,402	58,694,920
D. NON OPERATIONAL INCOME	38	1,345,338	622,760
Profit Before Provision And Tax (C+D)		110,949,740	59,317,680
E. PROVISION FOR INVESTMENTS	39	22,100,000	(9,915,359)
F. PROFIT BEFORE TAXATION (D-E)		88,849,740	69,233,039
Less: Provision For Taxation:			
Current tax	25	2,200,000	-
Deferred tax	6	14,115,930	20,000,000
		16,315,930	20,000,000
Profit after tax		72,533,810	49,233,039
Add: Retained earnings brought forward		170,710	253,671
Profit available for appropriation		72,704,520	49,486,710
Less: Appropriations			
Statutory reserve		15,000,000	9,900,000
General reserve		1,000,000	500,000
Proposed dividend	5	51,369,120	38,916,000
		67,369,120	49,316,000
Retained earnings, carried forward		5,335,400	170,710
Earnings Per Share (EPS) *(Reported last year)	40	31.06	25.30*
Adjusted Earnings Per Share (EPS)	40.1	-	21.09

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

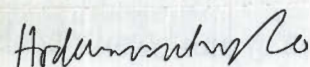

Md Matiul Islam
Chairman


Mahmood Malik
Managing Director


Biplob Kumar Saha
Company Secretary

Dhaka, 04 APRIL 2007

Auditors' Report to the Shareholders
See annexed report of date



Hoda Vasi Chowdhury & Co.
Chartered Accountants

CASH FLOW STATEMENT

for the year ended 31 December 2006

PARTICULARS	2006 Taka	2005 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Operational revenue receipts	326,493,229	446,606,310
Operational expenses payments	(345,279,710)	(303,483,460)
Non operational income	447,568	2,014,011
Decrease / (Increase) in advances, deposits & prepayments	3,346,930	(33,897,357)
Increase / (Decrease) in liabilities of other finance	7,134,768	120,463
Net Cash From Operating Activities	(7,857,215)	111,359,967
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Lease advance & security deposits	9,473,711	3,638,085
Decrease in / (acquisition of) lease assets	(288,799,998)	(540,415,569)
(Increase) / decrease in direct finance	(414,999,496)	(219,714,129)
Advance for lease assets	(216,374,335)	(57,731,684)
Increase in money market placements	(337,103,007)	2,852,241,412
Purchase of fixed assets	(10,018,750)	(2,152,812)
Sale / (Purchase) of shares	(5,000,000)	1,534,509
Sale proceeds of fixed assets	897,770	571,172
Net Cash Used In Investing Activities	(1,261,924,105)	2,037,970,984
C. CASH FLOW FROM FINANCING ACTIVITIES:		
(Pay-back) / receipt of long-term loan	276,932,194	626,215,180
Proceeds/ (payment) of zero coupon bond	(318,216,546)	-
Long term deposits	1,186,268,240	150,719,943
Increase/ (decrease) in money market borrowing	(80,000,000)	(3,045,000,000)
Short term deposits	230,000,000	(50,000,000)
Obligation under capital lease	3,077,163	927,249
Net Cash From Financing Activities	1,298,061,051	(2,317,137,628)
D. CASH GENERATED DURING THE YEAR: A+B+C	28,279,731	(167,806,677)
Add: Opening cash & cash equivalents	57,592,733	225,399,410
Closing cash & cash equivalents	85,872,464	57,592,733

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


Md Matiul Islam
Chairman


Mahmood Malik
Managing Director


Biplob Kumar Saha
Company Secretary


Dhaka, 04 APRIL 2007


STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

Figures in Taka

Serial	Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Total
1	Balance at 01 January 2006	194,580,000	37,900,000	37,000,000	38,916,000	170,710	308,566,710
2	Dividend paid as Bonus shares	38,916,000	-	-	(38,916,000)	-	-
3	Profit for the year 2006	-	-	-	-	72,533,810	72,533,810
4	Appropriations	-	15,000,000	1,000,000	51,369,120	(67,369,120)	-
		233,496,000	52,900,000	38,000,000	51,369,120	5,335,400	381,100,520


Md Matul Islam
Chairman


Mahmood Malik
Managing Director


Biplob Kumar Saha
Company Secretary

Dhaka, 04 APRIL 2007

NOTES TO THE FINANCIAL STATEMENTS

for the year ended
31 December 2006

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 financing of industrial undertakings & infrastructure projects, lease financing for all type of machinery and equipment including vehicle for industrial and commercial purposes, SME financing, Syndicated fund arrangement including cross-border 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) and after due compliance with International Financial Reporting Standards (IFRS) so far adopted in Bangladesh as Bangladesh Accounting Standards (BAS), Financial Institution Act 1993, the Companies Act 1994 and other applicable laws and regulations.

2.2 Revenue Recognition

a. Accounting for Lease Finance

The lease transactions are accounted for under finance lease in line with BAS-17 as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The aggregate lease receivables including un-guaranteed residual value throughout the lease term are recorded as gross receivables while excess of gross receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned lease income.

b. Accounting for Direct Finance

Direct finance operation consists of long term, short term and working capital finance, books of account for which are maintained based on the accrual method of accounting. Interest earnings from direct finance are recognized as operational revenue periodically.

c. Income from Structured Finance

Income from structured finance is recognized as and when received.

d. Accounting for Treasury Operations

Income from treasury operations are recognized on accrual basis.

e. Interest suspense account

Rental / Interest income overdue beyond 2 (two) months on account of lease, direct finance are not recognized as income rather credited to interest suspense account. Recovery of overdue credited to interest suspense account is recognized as income on cash basis.

f. Other Operational Income

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

- appraisal and documentation fee
- commitment fee
- supervision fee
- delinquent charge and
- miscellaneous receipts.

g. Depreciation on Fixed Assets

Fixed assets are reflected in the financial statements at cost less depreciation. Depreciation on fixed assets under the Company's use is charged consistently on straight-line method at following rates throughout the estimated useful life of the assets. On newly acquired assets depreciation is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year.

- | | | |
|-----------------------|---|-----|
| • Motor vehicles | : | 20% |
| • Furniture & fixture | : | 10% |
| • Office equipments | : | 18% |
| • 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.

h. Provision For Bad & Doubtful Debts

Provision has been made as per provisioning policy of Bangladesh Bank vide FID circular no: 8 dated 3rd August, 2002. Specific provision is made against investment when the recovery is in doubt or its value is considered impaired. In addition, 1% general provision has been made against loans, lease. General provision @ 5% on the outstanding amount of loan kept in "Special Mention Account" after netting off the amount of interest suspense/leases as per FID circular no: 3 dated 3rd May 2006.

i. 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.

j. Liabilities and Provisions

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

k. Deferred Tax

The company has adopted a policy of recognition of deferred tax in accordance with Bangladesh Accounting Standard-12. Deferred tax is provided using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purpose. The amount of deferred tax is determined at the effective income tax rate prevailing at the balance sheet date.

l. Integral Components of Financial Statements

The Financial Statements of the Company include the following:

- Balance Sheet as at 31 December 2006
- Profit and Loss Account for the year ended 31 December 2006.
- Cash Flow Statement for the year ended 31 December 2006.
- Statement of changes in equity for the year ended 31 December 2006 and
- Notes to the financial statement for the year ended 31 December 2006.

Description	2006 Taka	2005 Taka
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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

2,334,960 shares (FY : 2005 1,945,800 shares)

of Tk 100 each, fully paid up

233,496,000

194,580,000

During the year the Company issued bonus shares to the existing shareholders in the ratio of 5:1

Paid up share capital as on 31 December 2006 comprises the followings

i. Public Sector:

Name of Shareholders

No. of Shares

Value

Percentage

Sonali Bank

165,600

16,560,000

7.0922

Janata Bank

165,600

16,560,000

7.0922

Investment Corporation of Bangladesh

165,600

16,560,000

7.0922

496,800

49,680,000

21.2766

ii. Private Sector:

Arab Bangladesh Bank Ltd.

165,600

16,560,000

7.0922

Bank Asia Ltd.

165,600

16,560,000

7.0922

BRAC Bank Ltd.

165,600

16,560,000

7.0922

The City Bank Ltd.

165,600

16,560,000

7.0922

Mutual Trust Bank Ltd.

165,600

16,560,000

7.0922

National Bank Ltd.

165,600

16,560,000

7.0922

ONE Bank Ltd.

165,600

16,560,000

7.0922

Southeast Bank Ltd.

165,600

16,560,000

7.0922

Eastland Insurance Co. Ltd.

165,600

16,560,000

7.0922

National Life Insurance Co. Ltd.

165,600

16,560,000

7.0922

Pragati Insurance Ltd.

165,600

16,560,000

7.0922

Mr. Md. Matiul Islam

16,560

1,656,000

0.7092

1,838,160

183,816,000

78.7234

2,334,960

233,496,000

100.00

Description		2006 Taka	2005 Taka
4. RESERVES & SURPLUS			
Statutory reserve (Note: 4.1)		52,900,000	37,900,000
General reserve		38,000,000	37,000,000
Retained earnings		5,335,400	170,710
		96,235,400	75,070,710
4.1	The company has transferred 20% of net profit to statutory reserve as per the Financial Institutions Regulations, 1994.		
5. PROPOSED DIVIDEND			
Dividends at the rate of 22% (of 20% in 2005) on the paid up capital have been proposed for the year ended 31 December 2006.			
6. PROVISION FOR DEFERRED TAX			
Opening balance		25,000,000	5,000,000
Add: Provisions made during the year		14,115,930	20,000,000
Closing balance		39,115,930	25,000,000
7. PROVISION FOR INVESTMENTS			
Provision for investment has been made as required by guidelines issued by Bangladesh Bank (FID Circular no: 08 dated 03 August 2002 and FID circular no: 03 dated 3rd May 2006). According to the guidelines, General Provisions is made 1% on good assets while Specific Provisions is made against investment when recovery is in doubt on its value is considered impaired.			
General provisions (Note : 7.1)		25,143,528	16,872,911
SMA provisions (Note : 7.2)		5,162,930	-
Sub standard (Note : 7.3)		3,010,588	-
		33,317,046	16,872,911
7.1 General Provisions			
Lease finance		17,493,782	13,201,439
Direct finance		7,649,746	3,671,472
		25,143,528	16,872,911
7.2 SMA Provision			
Anudip Autos Ltd		1,819,198	-
Aspen Sweaters Ltd		682,164	-
Fair & Fame Knit Ltd		126,194	-
Printfine Ltd.		207,404	-
Swan Industries Ltd		1,923,509	-
Westmont Power		404,461	-
		5,162,930	-
7.3 Sub Standard Provision			
Shampshi Lamps Ltd		3,010,588	-
		3,010,588	-

Description	2006 Taka	2005 Taka
8. INCOME SUSPENSION		
Anudip Autos Ltd (July'05 to Nov'05 Tk-18,87,225) block A/C	3,758,311	1,887,225
Aspen Sweaters Ltd	504,384	-
Fair & Fame knit Ltd	32,862	-
Printfine Ltd.	159,750	-
Swan Industries Ltd	1,507,544	-
Shampshi Lamps Ltd	1,540,194	-
Westmont Power	40,046	-
	7,543,091	1,887,225

The Company has suspended recognition of accrued income from the above mentioned client(s) since these are classified under provision for Special Mention Accounts (SMA) and sub-standard account.

9. LONG-TERM LOAN

Opening balance	818,057,495	191,842,315
Addition during the year		
Bangladesh Bank	-	23,000,000
Dhaka Bank Ltd	-	55,000,000
Bank Asia Ltd	-	56,827,885
The Trust Bank Ltd	-	10,000,000
Sonali Bank	-	100,000,000
Uttara Bank Ltd	-	200,000,000
Mercantile Bank Ltd	-	100,000,000
Prime Bank Ltd	50,000,000	140,000,000
Basic Bank Ltd	50,000,000	-
Shahjalal Islami Bank Ltd	100,000,000	-
Janata Bank	50,000,000	-
Brac Bank Ltd	200,000,000	-
Bank Alfalah Ltd	50,000,000	-
	500,000,000	684,827,885
Payment made during the year	223,067,806	58,612,705
Closing balance (Note: 9.1)	1,094,989,689	818,057,495

9.1 Outstanding balance

Bangladesh Bank	17,888,890	23,000,000
Dhaka Bank Ltd	-	55,000,000
Bank Asia Ltd	82,293,827	105,057,975
The Trust Bank Ltd	93,295,667	94,999,520
Sonali Bank	63,636,362	100,000,000
Uttara Bank Ltd	175,814,308	200,000,000
Mercantile Bank Ltd	80,000,000	100,000,000
Prime Bank Ltd	156,500,000	140,000,000
Basic Bank Ltd	47,615,758	-
Shahjalal Islami Bank Ltd	86,278,210	-
Janata Bank	41,666,667	-
Brac Bank Ltd	200,000,000	-
Bank Alfalah Ltd	50,000,000	-
	1,094,989,689	818,057,495

Description	2006 Taka	2005 Taka
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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 6% to 15% while tenure varied from 3 to 5 years.

10. LIABILITY FOR ZERO COUPON BONDS (ZCBS)

Zero coupon bonds- issue price (Note: 10.1)	46,321,500	364,538,046
Accrual of redemption expenses of ZCBs (Note: 10.2)	13,993,437	94,983,436
	60,314,937	459,521,482

10.1 Zero Coupon Bonds- Issue Price

The City Bank Ltd.	-	37,565,740
Bank Asia Ltd.	-	50,000,000
Arab Bangladesh Bank Ltd.	-	37,565,000
United Commercial Bank Ltd.	-	37,565,000
Mutual Trust Bank Ltd.	-	37,565,000
Delta-Brac Housing Finance Corporation Ltd.	-	50,337,770
Janata Bank	-	37,565,740
Southeast Bank Ltd.	-	15,026,296
BRAC Bank Ltd.-1	-	15,026,000
BRAC Bank Ltd.-2	34,559,800	34,559,800
Eastland Insurance Co. Ltd.	5,000,000	5,000,000
South Asia Insurance Ltd.-1	1,878,250	1,878,250
South Asia Insurance Ltd.-2	2,253,900	2,253,900
South Asia Insurance Ltd.-3	2,629,550	2,629,550
	46,321,500	364,538,046

10.2 Accrual of Zero Coupon Bonds Interest Expenses

The City Bank Ltd.	-	10,511,555
Bank Asia Ltd.	-	13,898,935
Arab Bangladesh Bank Ltd.	-	10,384,705
United Commercial Bank Ltd.	-	10,361,679
Mutual Trust Bank Ltd.	-	10,142,933
Delta-Brac Housing Finance Corporation Ltd.	-	13,915,690
Janata Bank	-	9,498,393
Southeast Bank Ltd.	-	3,785,467
BRAC Bank Ltd.-1	-	3,601,259
BRAC Bank Ltd.-2	10,486,013	6,672,921
Eastland Insurance Co. Ltd.	1,521,217	969,721
South Asia Insurance Ltd.-1	555,496	348,268
South Asia Insurance Ltd.-2	665,906	417,230
South Asia Insurance Ltd.-3	764,805	474,680
	13,993,437	94,983,436

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.

Description	2006 Taka	2005 Taka
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11. LEASE ADVANCE & SECURITY DEPOSIT

Opening balance	54,397,734	48,574,916
Add- Received during the year	42,095,295	8,368,813
	96,493,029	56,943,729
Less: Adjusted during the year	34,371,307	4,295,717
	62,121,722	52,648,012
Deferral of interest payments for security deposits (Note - 11.1)	2,249,714	1,749,722
	64,371,436	54,397,734

11.1 Deferral of Interest Payments

PHP Power Generation Plant Ltd.	359,718	259,722
PHP NOF Continuous Galvanizing Ltd.	1,889,996	1,490,000
	2,249,714	1,749,722

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

12. TERM DEPOSITS

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

Banks	1,207,565,000	250,000,000
Financial institutions	30,000,000	-
Insurance companies	148,300,000	60,000,000
Customers deposit	110,403,240	-
	1,496,268,240	310,000,000

13. OBLIGATION UNDER CAPITAL LEASE

This represents fixed assets acquired under lease. Lease rentals include financial charges which have been used as discounting factor and are payable on monthly basis. The company has an option to purchase the assets upon completion of lease period and has intention to exercise the option. The company has made commitment for paying lease rental for motor of 3(three) units for Tk-33,50,000 and office equipment for Tk-57,65,865. Lease rental for the above assets are as follows:

	Principal outstanding	Principal outstanding
1. International Leasing & Financial Service Ltd 48 installments @ Tk27,500	208,195	483,943
2. International Leasing & Financial Service Ltd 48 installments @ Tk27,500	-	483,935
3. Fareast Finance & Investment Ltd 36 installments @ Tk 46,220	-	431,954
4. Fareast Finance & Investment Ltd 36 installments @ Tk 199,876	4,268,800	-
	4,476,995	1,399,832

14. CURRENT PORTION OF LONG TERM LIABILITIES

Term loan	212,592,119	179,598,514
Zero coupon bond	60,314,937	404,317,162
Lease advance & security deposit	7,894,220	3,663,883
Term deposits	150,000,000	-
Obligation under capital lease	2,092,429	983,449
	432,893,705	588,563,008

15. FIXED ASSETS- OWN 31ST DECEMBER 2006

Figures in Taka

Serial	Particulars	C O S T				DEPRECIATION				Net Book	
		Opening	Additions	Sale	Closing	Rate	Opening	Charges	Adjustment	Closing	Value
1	Motor Vehicles	4,452,812	4,980,000	2,300,000	7,132,812	20%	2,310,562	929,221	2,167,041	1,072,742	6,060,070
2	Furniture & Fixture	297,840	889,243	-	1,187,083	10%	92,748	88,452	-	181,200	1,005,883
3	Office Equipments	480,819	1,683,645	-	2,164,464	18%	225,630	258,985	-	484,615	1,679,849
4	Computer Software	100,000	-	-	100,000	-	100,000	-	-	100,000	-
	Total	5,331,471	7,552,888	2,300,000	10,584,359		2,728,941	1,276,658	2,167,041	1,838,557	8,745,802
	As at 31 December 2005	3,878,659	2,152,812	700,000	5,331,471	-	1,961,447	1,047,493	280,000	2,728,940	2,602,531

15.1 Fixed Assets- leased 31st December 2006

Serial	Particulars	C O S T			DEPRECIATION				Net Book Value
		Opening	Additions	Sale	Closing	Opening	Charges	Adjustment	Closing
1	Motor Vehicles	3,350,000	-	1,000,000	2,350,000	1,950,168	886,921	695,283	2,141,806
2	Office Equipments	-	5,765,862	-	5,765,862	-	1,497,061	-	1,497,061
	Total	3,350,000	5,765,862	1,000,000	8,115,862	1,950,168	2,383,982	695,283	3,638,867
	As at 31 December 2005	3,350,000	-	-	3,350,000	1,022,919	927,249	-	1,950,168
	As at 31 December 2006								1,399,832

16. RECEIVABLES FROM LEASED ASSETS AS AT 31 DECEMBER 2006

Serial	Lease	Gross Lease Rental Receivable	Un-Earned Revenue	Net Lease Rental Receivables
1	Plant & Machinery	1,543,749,226	441,326,175	1,102,423,052
2	Industrial Generator	68,918,784	17,433,089	51,485,695
3	Construction Equipments	50,330,280	17,296,619	33,033,661
4	Furniture & Fixture	16,806,780	1,893,681	14,913,099
5	Office Equipments	17,783,769	4,881,608	12,902,161
6	Road Transport	265,322,062	64,399,588	200,922,475
7	Water Transport	76,675,782	14,868,477	61,807,305
8	Air Transport	52,345,329	13,840,920	38,504,409
	Total	2,091,932,014	575,940,156	1,515,991,858
	As at 31 December 2005	1,591,123,857	363,931,995	1,227,191,862

Description	2006 Taka	2005 Taka
16.1		
Gross Lease receivable	2,091,932,014	1,591,123,857
Less: Un-earned revenue	575,940,156	363,931,995
Net lease receivable	1,515,991,858	1,227,191,862
16.1a		
Gross Lease receivable (Operations)	2,048,136,551	1,591,123,857
Less: Un-earned revenue (Operations)	565,919,137	363,931,995
Net lease receivable (Operations)	1,482,217,414	1,227,191,862
16.1b		
Gross Lease receivable (SME)	43,795,463	-
Less: Un-earned revenue (SME)	10,021,019	-
Net lease receivable (SME)	33,774,444	-

17. 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).

Opening balance	409,193,115	351,461,430
Add: disbursement during the year	995,758,621	862,000,099
	1,404,951,736	1,213,461,529
Less: Executed	779,384,286	804,268,414
	625,567,450	409,193,115

18. DIRECT FINANCE

Opening balance	346,747,123	156,119,672
Add- Disbursed during the year	421,079,485	268,621,359
	767,826,608	424,741,031
Less- Adjustment made during the year	6,079,989	77,993,908
	761,746,619	346,747,123

19. INVESTMENT IN SHARES

The investment has been made in the shares of listed companies which is valued at cost price. The market price (Tk-8,830,286) is higher than the cost price. Details are as follows:

Name of the Company	No of Shares		
Mercantile Bank Ltd.	250	25,000	25,000
Mutual Trust Bank Ltd.	33	3,300	3,300
ONE Bank Ltd.	19	1,900	1,900
S. Alam Cold Rolled Steels Ltd.	50,000	5,000,000	-
		5,030,200	30,200

20. CURRENT PORTION OF INVESTMENTS

Lease receivables	433,075,079	505,823,887
Direct finance	100,318,122	160,520,363
	533,393,201	666,344,250

Description	2006 Taka	2005 Taka
21. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance for leasing own asset	-	5,765,865
Advance for syndication expenses	311,405	-
Advance against salaries	90,000	-
Advance for supplies	280,003	60,000
Deposits for services	42,000	22,000
Pre-paid municipality tax	18,148	-
Advance for MCCI generator	1,002,600	-
Advance for travelling	26,660	-
Insurance premium	150,223	72,175
Advance for IPO	459,561	-
Advances for share money deposit (S.Alom Cold Rolled Steels Ltd.)	-	5,000,000
Tax deducted at source from interest	45,235,443	40,042,933
	47,616,043	50,962,973
22. SUNDRY RECEIVABLES		
Accounts receivables: direct finance	11,357,255	1,036,482
Accounts receivables: lease finance	43,837,752	29,016,450
Deferred receivables	6,585,484	7,499,519
IDCP interest receivables	88,471,801	24,487,161
FDR interest receivable	32,789,219	14,009,076
Other receivables	3,584,726	2,876,269
Lease rental part collection	(8,006,618)	(995,974)
	178,619,619	77,928,983
23. MONEY MARKET PLACEMENT		
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:		
Bangladesh Industrial Finance Co Ltd.	25,000,000	10,483,750
First Security Bank Ltd.	848,315,000	358,315,000
Mutual Trust Bank Ltd.	-	54,040,000
National Bank of Pakistan Ltd.	-	5,000,000
Standard Bank Ltd.	-	60,350,090
Lanka Bangla Finance Ltd.	-	80,000,000
Premier Leasing International	10,000,000	-
Shahjalal Islami Bank Ltd.	1,976,847	-
Bank Alfalah Ltd.	20,000,000	-
	905,291,847	568,188,840
24. CASH & CASH EQUIVALENTS		
Cash in hand	2,339	311,216
Current dated cheques in hand	25,692,073	-
Balance with Bangladesh Bank	8,882,577	13,816,203
Cash at Banks (Note: 24.1)	55,860,591	43,465,314
Cheque clearing account	(4,565,116)	-
	85,872,464	57,592,733

Description	2006 Taka	2005 Taka
24.1 Cash at Banks		
Arab Bangladesh Bank Ltd.	10,131	10,751
Bank Asia Ltd.	54,501,329	26,576,144
Bank Asia Ltd. (Deposit Collection A/C)	64,497	-
CitiBank N.A.	90,033	92,452
The City Bank Ltd.	612,752	559,255
Janata Bank	73,184	72,556
Mercantile Bank Ltd.	4,731	3,552
Mutual Trust Bank Ltd.	-	23
National Bank Ltd.	111,726	108,095
ONE Bank Ltd.	192,849	9,094,933
Prime Bank Ltd.	32,285	6,708,634
Standard Bank Ltd.	-	8,600
Bank Al-Falah Ltd.	91,332	98,410
Sonali Bank	53,700	53,409
EXIM Bank Ltd.	550	-
Uttara Bank Ltd.	20,202	78,500
Shahjalal Islami Bank Ltd	1,290	-
	55,860,591	43,465,314

25. PROVISION FOR TAX

As per section-16 CC of Income Tax Ordinance 1984, as amendment in Finance Act 2006 current tax has been based on gross turnover @ 0.50% although there appears no tax liability under normal tax calculation.

26. SHORT TERM DEPOSITS

Banks	650,000,000	450,000,000
Financial Institutions	30,000,000	-
	680,000,000	450,000,000

27. 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.

Banks	160,000,000	240,000,000
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28. LIABILITIES FOR EXPENSES

Creditors for Expenses	1,556,838	1,024,962
Provision for Expenses (Note: 28.1)	106,146,396	54,686,828
	107,703,234	55,711,790

28.1 Provision for Expenses

Communication Expenses	70,541	20,000
Utilities Expenses	128,607	60,000
Car Running & Maintenance Expenses	146,410	33,193
Financial Charges Accrued (Note: 28.1.1)	105,800,838	54,573,635
	106,146,396	54,686,828

Description	2006 Taka	2005 Taka
28.1.1 Provision for Financial Charges		
Banks	85,673,256	51,645,821
Financial institutions	2,087,500	-
Insurance companies	10,987,665	2,927,814
Customers deposit	7,052,417	-
	105,800,838	54,573,635
29. LIABILITIES FOR OTHER FINANCE		
Car loans recovery	218,089	134,159
AIT and VAT deducted at source (Note: 29.1)	4,669,309	-
Co-arranger fees payable	2,500,000	-
Miscellaneous liabilities	170,381	288,852
	7,557,779	423,011
29.1 AIT and VAT subsequently deposited to Bangladesh Bank		
30. LEASE INCOME		
Lease income	206,004,480	133,725,901
Lease income (SME)	688,627	-
	206,693,107	133,725,901
31. INCOME FROM LENDING OPERATIONS		
Term finance interest	37,026,990	17,930,751
IDCP interest	111,859,497	49,217,806
	148,886,487	67,148,557
32. INCOME FROM TREASURY		
Term placement	31,072,917	184,293,250
Overnight placement	531,398	4,400,472
	31,604,315	188,693,722
33. INCOME FROM STRUCTURED FINANCE		
Income from structured finance represents appraisal fee, arrangement fee, facility agency fee, delinquent charges etc. received during the year for arranging syndicated fund.		
34. OTHER OPERATIONAL INCOME		
Interest from Bank Accounts	1,342,464	888,004
Application & processing fees	1,196,784	2,302,410
LC Processing fees	-	120,470
Transfer fees	2,169,717	88,261
Delinquent interest	6,979,661	4,880,229
Profit from sale of shares	-	672,459
Income from dividend	2,415	157,400
	11,691,041	9,109,233

Description	2006 Taka	2005 Taka
35. GENERAL & ADMINISTRATIVE EXPENSES		
Salaries & allowances	16,338,261	8,430,068
Provident fund & gratuity	910,489	822,683
Rent, rates & taxes	2,059,634	1,882,540
Printing & stationery	1,586,481	988,059
Office maintenance	990,978	1,353,535
Utilities expenses	672,131	317,006
Communication expenses	705,509	600,349
Traveling & conveyance	903,406	537,331
Directors' fee	489,000	469,220
Meeting expenses	955,041	469,426
Entertainment	203,159	119,890
Car Running & maintenance expenses	1,778,276	1,271,243
Bank charge & excise duty	163,772	368,995
Financial charges- lease facility	530,475	287,214
Legal & professional fee	623,117	442,494
Audit fee	319,935	67,244
Training expenses	169,434	223,484
Membership fee & subscription	111,368	96,310
Advertisement & business development expenses	1,078,956	744,617
Books & periodicals	63,988	37,876
Insurance expenses	187,677	163,048
Depreciation on own assets	1,276,658	1,047,493
Depreciation on leased assets	2,383,982	927,248
	34,501,727	21,667,373
36. FINANCIAL EXPENSES-CORE OPERATIONS		
Long term loan	102,317,256	35,743,692
Zero coupon bonds	25,344,748	40,209,472
Security & term deposits	102,492,471	41,233,160
Over draft facilities	17,454,540	13,955,014
Call money	8,668,700	
	256,277,715	131,141,338
37. FINANCIAL EXPENSES-TREASURY		
Call money	2,977,104	40,977,688
Short term deposit	23,822,917	147,421,137
	26,800,021	188,398,825
38. NON OPERATIONAL INCOME		
Cancellation charge	357,568	428,588
Profit from sale of fixed assets	897,770	151,172
Sundry receipts	90,000	43,000
	1,345,338	622,760

Description	2006 Taka	2005 Taka
39. PROVISION FOR INVESTMENTS		
General provision (Note: 39.1)	8,270,617	(5,003,147)
Specific provision (Note: 39.2)	8,173,518	-
Income suspension (Note: 39.3)	5,655,865	(4,912,212)
	22,100,000	(9,915,359)
39.1 General Provision		
Direct finance	3,978,274	303,168
Lease finance	4,292,343	(5,306,315)
	8,270,617	(5,003,147)
39.2 Specific Provision		
Anudip Autos Ltd	1,819,198	-
Aspen Sweaters Ltd	682,164	-
Fair & Fame knit Ltd	126,194	-
Printfine Ltd.	207,404	-
Shampshi lamps Ltd	3,010,588	-
Swan Industries Ltd	1,923,509	-
Westmont power	404,461	-
	8,173,518	-
39.3 Income Suspension		
Suspended during the year	5,655,865	197,348
Less: Realised during the year	-	5,109,560
	5,655,865	(4,912,212)

40. EARNINGS PER SHARE (EPS)

Earnings per share (EPS) is calculated in accordance with Bangladesh Accounting Standard (BAS-33). Earnings per share, which has been shown on the face of profit and loss account.

Profit after tax	72,533,810	49,233,039
Number of shares	2,334,960	1,945,800
Earnings per share (Tk)	31.06	25.30

40.1 Adjusted Earnings Per Share

Profit after tax	49,233,039
Number of shares -opening	1,945,800
Add : Bonus shares -Issued during the year	389,160
Number of shares issued- closing	2,334,960
	21.09

41. RELATED PARTY TRANSACTIONS

The company has obtained term loan, term deposit and zero coupon bonds from the following related parties. These have been transacted purely on commercial basis at arm's length.

Description	2006 Taka	2005 Taka
<u>Name of the parties</u>	<u>Nature of transactions</u>	<u>Outstanding balance Taka</u>
Sonali Bank	Term deposit	100,000,000
National Life Insurance Co. Ltd.	Term deposit	100,000,000
Eastland Insurance Co. Ltd.	Term deposit	26,300,000
National Bank Ltd.	Term deposit	30,000,000
Pragati Insurance Ltd.	Term deposit	22,000,000
Mutual Trust Bank Ltd.	Term deposit	37,565,000
BRAC Bank Ltd.	Term deposit	100,000,000
Bank Asia Ltd.	Term deposit	100,000,000
Bank Asia Ltd.	Term loan	82,293,827
Sonali Bank	Term loan	63,636,362
Janata Bank	Term loan	41,666,667
BRAC Bank Ltd.	Term loan	200,000,000
BRAC Bank Ltd.	Zero coupon bond	45,045,813
Eastland Insurance Co. Ltd.	Zero coupon bond	6,521,217
		955,028,886

Besides, the company has financed the following :

<u>Name of the parties</u>	<u>Nature of transactions</u>	<u>Outstanding balance Taka</u>
Bank Asia Ltd.	Lease Finance	17,601,538
International Leasing & Finance Services Ltd.	Lease Finance	203,751
Pragati Insurance Ltd.	Term Finance	1,129,803
		18,935,092

42. BOARD MEETINGS

During the year under audit total 14 (fourteen) board meetings were held.

43. 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.= 130,243,729(USD =802,114 and EURO =816,000). There was no acknowledged claim as debt as on the Balance sheet date.

ii) Commitment - Redemption of Zero Coupon Bonds

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

<u>Name of Investors</u>	<u>Redemption Date</u>	<u>Redeemable Amount Taka</u>
Eastland Insurance Co. Ltd.	29-Mar-07	6,655,130
Southasia Insurance Co. Ltd.	29-Mar-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
		61,655,130

iii) Commitment-Capital Expenditure

There was no capital expenditure commitment as on 31 December 2006.

Description	2006 Taka	2005 Taka
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iv) Contracts and Disbursements

During the year company contracted and disbursed the following amounts:

	Sanctioned Taka	Disbursed Taka
Lease finance	1,721,950,000	995,758,621
Term loan	485,850,000	421,079,485
	2,207,800,000	1,416,838,106

v) Subsequent Events

No material events occurred after the balance sheet date which would affect the financial statements of the company as at 31 December 2006.

vi) Emoluments paid to Managing Director & Other Executives

	2006 Number of person(s)	2005 Number of person(s)	2006 Taka	2005 Taka
a. Managing Director	1	1	2,520,000	1,990,250
b. Executives/Other Staff	35	22	13,818,261	6,439,818
	36	23	16,338,261	8,430,068

There were 10 (ten) employees employed for less than full year and all employees of the company drew more than Taka 3,000 per month.

Managing director of the company has been availing term finance of Taka-35,00,000 executed from 28 September 2005 for 10 (Ten) years and outstanding balance as on 31 December 2006 was Taka-32,08,855.

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

44. GENERAL

44.1 The figures appearing in these financial statements have been rounded off to the nearest Taka.

44.2 Last year's figures have been rearranged wherever it is found necessary to conform the current year's presentation.

THE FINANCIAL STATEMENTS OF THE COMPANY HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS ON 04 APRIL 2007.



Md Matiul Islam
Chairman



Mahmood Malik
Managing Director



Biplob Kumar Saha
Company Secretary

EVENT AND OCCASIONS



Managing Director



6th Annual General Meeting



Chairman and Managing Director presenting Crest to His Highness Sheikh Nahayan Mubarak Al Nahayan



Signing ceremony of Wairid Telecom



A Meeting of the Board of Directors



A Meeting of the Board of Directors



Signing ceremony of Syndicated Fund Arrangement - RanksTel



Signing ceremony of Syndicated Fund Arrangement - RFL Plastic Ltd.



Signing ceremony of Syndicated Fund Arrangement - T. K. Chemical Complex Ltd.



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

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PROXY FORM

I/We

of

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

Mr./Mrs./Ms

of

as proxy to attend and vote for me/us and on my/our behalf in the 6th Annual General Meeting of the company to be held on **Saturday, 28th April 2007, at 7.00 p.m. at Lake Shore Hotel & Apartments, Road # 41, House # 46 Gulshan-2, Dhaka-1212, Bangladesh** and any adjournment thereof.

As witness my/our hand this day of 2007

Signature of Shareholder

Revenue
Stamp of
Tk.8.00

Signature of Proxy



GARDEN BAY

Three Knolls

Three Knolls

Three Knolls

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