



# ANNUAL REPORT **2007**

# IIDFC

INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

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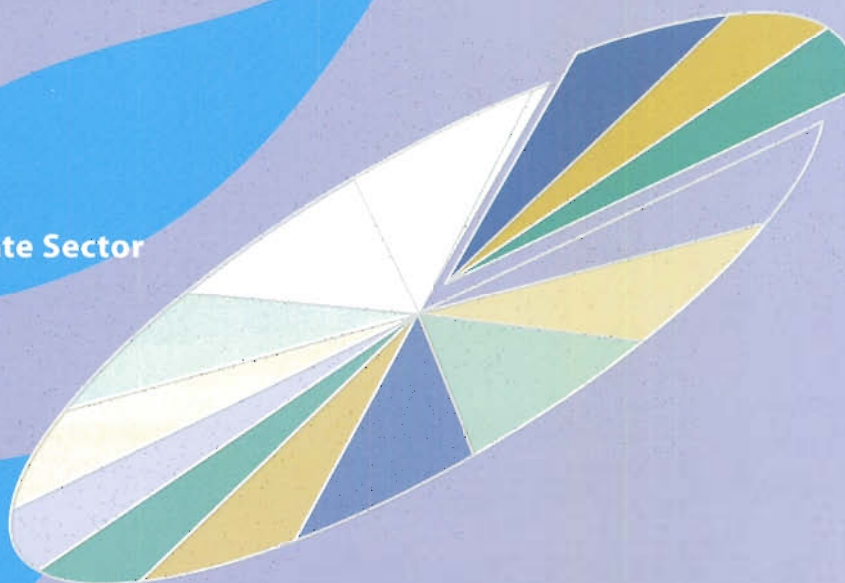
# **INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED**

CHAMBER BUILDING (6TH & 7TH FLOOR) 122-124 MOTIJHEEL C/A DHAKA 1000 BANGLADESH

# SHAREHOLDING STRUCTURE

Private Sector

Public Sector



## Public Sector

● Sonali Bank Limited	7.0922%
● Janata Bank Limited	7.0922%
● Investment Corporation of Bangladesh	7.0922%
<b>Total</b>	<b>21.2766%</b>

## 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%
<b>Total</b>	<b>78.7234%</b>

**Grand Total**

**100%**

## MANAGEMENT

**Deputy Managing Director**

Mr. Proshanta Kumar Halder

**Chief Financial Officer and Company Secretary**

Mr. Uzzal Kumar Nandi

**Vice President- Head of Structured Finance**

Mr. Kh. Shafiqur Rahman

**Vice President-Head of Corporate Finance**

Mr. Rashedul Haque

**Vice President- Head of SME Finance**

Engr. Md. Russel Shahriar



# IIDFC

## ANNUAL REPORT 2007



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

## 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, road 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.

### **Home Loan:**

As per "Refinance Scheme for investment in Housing Sector" by Bangladesh Bank, IIDFC has introduced the HOME LOAN for the middle class and lower middle class people to purchase or construct Flat/Apartment of 1250sqft maximum for personal living only in 6 city corporation area including Tongi, Gazipur, Savar & Narayanganj. In addition, we also provide normal home loan.

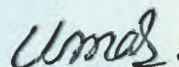


## NOTICE OF THE 7<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 7<sup>th</sup> Annual General Meeting of **Industrial and Infrastructure Development Finance Company Limited** will be held on **Thursday, 27th March 2008 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 2007 and Auditors' Report & Directors' Report thereon
2. To declare dividend for the year 2007
3. To elect Directors of the Company
4. To appoint auditors for the year 2008 and fix their remuneration
5. To transact any other business with the permission of the Chair

By order of the Board



Uzzal Kumar Nandi  
Company Secretary

Dated, Dhaka  
13, March 2008

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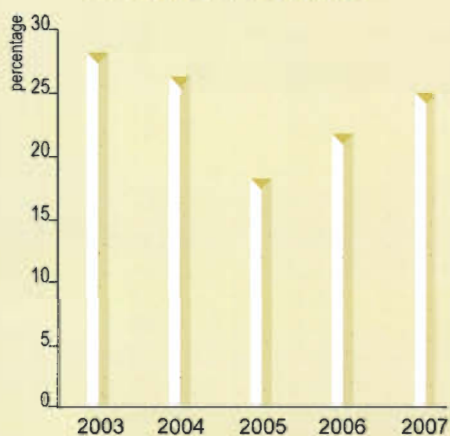
### NOTES:

1. Members holding shares on the date of the Annual General Meeting will be entitled to the Dividend declared in that Annual General Meeting.
2. A member entitled to attend & vote at the 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 General Meeting. (A PROXY FORM is Attached)
3. Members are requested to notify change of address, if any, to the Company.

ENCLOSED:  
Annual Report 2007

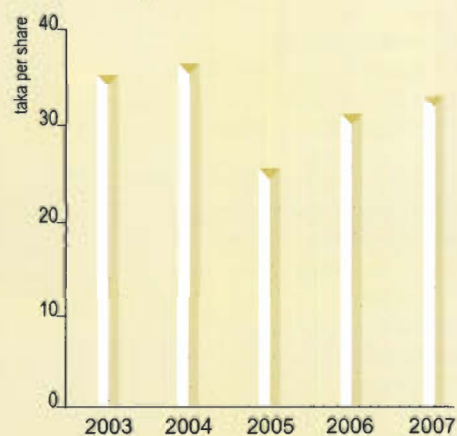


### Return on Average Equity



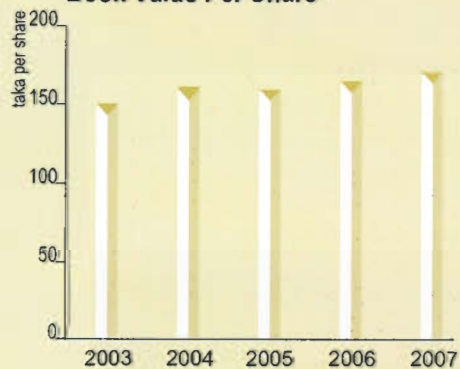
In 2007, the return on shareholders' equity increased by 14.79 percent over 2006.

### Earning Per Share



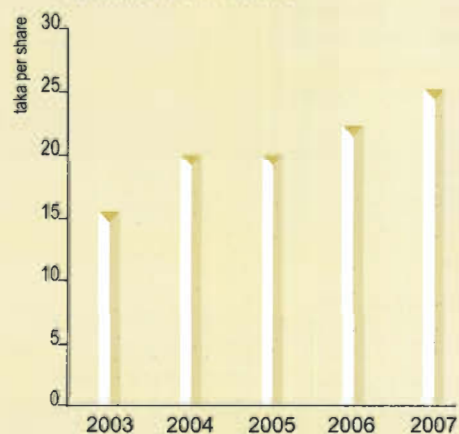
The company recorded a 5.86 percent growth in earning per share from Taka 31.06 in FY 2006 to Taka 32.88 in FY 2007.

### Book Value Per Share



Book value per share increased to Taka 170.35 in FY 2007 from Taka 163.22 in 2006.

### Dividend Per Share



Directors recommended 25 percent dividend for 2007 as bonus shares in its Board meeting held on 06 March 2008.



## **BOARD OF DIRECTORS**

### **Chairman**

Mr. Md. Matiul Islam

### **Vice Chairman**

Mr. M. Syeduzzaman, Bank Asia Ltd.

### **Directors**

Mr. Fazle Hasan Abed, BRAC Bank Limited

Mr. Syed Manzur Elahi, Mutual Trust Bank Limited

Mr. Al-Haj Khalilur Rahman, Pragati Insurance Ltd.

Mr. Ziaul Haque Khondker, Investment Corporation of Bangladesh

Mr. Kaiser A. Chowdhury, AB Bank Limited

Mr. Kazi Mahmood Sattar, The City Bank Limited

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

Mr. S. A. Chowdhury, Sonali Bank Limited

Mr. S.M. Aminur Rahman, Janata Bank Limited

Mr. Ghulam Rahman, Eastland Insurance Company Limited

Mr. Abdur Rahman Sarker, National Bank Limited

Mr. Neaz Ahmed, Southeast Bank Limited

Mr. Arif Quadri, ONE Bank Limited

### **Deputy Managing Director**

Mr. Proshanta Kumar Halder

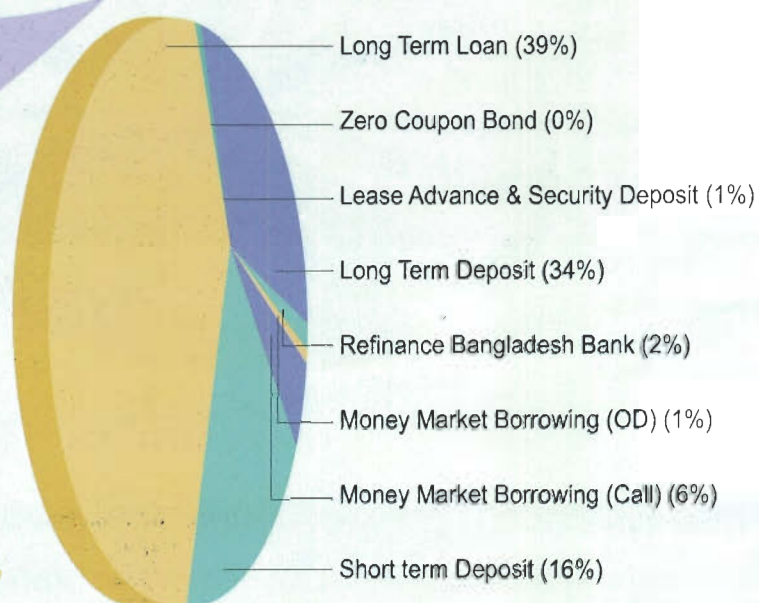
### **Company Secretary**

Mr. Uzzal Kumar Nandi

Mr. Syed Manzur Elahi, Mr. Md. Ziaul Haque Khondker, Mr. Kaiser A. Chowdhury, Mr. Al-haj Khalilur Rahman representing Mutual Trust Bank, ICB, AB Bank & Pragati Insurance respectively in the Board stepped down with effect from January 1, 2008 to bring the number of directors down to 11 (Eleven) as stipulated by Bangladesh Bank.



## Sources of Fund



## SECTOR-WISE EXPOSURE -2007

## Revenue Spread

Year	Average Rate of Return	Average cost of Borrowing	Nominal Earning Spread
2003	15.56%	8.70%	6.86%
2004	15.20%	9.85%	5.35%
2005	14.66%	11.95%	2.71%
2006	15.66%	13.18%	2.48%
2007	15.89%	12.87%	3.02%

## CORPORATE INFORMATION

### Registered Office

Chamber Building (6<sup>th</sup> & 7<sup>th</sup> Floor)  
122-124, Motijheel C/A  
Dhaka-1000, Bangladesh  
Telephone: 9559311-12, 9553387  
9553254, 9553090  
Fax: 880-2-9568987  
Website: [www.iidfc.com](http://www.iidfc.com)

### Business Hours

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

### Auditors

S.F. Ahmed & Co.  
Chartered Accountants  
House 25, Road 13A, Block D, Banani  
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 Limited  
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 Limited  
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



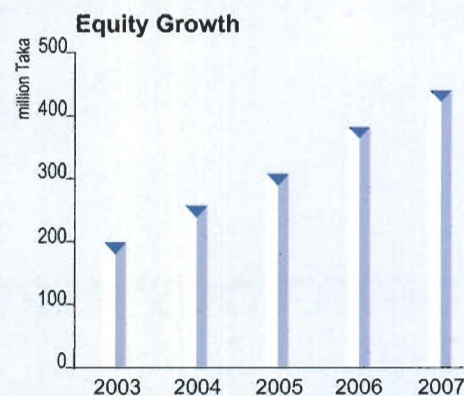
The Structured Finance Department arranged syndicated funds for Tk. 2.43 billion in FY 2007 compared to 4.036 billion in FY 2006 and earned a fee based non-funded income of Tk. 21.74 million in FY 2007 compared to 28.31 million in FY 2006. In addition, this department generated a gross interest revenue of Tk. 18.19 million on funded facilities. The fee income arose mainly from syndicating working capital for Warid, lease finance from GMG and term finance for Rankstel.

The Capital employed of the Company increased from Tk. 2,748 million in FY 2006 to Tk. 3,953 million in FY 2007. The shareholders' equity registered an increase by Tk. 56.4 million i.e., from Tk. 381.1 million FY 2006 to Tk. 437.5 million FY 2007. Book value of the shares, however, increased marginally to Tk. 170.35 from Tk. 163.22 since the number of shares during the year increased by 10% to 233,496

During the year, the SME Department developed a client base of seventy five with a portfolio of around Tk. 150 million. Major manufacturing sectors covered by SME financing includes – garments accessories, embroidery, plastic products, printing & packaging, textile chemicals, engineering workshop etc. The service sector, however, includes restaurant, courier services etc.

IIDFC has also been enlisted by Bangladesh Bank as an eligible financing institution under the Bank's "Refinance Scheme for Investment in Housing Sector" and a separate unit for housing finance has been opened under the SME Department.

During FY 2007, the Company earned after-tax profit of Tk. 84.44 million as against Tk. 72.53 million in 2006 thus recording a growth of 16.42%. A provision of Tk. 1.9 million has been made for the current tax liability as per the provision of section 16CC of Income Tax Ordinance, 1984. The Company also provided Tk. 21.90 million for deferred tax liability for the FY 2007.



The Shareholders' equity registered an increase by Taka 56.4 million i.e., from Taka 381.1 million in FY 2006 to Taka 437.5 million in FY 2007.



Profit after tax recorded an increase of 16.42 percent from Taka 72.53 million in FY 2006 to Taka 88.44 million in FY 2007.

### Financial Performance:

The financial results of the Company during FY 2007 are summarized below:

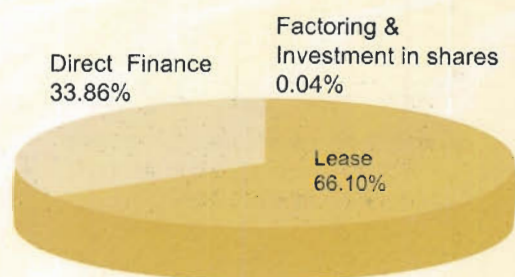
Particulars	Figures in Taka	
	2007	2006
Profit after tax	84,442,684	72,533,810
Add: Retained earnings brought forward	5,335,400	170,710
Profit available for appropriation	<b>89,778,084</b>	<b>72,704,520</b>
Less: Appropriations		
Statutory Reserve	19,000,000	15,000,000
General Reserve	2,000,000	1,000,000
Proposed Dividend	64,211,400	51,369,120
	<b>85,211,400</b>	<b>67,369,120</b>
Retained earnings, carried forward	<b>4,566,684</b>	<b>5,335,400</b>



# FINANCIAL HIGHLIGHTS

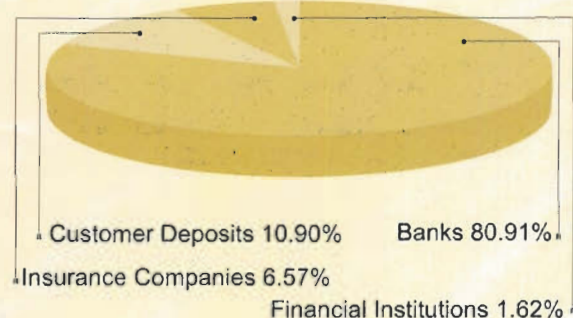
	2007	2006	2005	2004	2003
<b>Business Performance</b>					
Nos. of Project Approved	94	108	69	48	33
Finance Approved (BDT in Million)	2,717.30	2,207.80	1,692.86	1,011.40	694.05
Nos. of Contract Signed	92	131	72	27	39
Fund Disbursed (BDT in Million)	2,838.00	1,416.84	1,130.62	689.90	619.86
<b>Financial Performance (BDT in million)</b>					
<b>Profit and Loss Account</b>					
Operational Revenue	772.07	427.18	399.90	212.32	361.18
Operational Expenses	629.70	317.58	341.21	129.21	303.56
Operating Profit	142.37	109.60	58.69	83.11	57.62
Profit after tax	84.44	72.53	49.23	58.78	49.63
<b>Balance Sheet</b>					
Total Investments	4779.75	2908.34	1,983.16	1,166.17	914.93
Provision for Investments	68.28	33.32	16.87	30.61	11.20
Leased Receivable/Advances	3159.31	2141.56	1,636.38	1,038.24	786.99
Direct Finance	161.83	761.75	346.75	127.03	125.07
Investment in shares	0.03	5.03	0.03	0.89	2.88
Shareholders' Equity	437.52	381.10	308.57	259.33	200.55
Statutory reserve	71.90	52.90	28.00	28.00	15.50
Paid up Capital	256.85	233.50	194.58	162.15	141.00
Total nos. of Shares (In Quantity)	2,568,456	2,334,960	1,945,800	1,621,500	1,410,000
<b>Ratios</b>					
Book Value per Share (BDT)	170.35	163.22	158.58	159.93	150.18
Earning Per Share (BDT)	32.88	31.06	25.30	36.25	35.20
Dividend Per Share (BDT)	25.00	22.00	20.00	20.00	15.00
Return on Equity (%)	24.14	21.03	17.34	25.56	27.15
Dividend Payout Ratio (%)	68.6	70.65	78.64	55.17	60.60

## Investment Mix



At the year end 2007, the investment mix reflected at 66.10% percent lease finance, 33.86% percent direct finance, 0.04% factoring finance and investment in shares.

## Deposit Composition



In 2007, the company mobilizes deposits 80.91 percent from Banks, 10.90 percent from individuals, 6.57 percent from Insurance Companies and 1.62 percent from other Financial Institutions.



# AUDITORS' REPORT

TO THE  
SHAREHOLDERS OF  
INDUSTRIAL AND  
INFRASTRUCTURE  
DEVELOPMENT  
FINANCE COMPANY  
LIMITED

We have audited the accompanying financial statements of Industrial and Infrastructure Development Finance Company Limited ("the Company"), namely, Balance Sheet as of 31 December 2007 and the related Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and notes thereto for the year then ended. Preparation of these financial statements and notes thereto in due conformance with generally accepted accounting principles, procedures and International Accounting Standards as applicable in Bangladesh 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 due conformance with International Standards on Auditing as applicable in Bangladesh. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatements. 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 presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Accordingly, we report that, in our opinion, the said financial statements exhibit a true and fair view of the state of the Company's affairs as at 31 December 2007 and of the results of its operations and its cash flows for the said year ended on that date and have been drawn up in accordance with the requirements of Companies Act 1994, Financial Institutions Act 1993 and other applicable laws and rules and of the said International Accounting Standards.

We also report that:

- i) our examination and checking of relevant financial statements, books of account, registers, schedules and records were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the said accounts and financial statements;
- ii) proper books of account, statutory books and other requisite records were properly maintained by the Company and the Company's management duly followed relevant provisions of law and rules connected therewith;
- iii) the Balance Sheet and Profit and Loss Statement are in agreement with the said books of account maintained by the Company and examined by us while the Cash Flow Statement conforms with the presentation laid out in the relevant International Accounting Standards; and
- iv) the expenditure incurred and payments made were for the purpose of the Company's business for the year.

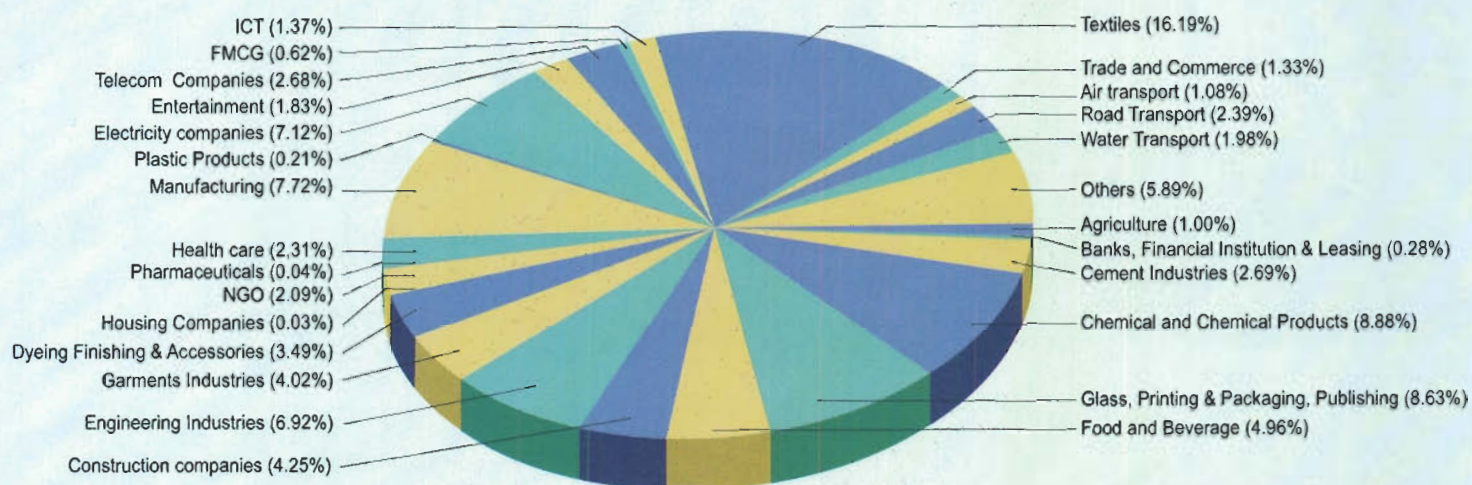
House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dhaka, 25 FEBRUARY 2008



S.F. Ahmed & Co.  
Chartered Accountants



## SECTOR-WISE PORTFOLIO



Sector	URPA (BDT million)	Percentage
Agriculture	47.92	1.00%
Banks, Financial Institution & Leasing	13.32	0.28%
Cement Industries	128.53	2.69%
Chemical and Chemical Products	424.05	8.88%
Glass, Printing & Packaging, Publishing	412.48	8.63%
Food and Beverage	237.06	4.96%
Construction companies	203.13	4.25%
Engineering Industries	330.74	6.92%
Garments Industries	192.12	4.02%
Dyeing Finishing & Accessories	166.64	3.49%
Housing Companies	1.58	0.03%
NGO	100	2.09%
Pharmaceuticals	1.79	0.04%
Health care	110.57	2.31%
Manufacturing	368.65	7.72%
Plastic Products	10	0.21%
Electricity companies	340.04	7.12%
Entertainment	87.50	1.83%
Telecom Companies	128.06	2.68%
FMCG	29.74	0.62%
ICT	65.25	1.37%
Textiles	773.32	16.19%
Trade and Commerce	63.46	1.33%
Air transport	51.50	1.08%
Road Transport	113.99	2.39%
Water Transport	94.5	1.98%
Others	281.64	5.89%
<b>Total</b>	<b>4,778</b>	<b>100.00%</b>

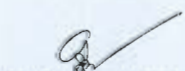


# PROFIT & LOSS ACCOUNT for the year ended 31 December 2007

		Amount in Taka	
	Notes	At 31 Dec 2007	At 31 Dec 2006
<b>OPERATIONAL REVENUE</b>			
Lease income	30	293,469,691	201,037,242
Income from lending operations	31	313,571,980	148,886,487
Income from treasury operations	32	126,330,634	31,604,315
Income from structured finance	33	21,738,982	28,308,915
Bank guarantee income		357,402	-
Factoring income		168,324	-
Other operational income	34	16,429,757	11,691,041
		<u>772,066,769</u>	<u>421,528,000</u>
<b>OPERATIONAL EXPENSES</b>			
General and administrative expenses	35	47,186,511	34,501,727
Financial expenses - core operations	36	455,325,645	256,277,715
Financial expenses - treasury operations	37	127,185,129	26,800,021
		<u>629,697,285</u>	<u>317,579,463</u>
<b>OPERATING PROFIT</b>		<u>142,369,484</u>	<u>103,948,537</u>
<b>NON-OPERATIONAL INCOME</b>	38	<u>1,379,624</u>	<u>1,345,338</u>
Profit before provision and tax		143,749,108	105,293,875
<b>PROVISIONS FOR INVESTMENTS</b>	39	<u>(35,477,108)</u>	<u>(16,444,135)</u>
<b>PROFIT BEFORE TAXATION</b>		<u>108,272,000</u>	<u>88,849,740</u>
Provision for taxation			
Current tax		(1,930,167)	(2,200,000)
Deferred tax		(21,899,149)	(14,115,930)
		<u>(23,829,316)</u>	<u>(16,315,930)</u>
Profit after tax		84,442,684	72,533,810
Retained earnings, brought forward		5,335,400	170,710
Profit available for appropriation		<u>89,778,084</u>	<u>72,704,520</u>
Appropriations			
Statutory Reserve		(19,000,000)	(15,000,000)
General Reserve		(2,000,000)	(1,000,000)
Proposed Dividend		(64,211,400)	(51,369,120)
		<u>(85,211,400)</u>	<u>(67,369,120)</u>
Retained earnings, carried forward		<u>4,566,684</u>	<u>5,335,400</u>
Earnings per share (EPS)	40	<u>32.88</u>	<u>31.06</u>

The annexed notes form an integral part of these financial statements.

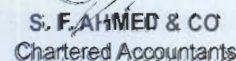
  
Md. Matiul Islam  
Chairman

  
M. Syeduzzaman  
Vice-Chairman

  
Uzzal Kumar Nandi  
Company Secretary

Dhaka, 25 February 2008

Signed in terms of our report  
of even date annexed

  
S. F. AHMED & CO  
Chartered Accountants

## DIRECTORS' REPORT

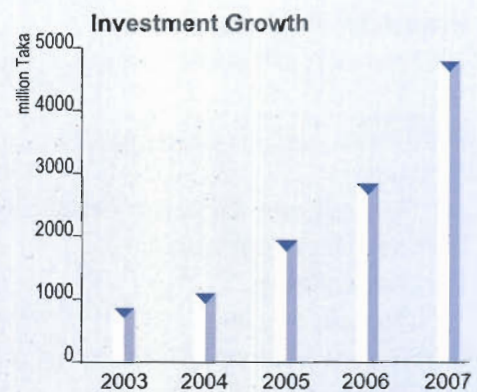


### Introduction

I, on behalf of Board of Directors, welcome you all to the 7th 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 2007 along with the Auditors' Report thereon.

### Business Review:

I am glad to inform you that during the year under review, your company was able to attain substantial growth both in terms of volume of business as well as operating profit. The investment recorded a 64% growth - from Tk 2,908 million in FY 2006 to Tk. 4,780 million in FY 2007 - and the operating profit recorded an increase of 37% - from Tk. 103.9 million in FY 2006 to Tk. 142.3 million in FY 2007.



The company recorded a 64 percent growth in investments from Taka 2,908 million in FY 2006 to Taka 4,779 million in FY 2007.



# STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2007


## FOR 2007


Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Reserve	Retained earnings	Total
Balance at 01 Jan 2007	233,496,000	52,900,000	38,000,000	51,369,120	5,335,400	381,100,520
Dividend	-	-	-	(51,369,120)	-	(51,369,120)
Issue of bonus shares	23,349,600	-	-	-	-	23,349,600
Profit for the year 2007	-	-	-	-	84,442,684	84,442,684
Transferred during the year	-	19,000,000	2,000,000	64,211,400	(85,211,400)	-
Balance at 31 Dec 2007	256,845,600	71,900,000	40,000,000	64,211,400	4,566,684	437,523,684

## FOR 2006

Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Reserve	Retained earnings	Total
Balance at 01 January 2006	194,580,000	37,900,000	37,000,000	38,916,000	170,710	308,566,710
Issue of bonus shares	38,916,000	-	-	(38,916,000)	-	-
Profit for the year 2006	-	-	-	-	72,533,810	72,533,810
Transferred during the year	-	15,000,000	1,000,000	51,369,120	(67,369,120)	-
Balance at 31 Dec 2006	233,496,000	52,900,000	38,000,000	51,369,120	5,335,400	381,100,520

for Industrial and Infrastructure Development Finance Company Limited

  
Md. Matul Islam  
Chairman

  
M. Syeduzzaman  
Vice-Chairman

  
Uzzal Kumar Nandi  
Company Secretary

  
S. F. AHMED & CO  
Chartered Accountants

Dhaka, 25 February 2008

Signed in terms of our report of even date annexed

### **Dividend:**

Directors recommend 25% dividends for 2007 as fully paid up 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 7th Annual General Meeting and being eligible offer themselves for re-election:

<b>Name</b>	<b>Representing</b>
Mr. Md. Matiul Islam	Self
Mr. Ghulam Rahman	Eastland Insurance Co. Ltd.
Mr. S. M Aminur Rahman	Janata Bank Limited
Mr. Arif Quadri	ONE Bank Ltd.

### **Auditors:**

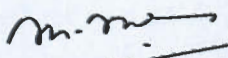
M/S S. F. Ahmed & Co., Chartered Accountants, House # 25, Road # 13A, Block-D, Banani, Dhaka-1213, Bangladesh was appointed as the Auditors of the Company for the year 2007 in the 6th Annual General Meeting of the company held on April 28, 2007. The Auditors will retire in the 7th Annual General Meeting. They have expressed their willingness to remain Auditors of the company for the year 2008 (until next AGM) and as per Bangladesh Bank guideline they are eligible for re-appointment. The Annual Audit fee has been fixed at Tk. 75,000 for the year 2008

### **Appreciation:**

The Directors would like to express their gratitude to the valued clients, esteemed shareholders, 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 during the year.

Thank you,

On behalf of Board of Directors



**Md. Matiul Islam**  
Chairman



#### 2.2.4 Accounting for treasury operations

Income from treasury operations are recognised on an accrual basis.

#### 2.2.5 Other operational income

Other operational income is recognised as and when received. Such income comprises appraisal and documentation fee, commitment fee, supervision fee, delinquent charge, and miscellaneous receipts.

#### 2.2.6 Depreciation on fixed assets

Fixed assets are reflected in the financial statements at cost less depreciation. Depreciation on fixed assets under the Company's own use is charged consistently on straight-line method at various rates throughout the estimated useful lives of the assets. Full year's depreciation is charged for assets acquired during the year irrespective of their dates of acquisition while no depreciation is charged on the assets disposed during the year.

The rates of depreciation on various classes of fixed assets are as under:

Asset Category	Rate
• Motor vehicles	20%
• Furniture and fixtures	10%
• Office equipment	18%
• Software	18%

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

#### 2.2.7 Provision for bad and doubtful debts

Provision has been made as per provisioning policy of Bangladesh Bank vide FID circular no. 08 dated 03 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 and leases. Provision @ 5% on the outstanding amount of loans is kept against special mention account after netting off the amount of interest suspense as per FID circular no. 03 dated 03 May 2006.

#### 2.2.8 Employees' benefit obligation

The Company has an approved contributory provident fund scheme for its employees. The fund consists of contributions both from employees and the employer at a predetermined rate. The fund is administered by a Board of Trustees and invested separately from the Company's assets.

It also has an approved gratuity scheme started from January 2002 which is administered by a Board of Trustees and invested separately from the Company's assets.

#### 2.2.9 Liabilities and provisions

All material liabilities and provisions have been included in these financial statements when the Company has a present obligation, legal or constructive result of a past event and it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate can be made thereof.

#### 2.2.10 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 as per accounts and tax bases. The amount of deferred tax is determined at the effective income tax rate prevailing at the balance sheet date.

#### 2.2.11 Components of financial statements

These financial statements consist of Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and notes thereto.



# BALANCE SHEET

for the year ended 31 December 2007

		Amount in Taka	
	Notes	At 31 Dec 2007	At 31 Dec 2006
<b>SOURCES OF FUNDS</b>			
Shareholders' fund			
Share capital	3	256,845,600	233,496,000
Reserves and surplus	4	116,466,684	96,235,400
Proposed dividend	5	64,211,400	51,369,120
		437,523,684	381,100,520
Deferred tax	6	61,015,079	39,115,930
Investment loss reserve	7	68,282,958	33,317,046
Interest suspense account	8	10,945,960	7,543,091
Long-term Liabilities			
Long-term loans	9	2,271,650,023	1,094,989,689
Zero coupon bonds	10	-	60,314,937
Lease advance and security deposit	11	82,478,186	64,371,436
Term deposits	12	1,974,569,047	1,496,268,240
Obligation under finance lease	13	2,384,559	4,476,995
		4,331,081,815	2,720,421,297
Less: Current portion of long-term liabilities	14	956,218,837	432,893,705
		3,374,862,978	2,287,527,592
<b>Capital Employed</b>		<b>3,952,630,659</b>	<b>2,748,604,179</b>
<b>APPLICATION OF FUNDS</b>			
Fixed assets- at cost less depreciation	15	12,981,623	13,222,797
Investments			
Lease receivable	16	2,083,723,948	1,515,991,858
Advances against leased assets	17	1,075,590,368	625,567,450
Direct finance	18	1,618,325,372	761,746,619
Factoring finance		2,077,958	-
Investment in shares	19	30,200	5,030,200
		4,779,747,846	2,908,336,127
Less: Current portion	20	969,303,252	533,393,201
		3,810,444,594	2,374,942,926
<b>Current Assets</b>			
Current portion of assets	20	969,303,252	533,393,201
Advances, deposits and prepayments	21	60,321,387	50,365,429
Sundry receivables	22	286,862,396	175,870,232
Money market placement	23	1,312,201,758	905,291,847
Cash and cash equivalents	24	137,213,830	85,872,464
		2,765,902,623	1,750,793,173
Less: Current Liabilities			
Current portion of long-term liabilities	14	956,218,837	432,893,705
Current tax	25	4,130,167	2,200,000
Short term deposit	26	950,000,000	680,000,000
Money market borrowing	27	475,129,873	160,000,000
Liabilities for expenses	28	240,721,674	107,703,231
Liabilities for other finance	29	10,497,630	7,557,779
		2,636,698,181	1,390,354,715
Net Current Assets		129,204,442	360,438,457
<b>Net Assets</b>		<b>3,952,630,659</b>	<b>2,748,604,179</b>

The annexed notes form an integral part of these financial statements.

  
Md. Matiul Islam  
Chairman

  
M. Syeduzzaman  
Vice-Chairman

  
Uzzal Kumar Nandi  
Company Secretary

Dhaka, 25 February 2008

Signed in terms of our report  
of even date annexed

  
S. F. AHMED & CO  
Chartered Accountants



Amount in Taka

**6. PROVISION FOR DEFERRED TAX**

	At 31 Dec 2007	At 31 Dec 2006
Opening balance	39,115,930	25,000,000
Add: Addition during the year	21,899,149	14,115,930
Closing balance	61,015,079	39,115,930

**7. INVESTMENT LOSS RESERVE**

Investment loss reserve has been made as required by Bangladesh Bank's FID Circular nos. 08 dated 03 August 2002 and 03 dated 03 May 2006. According to the said circulars, general provision @1% is to be made on good loans/investments while specific provision is also required to be made against classified loans/investments.

General provision - Note 7.1	59,303,477	25,143,528
Special mention account - Note 7.2	4,450,139	5,162,930
Sub-standard - Note 7.3	4,529,342	3,010,588
	68,282,958	33,317,046

**7.1 General provision**

Lease finance	33,334,687	17,493,782
Direct finance	25,968,790	7,649,746
	59,303,477	25,143,528

**7.2 Special mention account**

Shetu International Ltd	1,923,850	-
Anudip Autos Ltd	1,681,328	1,819,198
Globe Pharmaceuticals Ltd	335,673	207,404
Pharmamech Engineering Ltd	310,664	-
Sasco Tex (BD) Ltd	198,624	-
Aspen Sweaters Ltd	-	682,164
Repco Laboratories Ltd	-	126,194
Swan Industries Ltd	-	1,923,509
Westmont Power Ltd	-	404,461
	4,450,139	5,162,930

**7.3 Sub-standard**

Repco Laboratories Ltd	4,529,342	-
Shampshi Lamps Ltd	-	3,010,588
	4,529,342	3,010,588

**8. INTEREST SUSPENSE ACCOUNT**

Anudip Autos Ltd4,	4,362,791	3,758,311
Shetu International Ltd	3,044,664	-
Repco Laboratories Ltd	3,003,710	32,862
Pharmamech Engineering Ltd	246,507	-
Globe Pharmaceuticals Ltd	232,598	159,750
Sasco Tex (BD) Ltd	55,690	-
Aspen Sweaters Ltd	-	504,384
Swan Industries Ltd	-	1,507,544
Shampshi Lamps Ltd	-	1,540,194
Westmont Power Ltd	-	40,046
	10,945,960	7,543,091

# CASH FLOW STATEMENT for the year ended 31 December 2007

Amount in Taka

## CASH FLOW FROM OPERATING ACTIVITIES:

	At 31 Dec 2007	At 31 Dec 2006
Operational revenue receipts	686,639,025	325,150,765
Payments for operational expenses	(507,882,982)	(345,279,710)
Non-operational income	709,124	1,790,032
Decrease / (Increase) in advances, deposits and prepayments	(9,955,958)	3,346,930
Increase in liabilities for other finance	2,939,851	7,134,768
<b>Net cash from/(used in) operating activities</b>	<b>172,449,060</b>	<b>(7,857,215)</b>

## CASH FLOW FROM INVESTING ACTIVITIES:


	At 31 Dec 2007	At 31 Dec 2006
Lease advance and security deposit	19,321,175	9,473,710
Acquisition of leased assets	(590,404,877)	(288,799,998)
Increase in direct finance	(856,578,753)	(414,999,496)
Advance against leased assets	(450,022,918)	(216,374,335)
Increase in factoring finance	(2,077,958)	-
Increase in money market placements	(406,909,911)	(337,103,007)
Purchase of fixed assets	(3,762,549)	(10,018,750)
Sale / (Purchase) of shares	5,000,000	(5,000,000)
Proceeds on sale of fixed assets	670,500	897,770
<b>Net cash used in investing activities</b>	<b>(2,284,765,291)</b>	<b>(1,261,924,105)</b>

## CASH FLOW FROM FINANCING ACTIVITIES:

	At 31 Dec 2007	At 31 Dec 2006
Receive/(Repayment) of long-term loan	1,176,660,373	276,932,194
Repayment against zero coupon bonds	(46,321,500)	(318,216,546)
Long term deposits	478,300,807	1,186,268,240
Increase / (decrease) in borrowing from money market	315,129,873	(80,000,000)
Short term deposits	270,000,000	230,000,000
Obligation under capital lease	(2,092,436)	3,077,163
Dividend paid	(28,019,520)	-
<b>Net cash flow from financing activities</b>	<b>2,163,657,597</b>	<b>1,298,061,052</b>
<b>Net increase in cash and cash equivalents</b>	<b>51,341,366</b>	<b>28,279,732</b>
<b>Opening cash and cash equivalents</b>	<b>85,872,464</b>	<b>57,592,733</b>
<b>Closing cash and cash equivalents</b>	<b>137,213,830</b>	<b>85,872,464</b>

for Industrial and Infrastructure Development Finance Company Limited

  
Md. Matiur Islam  
Chairman

  
M. Syeduzzaman  
Vice-Chairman

  
Uzzal Kumar Nandi  
Company Secretary

Dhaka, 25 February 2008

Signed in terms of our report  
of even date annexed

  
S. F. AHMED & CO  
Chartered Accountants



## Amount in Taka

At 31 Dec 2007	At 31 Dec 2006
-------------------	-------------------

The Company has received long-term loans from the above financial institutions which are secured by first charge on all its present and future movable and immovable assets ranking pari-passu amongst the lenders. Interest on the borrowings ranged from 5% to 14.5% while tenure varied from 3 to 5 years.

## 10. LIABILITY FOR ZERO COUPON BONDS

Issue price - Note 10.1

Redemption expenses - Note 10.2

-	46,321,500
-	13,993,437
-	60,314,937

### 10.1 Issue price

BRAC Bank Ltd

Eastland Insurance Co. Ltd

South Asia Insurance Ltd - 1

South Asia Insurance Ltd - 2

South Asia Insurance Ltd - 3

-	34,559,800
-	5,000,000
-	1,878,250
-	2,253,900
-	2,629,550
-	46,321,500

### 10.2 Redemption expenses

BRAC Bank Ltd

Eastland Insurance Co. Ltd

South Asia Insurance Ltd - 1

South Asia Insurance Ltd - 2

South Asia Insurance Ltd - 3

-	10,486,013
-	1,521,217
-	555,496
-	665,906
-	764,805
-	13,993,437

The Company 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 is the trustee to the bondholders.

## 11. LEASE ADVANCE AND SECURITY DEPOSIT

Opening Balance

Add: Received during the year

Less: Adjusted during the year

Closing balance

Deferred interest on security deposits- Note 11.1

64,371,436	54,397,734
48,183,301	42,095,295
112,554,737	96,493,029
31,111,840	34,371,307
81,442,897	62,121,722
1,035,289	2,249,714
82,478,186	64,371,436

### 11.1 Deferred interest on security deposits

Pharmaceuticals Ltd

Amber Cotton Mills Ltd

PHP Power Generation Plant Ltd

PHP NOF Continuous Galvanizing Ltd

687,910	-
339,046	-
8,333	359,718
-	1,889,996
1,035,289	2,249,714

The Company takes advance against lease rental from the lessees on signing lease agreements, which is refundable/adjustable at the maturity of lease terms. Lease rental advance which is adjustable within next twelve months has been reported as current liabilities of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

## GENERAL

### 1. THE COMPANY AND ITS ACTIVITIES

Industrial and Infrastructure Development Finance Company Limited (IIDFC), a public limited company was incorporated on 19 December 2000 as a non-banking development financial institution under Companies Act 1994 and The Financial Institution Act 1993 to boost investment specially in the spectrum of industrial and infrastructure development. The Company obtained license from Bangladesh Bank on 23 January 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (6th Floor), 122-124, Motijheel Commercial Area, Dhaka 1000, Bangladesh. The Company has not yet listed with any stock exchange in Bangladesh.

IIDFC offers financial services that include promotion and term financing of financially viable industrial undertakings and infrastructure projects, lease financing for all types of machinery and equipment including vehicles 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 privatisation and small and medium enterprise (SME) financing.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern concept under historical cost convention and basically on accrual method of accounting in accordance with generally accepted accounting principles and after due compliance with international financial reporting standards so far adopted in Bangladesh as Bangladesh Accounting / Financial Reporting Standards by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994 and other applicable laws and regulations.

#### 2.2 Revenue recognition

##### 2.2.1 Accounting for leases

The lease transactions are accounted for under finance lease in accordance with BAS -17 as adopted by the Institute of Chartered Accountants of Bangladesh. Leased assets which are under the possession of lessees are accounted for as receivable of the Company. The interest portion of lease rental receivable is recognised as operational revenue. The aggregate lease receivables including unguaranteed residual value throughout the lease term are recorded as gross receivables while excess of gross receivables over the total acquisition cost including interest during acquisition period of leased assets constitutes the unearned lease income.

##### 2.2.2 Accounting for direct finance

Direct finance consists of long-term, short-term and working capital finance. Interest earned on direct finance is recognised as operational revenue periodically.

##### 2.2.3 Income from structured finance

Income from structured finance is recognised as and when received.



## Amount in Taka

**16.1**

Gross lease receivable (operations)  
Less: Un-earned revenue  
Net lease receivable

At 31 Dec 2007	At 31 Dec 2006
-------------------	-------------------

2,664,584,107	1,959,566,309
690,260,090	477,348,895
<u>1,974,324,017</u>	<u>1,482,217,414</u>

**16.2**

Gross lease receivable (SME)  
Less: Un-earned revenue  
Net lease receivable

138,829,967	43,795,463
29,430,037	10,021,019
<u>109,399,930</u>	<u>33,774,444</u>

Details are in *Annexure B*.

**17. ADVANCE AGAINST LEASED ASSETS**

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

Opening balance

625,567,450 409,193,115

Add: Disbursed during the year

Operation

1,682,520,679 885,207,318

Structured finance

2,263,583 77,351,303

SME

74,249,416 33,200,000

1,759,033,679 995,758,621

Less: Executed during the year

Operation

1,233,483,761 749,184,286

SME

75,527,000 30,200,000

1,309,010,761 779,384,286

Closing Balance

1,075,590,368 625,567,450

**18. DIRECT FINANCE**

Opening balance

761,746,619 346,747,123

Add: Disbursed during the year

Operation

814,127,994 421,079,485

Structured finance

219,248,205 -

SME

43,333,780 -

1,076,709,979 421,079,485

Less: Adjusted during the year

220,131,226 6,079,989

Closing balance

1,618,325,372 761,746,619

**19. INVESTMENT IN SHARES**

This represents investment made in the shares of listed companies valued at cost price being lower than market price. Details are as follows:

**Name of Company****No. of Shares**

Mercantile Bank Ltd

250

25,000

25,000

Mutual Trust Bank Ltd

33

3,300

3,300

One Bank Ltd1

19

1,900

1,900

S. Alam Cold Rolled Steels Ltd

-

-

5,000,000

30,200

5,030,200

# BALANCE SHEET

Amount in Taka

At 31 Dec  
2007

At 31 Dec  
2006

## 3. SHARE CAPITAL

### Authorised Capital:

10,000,000 shares of Taka 100 each

1,000,000,000

1,000,000,000

### Subscribed and Paid-up Capital:

2,568,456 shares (FY: 2006 2,334,960 shares)  
of Taka 100 each, fully paid-up

256,845,600

233,496,000

Paid up share capital at 31 December 2007 comprises the followings:

Name of Shareholder	No. of Shares	Value	Percentage (%)
<b>Public Sector:</b>			
Sonali Bank Ltd	182,160	18,216,000	7.09
Janata Bank Ltd	182,160	18,216,000	7.09
Investment Corporation of Bangladesh	182,160	18,216,000	7.09
	<b>546,480</b>	<b>54,648,000</b>	<b>21.28</b>
<b>Private Sector:</b>			
AB Bank Ltd	182,160	18,216,000	7.09
Bank Asia Ltd	182,160	18,216,000	7.09
BRAC Bank Ltd	182,160	18,216,000	7.09
The City Bank Ltd	182,160	18,216,000	7.09
Mutual Trust Bank Ltd	182,160	18,216,000	7.09
National Bank Ltd	182,160	18,216,000	7.09
One Bank Ltd	182,160	18,216,000	7.09
Southeast Bank Ltd	182,160	18,216,000	7.09
Eastland Insurance Co. Ltd	182,160	18,216,000	7.09
National Life Insurance Co. Ltd	182,160	18,216,000	7.09
Pragati Insurance Co. Ltd	182,160	18,216,000	7.09
Mr. Md. Matiu'l Islam	18,216	1,821,600	0.71
	<b>2,021,976</b>	<b>202,197,600</b>	<b>78.72</b>
	<b>2,568,456</b>	<b>256,845,600</b>	<b>100.00</b>

## 4. RESERVES AND SURPLUS

Statutory Reserve - Note 4.1

71,900,000

52,900,000

General Reserve

40,000,000

38,000,000

Retained Earnings

4,566,684

5,335,400

116,466,684

96,235,400

### 4.1 Statutory Reserve

This represents transfer of 20% of net profit of the Company as per the Financial Institutions Regulations 1994.

## 5. PROPOSED DIVIDEND

Dividend at the rate of 25% (2006: 22%) on the paid-up capital has been proposed for the year ended 31 December 2007.



Amount in Taka

**24.1 Bank balances**

	At 31 Dec 2007	At 31 Dec 2006
Bank Asia Ltd	67,422,553	54,565,826
Commercial Bank of Ceylon Ltd	1,276,613	-
The City Bank Ltd	832,890	612,752
Prime Bank Ltd	599,739	32,285
National Bank Ltd	118,872	111,726
Citibank NA	89,913	90,033
Bank Alfalah Ltd	80,605	91,332
Janata Bank Ltd	75,340	73,184
Sonali Bank Ltd	54,426	53,700
One Bank Ltd	45,621	192,849
National Credit and Commerce Bank Ltd	43,806	-
BRAC Bank Ltd	34,917	-
Uttara Bank Ltd	12,992	20,202
Agrani Bank Ltd	9,875	-
IFIC Bank Ltd	9,750	-
AB Bank Ltd	9,411	10,131
Pubali Bank Ltd	8,506	-
United Commercial Bank Ltd	7,277	-
Dhaka Bank Ltd	6,385	-
Shahjalal Islami Bank Ltd	5,190	1,290
Mercantile Bank Ltd	1,581	4,731
EXIM Bank Ltd	-	550
	<u>70,746,261</u>	<u>55,860,591</u>

**25. PROVISION FOR TAXATION**

Opening balance	2,200,000	-
Add: Addition during the year	1,930,167	2,200,000
Closing balance	<u>4,130,167</u>	<u>2,200,000</u>

Finance Ordinance 2007 introduced an amendment to Third Schedule of Income Tax Ordinance 1984 under which the allowance for depreciation on machinery, plant, vehicle or furniture let out to any lessee on finance lease was withdrawn. However, Bangladesh Leasing and Finance Companies Association has been agitating for restoration of such depreciation allowance which is reported to be under the consideration of National Board of Revenue. In view of that, the Company has made provision for such taxation but credited it to 'deferred tax' instead of 'provision for current tax.'

**26. SHORT TERM DEPOSITS**

Banks	950,000,000	650,000,000
Financial institutions	-	30,000,000
	<u>950,000,000</u>	<u>680,000,000</u>

**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 and financial institutions through prudent and efficient interest risk on assets/liabilities management. Details are as follows:

Banks	475,129,873	160,000,000
-------	-------------	-------------

**12. TERM DEPOSITS**

	At 31 Dec 2007	At 31 Dec 2006
Banks	1,597,565,000	1,207,565,000
Financial institutions	32,000,000	30,000,000
Insurance companies	129,700,000	148,300,000
Individuals/ Associations/ Companies	215,304,047	110,403,240
	<u>1,974,569,047</u>	<u>1,496,268,240</u>

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.

**13. OBLIGATION UNDER FINANCE LEASE**

This represents amount of lease obligation for the acquisition of fixed assets under finance lease. Lease rentals include financial charges which 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 rentals for three motor vehicles of Taka 33,50,000 and office equipment of Taka 57,65,865. Lease rentals for the above assets are as follows:

International Leasing and Financial Service Ltd	-	208,195
Fareast Finance and Investment Ltd	2,384,559	4,268,800
	<u>2,384,559</u>	<u>4,476,995</u>

**14. CURRENT PORTION**

Term-loan	552,607,172	212,592,119
Term deposits	400,000,000	150,000,000
Finance lease	2,187,149	2,092,429
Lease advances and security deposit	1,424,516	7,894,220
Zero coupon bonds	-	60,314,937
	<u>956,218,837</u>	<u>432,893,705</u>

**15. FIXED ASSETS - AT COST LESS DEPRECIATION****Fixed assets - own finance**

Motor vehicles	7,303,786	6,060,070
Furniture and fixtures	1,258,506	1,005,883
Office equipment	2,034,772	1,679,849
	<u>10,597,064</u>	<u>8,745,802</u>

**Fixed assets - lease finance**

Motor vehicles	-	208,194
Office equipment	2,384,559	4,268,801
	<u>2,384,559</u>	<u>4,476,995</u>
	<u>12,981,623</u>	<u>13,222,797</u>

Details are in **Annexure A.**

**16. LEASE RECEIVABLE**

Gross lease receivable	2,803,414,074	2,003,361,772
Less: Un-earned revenue	719,690,127	487,369,914
Net lease receivable	<u>2,083,723,948</u>	<u>1,515,991,858</u>



## Amount in Taka

**31.2 Interest during construction period**

Operation  
SME  
Structured finance

At 31 Dec 2007	At 31 Dec 2006
185,408,722	111,859,497
2,623,975	-
18,195,033	-
<b>206,227,730</b>	<b>111,859,497</b>

**32. INCOME FROM TREASURY OPERATIONS**

Term placement  
Overnight placement

126,330,634	31,072,917
-	531,398
<b>126,330,634</b>	<b>31,604,315</b>

**33. INCOME FROM STRUCTURED FINANCE**

Syndication fees  
Foreign exchange gain, etc

18,491,793	28,308,915
3,247,190	-
<b>21,738,982</b>	<b>28,308,915</b>

**34. OTHER OPERATIONAL INCOME**

Syndication fees  
Delinquent interest  
Application and processing fees  
Transfer fees  
Interest on bank deposits  
Profit on sale of shares  
Income from dividend

5,311,559	-
4,259,487	6,979,661
1,989,327	1,196,784
1,888,390	2,169,717
1,128,416	1,342,464
1,100,763	-
751,815	2,415
<b>16,429,757</b>	<b>11,691,041</b>

**35. GENERAL AND ADMINISTRATIVE EXPENSES**

Salaries and allowances  
Vehicle running and maintenance  
Depreciation on own assets  
    Own assets  
    Leased assets  
Rent, rates and taxes  
Travelling and conveyance  
Contribution to provident and gratuity funds  
Meeting expenses  
Utilities  
Printing and stationery  
Advertisement and business development expenses  
Communications  
Legal and professional fee  
Directors' fee  
Office maintenance  
Interest on lease rental  
Training expenses  
Insurance  
Bank charges  
Entertainment  
Membership fee and subscription  
Audit fee  
Books and periodicals

22,844,819	16,338,261
2,830,358	1,778,276
2,827,951	1,276,658
2,092,436	2,383,982
2,167,624	2,059,634
1,999,842	903,406
1,913,401	910,489
1,762,299	868,741
1,469,528	672,131
1,125,951	1,586,481
1,095,246	1,078,956
910,725	705,509
806,364	623,117
777,064	575,300
722,665	990,978
526,086	530,475
367,870	169,434
307,947	187,677
246,618	163,772
187,141	203,159
111,310	111,368
70,000	319,935
23,266	63,988
<b>47,186,511</b>	<b>34,501,727</b>

Amount in Taka

**20. CURRENT PORTION**

Lease receivable  
Direct finance

At 31 Dec 2007	At 31 Dec 2006
521,414,165	433,075,079
447,889,087	100,318,122
<b>969,303,252</b>	<b>533,393,201</b>

**21. ADVANCES, DEPOSITS AND PREPAYMENTS****Advance against**

Interest paid  
Generator purchase  
Syndication expenses  
Supplies  
Salaries  
Travelling  
Pre-IPO shares  
Tax deducted at source  
Deposits for services  
Prepaid expenses  
Bank guarantee facility

2,852,000	-
1,002,600	1,002,600
941,435	311,405
146,603	280,003
7,000	90,000
-	26,660
-	459,561
54,521,570	47,984,829
42,000	42,000
143,112	168,371
665,066	-
<b>60,321,387</b>	<b>50,365,429</b>

**22. SUNDRY RECEIVABLES****Accounts receivable**

Direct finance  
Lease finance  
Factoring finance  
Deferred receivable  
Interest during construction period  
Other receivables  
Insurance claim against vehicle  
Received against lease rental (partial)

16,284,377	11,357,255
64,116,090	43,837,752
251,792	-
4,452,868	3,836,098
119,914,598	88,471,801
105,636,207	36,359,284
-	14,660
(23,793,536)	(8,006,618)
<b>286,862,396</b>	<b>175,870,232</b>

**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 and financial institutions through prudent and efficient interest risk on assets/liabilities management. Details are as follows:

Banks  
Financial institutions

1,072,201,758	870,291,847
240,000,000	35,000,000
<b>1,312,201,758</b>	<b>905,291,847</b>

**24. CASH AND CASH EQUIVALENTS**

Cash in hand  
Cheques in hand  
Balance with Bangladesh Bank  
Bank balances - Note 24.1  
Cheque clearing account  
Fixed deposit with bank

1,656	2,339
9,304,432	25,692,073
22,830,941	8,882,577
70,746,261	55,860,591
(669,460)	(4,565,116)
35,000,000	-
<b>137,213,830</b>	<b>85,872,464</b>



## OTHERS

Amount in Taka

At 31 Dec  
2007

At 31 Dec  
2006

### 41. RELATED PARTY TRANSACTIONS

The Company has obtained term loan and term deposit from the following related parties which have been transacted purely on commercial basis:

Name of the Party	Nature of Transactions		
Mutual Trust Bank Ltd	Term deposit	387,565,000	37,565,000
Bank Asia Ltd	Term deposit	200,000,000	100,000,000
National Bank Ltd	Term Loan	196,463,892	-
BRAC Bank Ltd	Term deposit	190,000,000	100,000,000
BRAC Bank Ltd	Term Loan	160,000,000	200,000,000
Janata Bank Ltd	Term Loan	61,666,666	41,666,667
Bank Asia Ltd	Term Loan	53,376,801	82,293,827
Sonali Bank Ltd	Term deposit	50,000,000	100,000,000
Sonali Bank Ltd	Term Loan	27,272,726	63,636,362
Eastland Insurance Co. Ltd	Term deposit	25,200,000	26,300,000
National Life Insurance Co. Ltd	Term deposit	-	100,000,000
National Bank Ltd	Term deposit	-	30,000,000
Pragati Insurance Co. Ltd	Term deposit	-	22,000,000
BRAC Bank Ltd	Zero coupon bond	-	45,045,813
Eastland Insurance Co. Ltd	Zero coupon bond	-	6,521,217
		<b>1,351,545,085</b>	<b>955,028,886</b>

Besides, the Company has financed to the following:

Bank Asia Ltd	Lease finance	8,621,820	17,601,538
International Leasing and Finance Services Ltd	Lease finance	-	203,751
Pragati Insurance Co. Ltd	Term finance	-	1,129,803
		<b>8,621,820</b>	<b>18,935,092</b>

### 42. BOARD MEETINGS

During the year fifteen (15) board meetings were held.

### 43. CONTINGENT LIABILITY

There is no contingent liability other than letters of credit and shipping guarantees outstanding for import of lease equipment amounting to Taka 127,923,117 (USD 1,771,388 and EURO 48,600). There was no claim acknowledged as debt at the date of Balance Sheet.

### 44. COMMITMENT - CAPITAL EXPENDITURE

There was no capital expenditure commitment at 31 December 2007.

### 45. CONTRACTS AND DISBURSEMENTS

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

	Year ended 31 Dec 2007		Year ended 31 Dec 2006	
	Sanctioned Taka	Disbursed Taka	Sanctioned Taka	Disbursed Taka
Lease finance	1,748,764,000	1,759,033,679	1,721,950,000	995,758,621
Term loan	1,019,084,000	1,076,709,979	485,850,000	421,079,485
	<b>2,767,848,000</b>	<b>2,835,743,658</b>	<b>2,207,800,000</b>	<b>1,416,838,106</b>

		Amount in Taka	
		At 31 Dec 2007	At 31 Dec 2006
<b>36. FINANCIAL EXPENSES - CORE OPERATIONS</b>			
Term loan		207,122,858	102,317,256
Security and term deposits		203,582,922	102,492,471
Call money		34,936,011	8,668,700
Overdraft facilities		8,345,136	17,454,540
Zero coupon bonds		1,338,717	25,344,748
		<u>455,325,645</u>	<u>256,277,715</u>
<b>37. FINANCIAL EXPENSES - TREASURY OPERATIONS</b>			
Term deposits		127,185,129	23,822,917
Call money		-	2,977,104
		<u>127,185,129</u>	<u>26,800,021</u>
<b>38. NON-OPERATIONAL INCOME</b>			
Profit on sale of fixed assets		670,500	897,770
Cancellation charge		582,149	357,568
Sundry receipts		126,975	90,000
		<u>1,379,624</u>	<u>1,345,338</u>
<b>39. PROVISIONS AGAINST INVESTMENTS</b>			
General provision		34,159,949	8,270,617
Specific provision		1,317,159	8,173,518
		<u>35,477,108</u>	<u>16,444,135</u>
<b>39.1 General provision</b>			
Direct finance		7,897,277	3,978,274
Lease finance		26,262,672	4,292,343
		<u>34,159,949</u>	<u>8,270,617</u>
<b>39.2 Specific provision</b>			
Addition during the year		7,697,077	8,173,518
Less: Realised during the year		(6,379,918)	-
		<u>1,317,159</u>	<u>8,173,518</u>
<b>40. EARNINGS PER SHARE (EPS)</b>			
Earnings per share as shown on the face of the Profit and Loss Statement is calculated in accordance with Bangladesh Accounting Standard - 33.			
Basic earnings per share has been calculated as follows :			
Earnings attributable to the ordinary shares (net profit after tax)		84,442,684	72,533,810
Weighted average number of ordinary shares outstanding during the year		2,568,456	2,334,960
Earnings per share (Taka)		32.88	31.06

Diluted earnings per share:

Since there was no dilutive potential ordinary shares during the year under review, no dilutive earnings per share is required to be calculated.



# DETAILS OF FIXED ASSETS AT 31 DECEMBER 2007

ANNEXURE A

## FIXED ASSETS- OWN FINANCE

Figures in Taka

Asset category	C O S T				D E P R E C I A T I O N				Net book value at 31 Dec 2007
	At 01 Jan 2007	Additions during the year	Disposals during the year	Total at 31 Dec 2007	Rate (%)	To 01 Jan 2007	Charge for the year	Adjustment	Total to 31 Dec 2007
Motor vehicles	7,132,812	3,442,000	-	10,574,812	20%	1,072,742	2,114,948	(83,336)	3,271,026
Furniture and fixtures	1,187,083	412,590	-	1,599,673	10%	181,200	159,967	-	341,167
Office equipment	2,164,464	907,959	-	3,072,423	18%	484,615	553,036	-	1,037,651
Computer software	100,000	-	-	100,000	18%	100,000	-	-	100,000
Total at 31 December 2007	10,584,359	4,762,549	-	15,346,908		1,838,557	2,827,951	(83,336)	4,749,843
Total at 31 December 2006	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

## FIXED ASSETS- LEASE FINANCE

Figures in Taka

Asset category	C O S T				D E P R E C I A T I O N				Net book value at 31 Dec 2007
	At 01 Jan 2007	Additions during the year	Disposals during the year	Total at 31 Dec 2007	To 01 Jan 2007	Charge for the year	Adjustment	Total to 31 Dec 2007	
Motor vehicles	2,350,000	-	1,000,000	1,350,000	2,141,806	208,194	1,000,000	1,350,000	-
Office equipment	5,765,862	-	-	5,765,862	1,497,061	1,884,242	-	3,381,303	2,384,559
Total at 31 December 2007	8,115,862	-	1,000,000	7,115,862	3,638,867	2,092,436	1,000,000	4,731,303	2,384,559
Total at 31 December 2006	3,350,000	5,765,862	1,000,000	8,115,862	1,950,168	2,383,982	695,283	3,638,867	4,476,995

# DETAILS OF RECEIVABLES FROM LEASED ASSETS AT 31 DECEMBER 2007

ANNEXURE B

Figures in Taka

Item	Gross lease rental receivable	Unearned revenue	Net lease rental receivable
Plant and machinery	2,182,177,532	571,603,184	1,610,574,348
Industrial generators	116,089,959	33,217,731	82,872,228
Construction equipment	40,264,224	11,708,044	28,556,180
Furniture and fixtures	6,353,700	565,468	5,788,232
Office equipment	82,932,292	18,121,619	64,810,673
Road transport	275,865,907	64,303,853	211,562,054
Water transport	60,083,017	12,032,531	48,050,485
Air transport	40,028,781	8,519,034	31,509,747
Total at 31 December 2007	2,803,795,412	720,071,46	2,083,723,948
Total at 31 December 2006	2,091,932,014	575,940,156	1,515,991,858





## EVENT AND OCCASIONS



Chairman



Senior Management of IIDFC



6<sup>th</sup> Annual General Meeting



Signing Ceremony of Short Term Loan Facility of BDT 1,000 million for BRAC



Signing ceremony of syndicate lease facility of BDT 430 million for GMG Airlines



Shimulia Matshay Khamar financed under SME



N. K. L. Apparels Ltd financed under SME



Taufique Packaging Industries financed under SME







## INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Chamber Building (6th & 7th Floor), 122-124 Motijheel Commercial Area, Dhaka-1000, Bangladesh  
Tel: +88-02-9559311-12, 9553387, 9553254, 9553090, 9552185, Fax: +88-02-9568987, [www.iidfc.com](http://www.iidfc.com)

### 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 7th Annual General Meeting of the company to be held on Thursday, 27th March 2008, 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 ..... 2008

\_\_\_\_\_  
Signature of Shareholder

Revenue  
Stamp of  
Tk.8.00

\_\_\_\_\_  
Signature of Proxy





[www.iidfc.com](http://www.iidfc.com)

**INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED**

CHAMBER BUILDING (6TH & 7TH FLOOR) 122-124 MOTIJHEEL C/A DHAKA 1000 BANGLADESH  
TEL: +8802-9559311-12, 9553387, 9553254, 9553090, 9552185 FAX: +8802-9568987