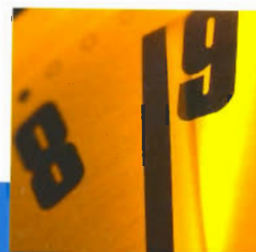
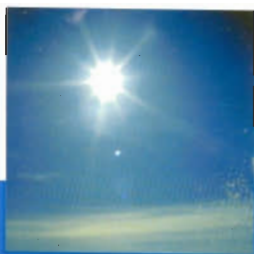




IIDFC

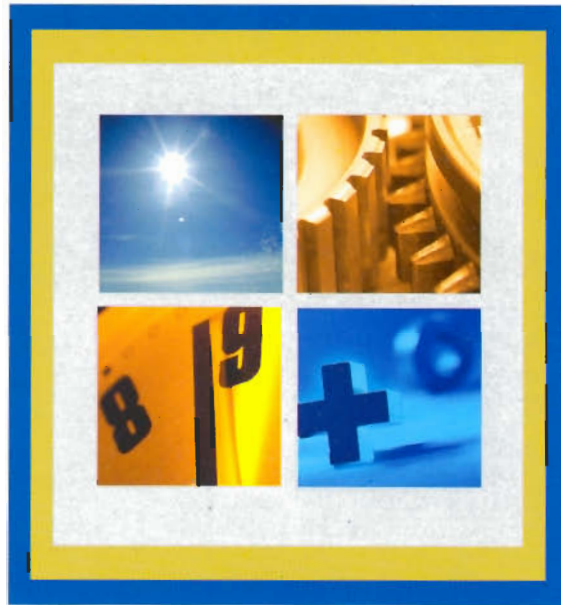


ANNUAL REPORT 2008

INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

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INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

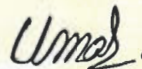
CHAMBER BUILDING (6TH & 7TH FLOOR)
122-124 MOTIJHEEL C/A DHAKA 1000 BANGLADESH

NOTICE OF THE 8TH ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting of **Industrial and Infrastructure Development Finance Company Limited** will be held on **Tuesday, 19th May 2009 at 7.30 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 2008 and Auditors' Report & Directors' Report thereon
2. To declare dividend for the year 2008
3. To elect Directors of the Company
4. To appoint auditors for the year 2009 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
05, May 2009

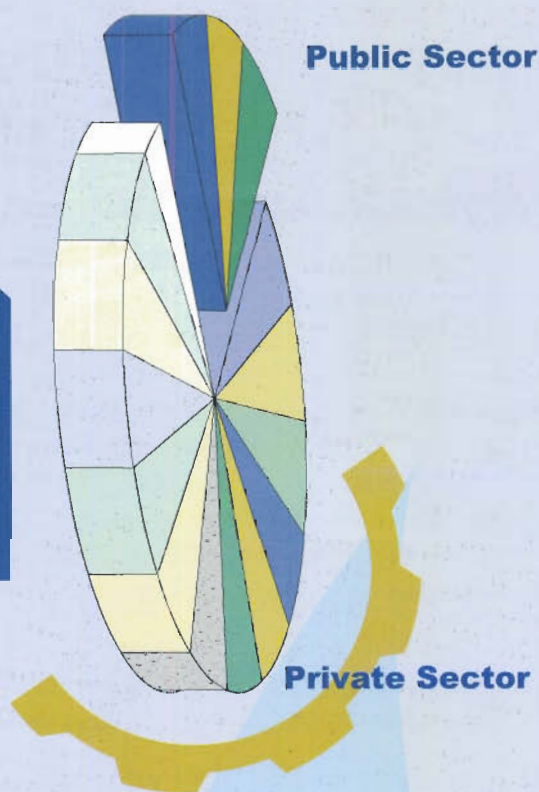
NOTES:

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 Accounts 2008

SHAREHOLDING STRUCTURE



Public Sector

● Sonali Bank Limited	6.9256%
● Janata Bank Limited	6.9256%
● Investment Corporation of Bangladesh	6.9256%
Total	20.7768%

Private Sector

● AB Bank Ltd.	6.9256%
● Bank Asia Ltd.	6.9256%
● BRAC Bank Ltd.	6.9256%
● The City Bank Ltd.	6.9256%
● Mutual Trust Bank Ltd.	6.9256%
● National Bank Limited	6.9256%
● ONE Bank Ltd.	6.9256%
● Southeast Bank Ltd.	6.9256%
● Pragati Insurance Ltd.	6.9256%
● Eastland Insurance Co. Ltd.	6.9256%
● National Life Insurance Co. Ltd.	6.9256%
● Mr. Md. Matiul Islam	3.0415%
Total	79.2232%

Grand Total	100%
--------------------	-------------



BOARD OF DIRECTORS

Chairman

Mr. Md. Matiul Islam

Vice Chairman

Mr. M. Syeduzzaman, Bank Asia Ltd.

Directors

Mr. Muhammad A. (Rume) Ali, Chairman, BRAC Bank Limited

Mr. S. A. Chowdhury, Managing Director, Sonali Bank Limited

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

Mr. Ghulam Rahman, Executive Director, Eastland Insurance Company Limited

Mr. Abdur Rahman Sarker, Managing Director, National Bank Limited

Mr. Arif Quadri, SEVP & Head of Compliance, Audit & HR, ONE Bank Limited

Mr. Tofazzal Hossain, Chairman, National Life Insurance Company Limited

Mr. Sohail R K Hussain, Deputy Managing Director, The City Bank Limited

Dr. Zaidi Sattar, Independent Director, Southeast Bank Limited

Managing Director

Mr. Md. Asaduzzaman Khan

Representatives of other Promoters

Mr. Md. Humayun Kabir, Managing Director, Investment Corporation of Bangladesh

Mr. AKM Rafiqul Islam, Managing Director, Pragati Insurance Company Limited

Mr. Anis A. Khan, Managing Director & CEO, Mutual Trust Bank Limited

Mr. Kaiser A Chowdhury, President & Managing Director, AB Bank Limited

Company Secretary

Mr. Uzzal Kumar Nandi

Note: Of the 15 (fifteen) representatives of the promoters, 11 (eleven) take their turn to sit in the Board as Directors to conform to Bangladesh Bank's guideline of 11 (eleven) Directors.

MANAGEMENT

Managing Director

Mr. Md. Asaduzzaman Khan

Deputy Managing Director

Mr. Proshanta Kumar Halder

Deputy Managing Director

Mr. Md. Khalilur Rahman

Head of Credit

Mr. Rafiqul Islam

Senior Vice President & Head of Structured Finance

Mr. Kh. Shafiqur Rahman

Vice President & Head of SME Finance

Engr. Md. Russel Shahrir

Vice President & Head of Brokerage Services Division

Mrs. Ashrafun Nessa

Chief Financial Officer & Company Secretary

Mr. Uzzal Kumar Nandi

AVP & Head of Corporate

Mr. Sami Huda

AVP & Head of Operations, Structured Finance

Mr. Abu Shamim Md. Arif

AVP - Brokerage Services Division

Mr. Barun Prasad Paul

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

Chittagong Office

C&F Tower (4th floor)
1222, Sk. Mujib Road
Agrabad C/A
Chittagong
Telephone: 04436-140096

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

BRAC Bank Limited	Head Office
EXIM Bank limited	Mirpur Branch
IFIC Bank Limited	Nayapaltan Branch
Pubali Bank Limited	Principal Branch
Shahjalal Islami Bank Limited	Foreign Exchange Branch
Trust Bank Limited	Dhanmondi Branch
AB Bank Limited	Principal Branch
City Bank Limited	Principal Branch
Citi Bank, NA	Dhaka Office
Janata Bank Limited	Corporate Branch
Mercantile Bank Limited	Main Branch
Bank Asia Limited	Principal Office
Uttara Bank Limited	Local Office
One Bank Limited	Principal Branch
Prime Bank Limited	Foreign Exchange Branch
Bank Alfalah Limited	Main Branch
Sonali Bank Limited	Local Office
NCC Bank Limited	Foreign Exchange Branch
Southeast Bank Limited	Principal Branch
Mutual Trust Bank Limited	Principal Branch
Social Investment Bank Limited	Gulshan Branch
Commercial Bank of Ceylon PLC	Motijheel Office
National Bank Limited	Kawran Bazar Branch
Agrani Bank Limited	Main Branch
Dhaka Bank Limited	Islamic Banking Branch
United Commercial Bank Limited	Foreign Exchange Branch

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 1250sft maximum for personal living only in 6 city corporation area including Tongi, Gazipur, Savar & Narayanganj. In addition, we also provide normal home loan.

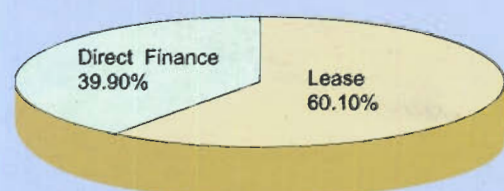
Advisory Service: To provide advisory services to its clients in the fields of corporate finance, merger, acquisition, joint venture, privatization etc.

Carbon Finance: Project development and carbon credit transfer: IIDFC has signed a letter of intent (LOI) with the World Bank, the trustee of the Community Development Carbon Fund (CDCF) to act as a nodal agency (bundling agent) to develop and implement a Small Scale Clean Development (CDM) project. Under this scheme a project namely "Improving Kiln Efficiency in Brick Manufacturing Industry in Bangladesh" has been undertaken to construct new low energy consuming kilns to reduce significantly the emission of Carbon dioxide and other local pollutants that are generated by the traditional brick kiln of the country. The purpose of this project is to construct 18 nos environment friendly Hybrid Hoffman Kiln which will reduce carbon emission around 50% and contribute to the reduction of Global heat emission.

FINANCIAL HIGHLIGHTS

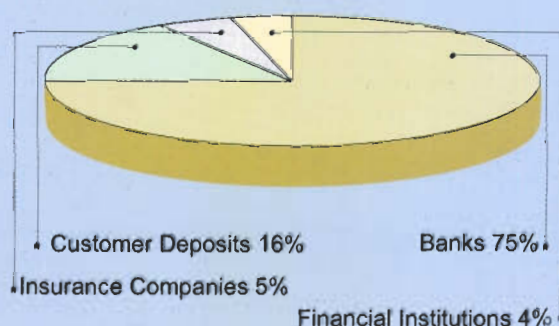
	Year				
	2008	2007	2006	2005	2004
Business Performance					
Nos. of Project Approved	190	94	108	69	48
Finance Approved (BDT in Million)	2,302.92	2,767.85	2,207.80	1,692.86	1,011.40
Nos. of Contract Signed	185	92	131	72	27
Fund Disbursed (BDT in Million)	2,031.81	2,838.00	1,416.84	1,130.62	689.90
Financial Performance (BDT in million)					
Profit and Loss Account					
Operational Revenue	1,028.12	772.07	427.18	399.90	212.328
Operational Expenses	875.81	629.70	317.58	341.21	129.21
Operating Profit	152.31	142.37	109.60	58.69	83.11
Profit after tax	83.9	84.44	72.53	49.23	58.78
Balance Sheet					
Total Investments	6,075.65	4,779.75	2,908.34	1,983.16	1,166.17
Provision for Investments	102.26	68.28	33.32	16.87	30.61
Leased Receivable/Advances	3,551.28	3,159.31	2,141.56	1,636.38	1,038.24
Direct Finance	2,357.72	1,618.33	761.75	346.75	127.03
Investment in shares	0.03	0.03	5.03	0.03	0.89
Shareholders' Equity	529.15	437.52	381.10	308.57	259.33
Statutory reserve	134.61	71.90	52.90	28.00	28.00
Paid up Capital	328.78	256.85	233.50	194.58	162.15
Total nos. of Shares (In Quantity)	3,287,800	2,568,456	2,334,960	1,945,800	1,621,500
Ratios					
Book Value per Share (BDT)	160.94	170.35	163.22	158.58	159.93
Earning Per Share (BDT)	25.52	32.88	31.06	25.30	36.25
Dividend Per Share (BDT)	20.00	25.00	22.00	20.00	20.00
Return on Equity (%)	17.36	20.63	21.03	17.34	25.56
Dividend Payout Ratio (%)	78.37	76.03	70.83	79.05	55.17

Investment Mix



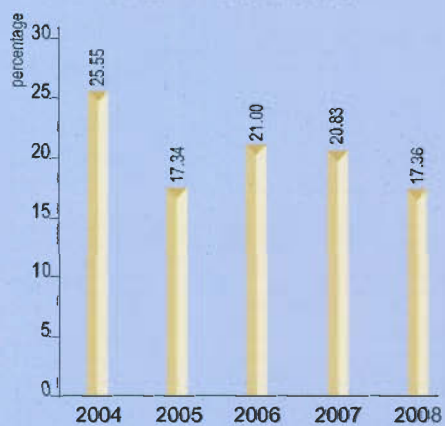
At the year end 2008, the investment mix consisted of 60.10 percent lease finance and 39.90 percent direct finance factoring finance and investment in shares.

Deposit Composition

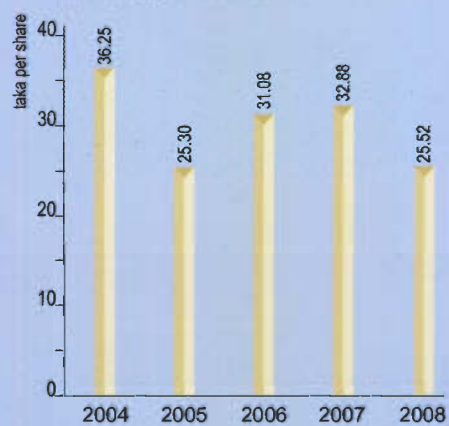


In 2008, the company mobilized deposits 75 percent from Banks, 16 percent from individuals, 5 percent from Insurance Companies and 4 percent from other Financial Institutions.

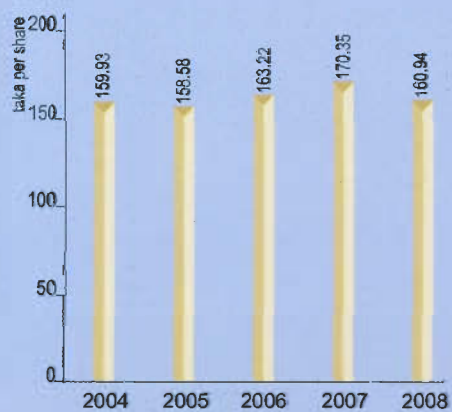
Return on Average Equity



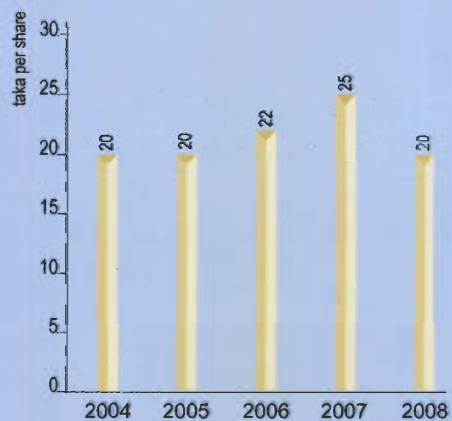
Earning Per Share



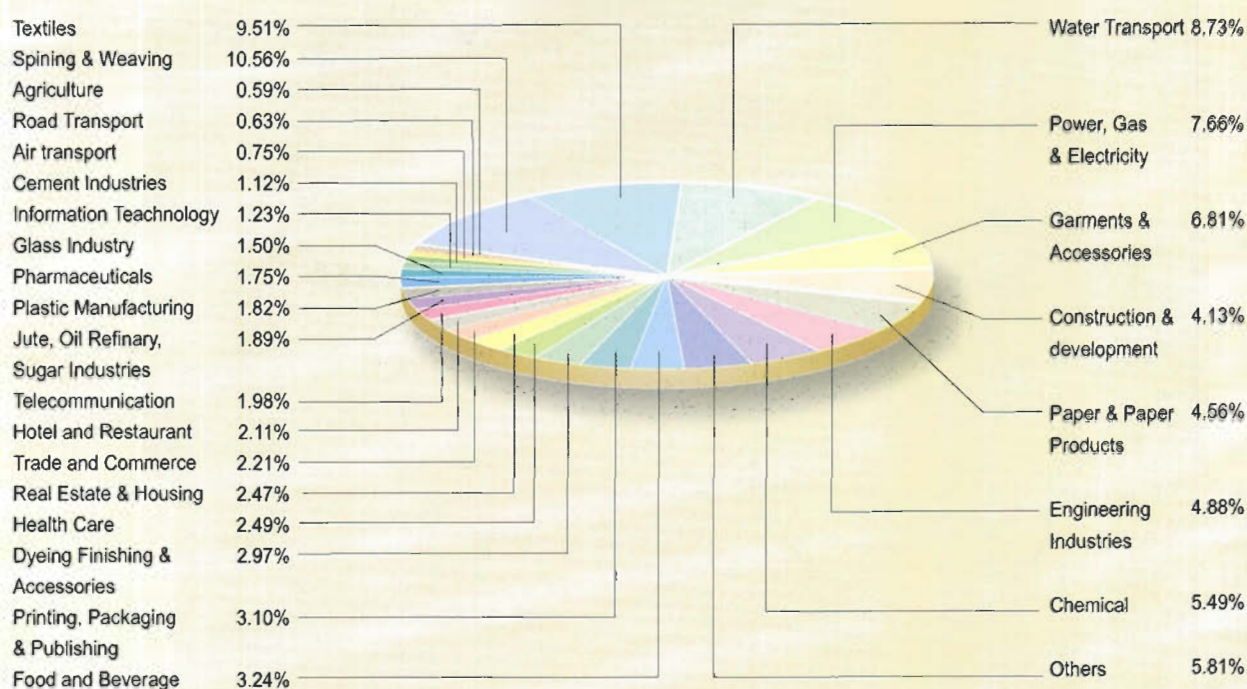
Book Value Per Share



Dividend Per Share



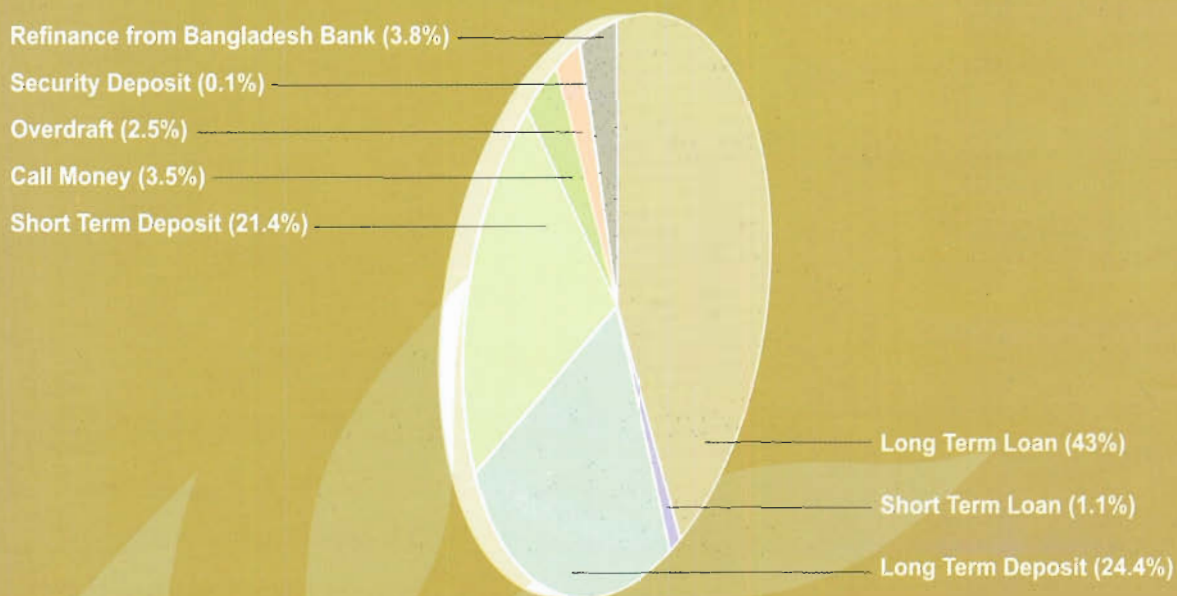
SECTOR-WISE PORTFOLIO



Sector	Investment (BDT million)	Percentage
Agriculture	34.87	0.59%
Air transport	44.65	0.75%
Cement Industries	66.15	1.12%
Chemical	324.68	5.49%
Construction & Development	244.47	4.13%
Dyeing Finishing & Accessories	175.78	2.97%
Engineering	288.53	4.88%
Food and Beverage	191.59	3.24%
Garments & Accessories	402.90	6.81%
Glass Industry	88.45	1.50%
Health Care	147.04	2.49%
Hotel and Restaurant	124.57	2.11%
Information Technology	72.95	1.23%
Others	343.53	5.81%
Paper & Paper Products	269.61	4.56%
Pharmaceuticals	103.51	1.75%
Plastic Manufacturing	107.51	1.82%
Power, Gas & Electricity	452.87	7.66%
Printing, Packaging & Publishing	183.49	3.10%
Real Estate & Housing	146.04	2.47%
Road Transport	37.49	0.63%
Spinning & Weaving	624.75	10.56%
Jute, Oil refinery, Sugar Industries	111.83	1.89%
Telecommunication	117.28	1.98%
Textiles	562.23	9.51%
Trade and Commerce	130.41	2.21%
Water Transport	516.33	8.73%
Total	5,913.51	100.00%

SECTOR-WISE EXPOSURE -2008

Sources of Fund



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%
2008	16.39%	13.27%	3.12%

DIRECTORS' REPORT

Dear Shareholders,

I, on behalf of Board of Directors, welcome you all to the 8th 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 2008 along with the Auditors' Report thereon.

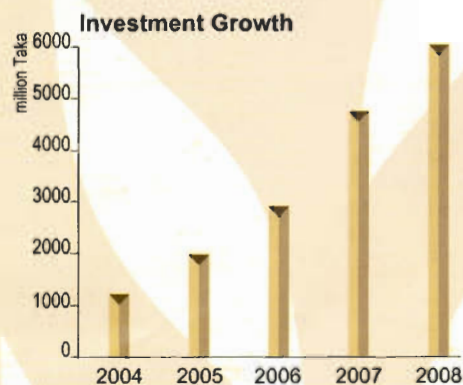


Business Review:

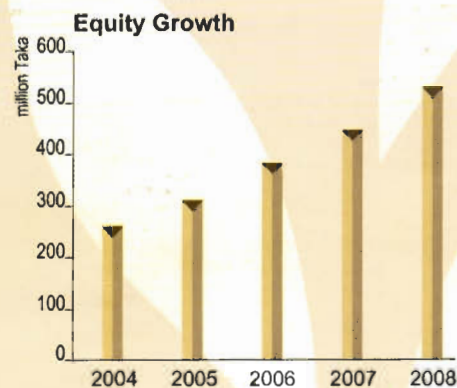
During the year under review, there has been a general slow down in investment in industries due to continuation of emergency, the uncertainty about the election and return to a stable political government. Most of the NBFIs faced slow growth and IIDFC was no exception. Whereas in FY 2007, IIDFC recorded a 64% growth over FY 2006, your Company was able to attain a 27% growth in FY 2008 in terms of volume of business -- from Tk. 4,780 million in FY 2007 to Tk. 6,076 million in FY 2008. Investments in SME, however, recorded a growth of 149% -- from Tk. 148 million in 2007 to Tk. 369 million in 2008.

The Structured Finance Department, acting as the Lead Manager, arranged Syndicated Funds for a good number of clientele for large infrastructure projects in Power, Communication and Telecommunication sectors for Tk. 3.955 billion in FY 2008 as compared to Tk. 2.43 billion in FY 2007 and earned a fee based non-funded income of Tk. 38.31 million in FY 2008 as compared to Tk. 21.74 million in FY 2007. The Corporate Finance also arranged Tk. 680.00 million of Syndicated Loan participated by NBFIs.

The SME Department developed a client base of one hundred twenty with a cumulative portfolio of around Tk. 369 million. Major manufacturing sectors covered by SME financing included garments accessories, embroidery, plastic products, printing & packaging, textile chemicals, engineering workshop etc. The service sector included restaurant, courier services etc.



The company recorded a 27 percent growth in investments from Taka 4,779 million in FY 2007 to Taka 6075 million in FY 2008.



The Shareholders' equity registered an increase by Taka 91.7 million i.e., from Taka 437.5 million in FY 2007 to Taka 529.2 million in FY 2008.

IIDFC has been enlisted by Bangladesh Bank as an eligible financing institution under the Bank's "Housing Refinance Scheme" for the first-time owners for apartments below 1250 sft under certain conditions. We have made a modest beginning in financing eligible first-time owners under the Bangladesh Bank's scheme by opening a separate unit in the SME department and in 2008 our investment in the housing sector has been of the order of Tk. 40 million. We propose to substantially expand our investment in Bangladesh Bank's housing refinance scheme through promotion and financing construction of small apartments in multistoried buildings, if necessary.

During FY 2008, the Company acquired a membership from Dhaka Stock Exchange (DSE) at a cost of Tk. 162 million. The brokerage house is expected to go for operation by May 2009.

Human Resources:

In 2007, the total executives in the employment of the company were 39 including the CEO. For coping with the increased volume of business, opening of a branch in Chittagong and recruitment of core staff for the share trading operation, a total of 16 new executives were recruited during 2008 taking the total number to 56. For training, we extensively use the training programmes offered by IDCOL, BIM and senior staff members regularly participate in seminars and workshops organized by different institutions. During 2008, there has been a change in the CEO of the company and Mr. Md. Asaduzzaman Khan, joined the company as the CEO after taking voluntary retirement from his position as the Executive Director of Bangladesh Bank.

Resource Mobilization:

It has been a difficult year for resource mobilization. Because of tight monetary situation and liquidity crisis that prevailed almost throughout the year, bank borrowings by IIDFC were at high costs. This and the high cost of deposits by individuals and institutional investors had adversely influenced the cost of funds. Like a few other NBFIs, your Company also recruited a number of Deposit Associates whose compensation package consists of a modest salary and commission on deposits mobilized.

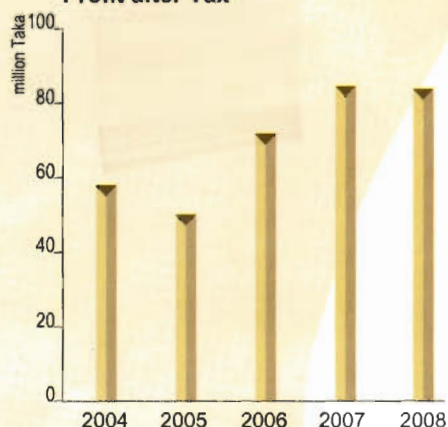
Capital & Operating Profit:

The Capital employed by the Company increased from Tk. 3,953 million in FY 2007 to Tk. 4,122 million in FY 2008. The shareholders' equity registered an increase by Tk. 91.65 million i.e., from Tk. 437.5 million FY 2007 to Tk. 529.15 million FY 2008. Book value of the shares, however, decreased marginally to Tk. 160.94 from Tk. 170.35 due to the increase in the number of shares by 28% to 719,344 during the year.

The Operating Profit of the Company, however, did not keep pace with the increase in the volume of business. It recorded an increase of only 7% - from Tk. 142.3 million in FY 2007 to Tk. 152.3 million in FY 2008. The comparative decline in operating profit vis-à-vis the growth in the volume of business was mainly due to increase in the cost of funds by 0.40%, from 12.87% to 13.27%, added interest cost on initial investments and administrative expenses of the Brokerage House and the Chittagong Branch which laid the foundation for future growth and increased profitability. In 2008, the effect of the introduction SMA by Bangladesh Bank was an additional provision of Tk. 16,867,413 which resulted in reduced profit for 2008 but helped in strengthening the financial health of the Company.

During FY 2008, the Company earned a Pre-tax profit of Tk. 118,834,900 as against Tk. 108,272,000 in 2007, a growth of 9.75%. The Post-tax profit Tk. 83.90 million in 2008 as against Tk. 84.44 million in 2007, however, recorded a negative growth of 0.64% because of significant tax burden for the year 2008 - from Tk. 23.82 million in FY 2007 to Tk. 34.93 million in FY 2008. The added tax burden was due to the discontinuation of admissibility of depreciation allowance on leased assets.

Profit after Tax



Profit after tax recorded a decrease of 5.13 percent from Taka 88.44 million in FY 2007 to Taka 83.90 million in FY 2008.

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 2008 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 2008 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, 30 April 2009


S.F. Ahmed & Co.
Chartered Accountants

Financial Performance:

The financial results of the Company during FY 2008 are summarized below:

Particulars	Figures in Taka	
	2008	2007
Profit after tax	83,903,712	84,442,684
Add: Retained earnings brought forward	4,566,684	5,335,400
Profit available for appropriation	88,469,873	89,778,084
Less: Appropriations		
Statutory Reserve	18,000,000	19,000,000
General Reserve	1,000,000	2,000,000
Proposed Dividend	65,756,000	64,211,400
	84,756,000	85,211,400
Retained earnings, carried forward	3,713,873	4,566,684

Dividend:

Directors recommend 20% dividend for 2008 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 representative Directors of the following Companies shall stand retired from office at this 8th Annual General Meeting and being eligible have offered themselves for re-election:

Name	Nominated by
Mr. M. Syeduzzaman	Bank Asia Limited
Dr. Zaidi Sattar	Southeast Bank Limited
Mr. Muhammad A. (Rumee) Ali	BRAC Bank Limited

Auditors:

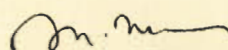
M/S S.F. Ahmed & Co., Chartered Accountants, House #25, Road #13A, Block-D, Banani, Dhaka-1213, Bangladesh was appointed as the Auditors of the Company for the year 2008 in the 7th Annual General Meeting of the company held on April 28, 2007. The Auditors will retire in the 8th Annual General Meeting. They have expressed their willingness to remain Auditors of the company for the year 2009 (until next AGM) and as per Bangladesh Bank Guidelines, they are eligible for re-appointment. S.F. Ahmed & Co. may be re-appointed as Auditors of the company for 2009 at a mutually agreed fee. The Audit fee for the year 2008 was Tk. 75,000 as fixed by the Board.

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, the Dhaka Stock Exchange and other regulatory bodies for the co-operation extended to the Company 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

Balance Sheet

as at 31 December 2008

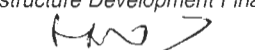
Amounts in Taka

	Notes	As at 31 Dec 2008	As at 31 Dec 2007
SOURCES OF FUNDS			
Shareholders' fund			
Share capital	3	328,780,000	256,845,600
Reserves and surplus	4	134,613,872	116,466,684
Proposed dividend	5	65,756,000	64,211,400
		529,149,872	437,523,684
Deferred tax	6	41,015,079	61,015,079
Investment loss reserve	7	102,262,740	68,282,958
Interest suspense account	8	27,366,180	10,945,960
Long-term Liabilities			
Long-term loans	9	2,708,735,315	2,271,650,023
Lease advance and security deposit	10	93,658,931	82,478,186
Term deposits	11	1,536,581,933	1,974,569,047
Obligation under finance lease	12	197,408	2,384,559
		4,339,173,587	4,331,081,815
Less: Current portion of long-term liabilities	13	917,096,876	956,218,837
		3,422,076,711	3,374,862,978
Capital Employed		4,121,870,582	3,952,630,659
APPLICATION OF FUNDS			
Fixed assets- at cost less depreciation	14	16,378,488	12,981,623
Investments			
Lease receivable	15	2,891,490,705	2,083,723,948
Advances against leased assets	16	659,785,927	1,075,590,368
Direct finance	17	2,357,724,464	1,618,325,372
Factoring finance		4,476,738	2,077,958
Investment in shares	18	30,800	30,200
Advance against membership of Dhaka Stock Exchange Ltd		162,138,274	-
		6,075,646,908	4,779,747,846
Less: Current portion	19	1,441,628,916	969,303,252
		4,634,017,992	3,810,444,594
Current Assets			
Current portion of assets	19	1,441,628,916	969,303,252
Advances, deposits and prepayments	20	108,165,122	60,321,387
Sundry receivables	21	370,068,966	286,862,396
Money market placement	22	422,625,018	1,312,201,758
Cash and cash equivalents	23	137,024,865	137,213,830
		2,479,512,887	2,765,902,623
Less: Current Liabilities			
Current portion of long-term liabilities	13	917,096,876	956,218,837
Current tax	24	59,061,879	4,130,167
Short term deposit	25	1,343,197,250	950,000,000
Money market borrowing	26	403,511,974	475,129,873
Liabilities for expenses	27	195,471,622	240,721,674
Liabilities for other finance	28	89,699,184	10,497,630
		3,008,038,785	2,636,698,181
Net Current Assets		(528,525,898)	129,204,442
Net Assets		4,121,870,582	3,952,630,659

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

for Industrial and Infrastructure Development Finance Company Limited


Md. Matiul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Uzzal Kumar Nandi
Company Secretary

House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 30 April 2009

Signed in terms of our report
of even date annexed


S. F. AHMED & CO
Chartered Accountants

IIDFC ANNUAL REPORT 2008

Profit and Loss Statement for the year ended 31 December 2008

		Amounts in Taka	
	Notes	Year ended 31 Dec 2008	Year ended 31 Dec 2007
OPERATIONAL REVENUE			
Lease income	29	402,541,318	295,656,452
Income from lending operations	30	478,443,882	311,385,219
Income from treasury operations	31	91,632,953	126,330,634
Income from structured finance	32	38,309,300	21,738,982
Bank guarantee income		1,228,689	357,402
Factoring income		557,385	168,324
Other operational income	33	15,407,603	16,429,757
		1,028,121,130	772,066,769
OPERATIONAL EXPENSES			
General and administrative expenses	34	82,188,708	47,186,511
Financial expenses - core operations	35	706,480,892	455,325,645
Financial expenses - treasury operations	36	87,143,956	127,185,129
		875,813,556	629,697,285
OPERATING PROFIT		152,307,574	142,369,484
NON-OPERATIONAL INCOME	37	507,126	1,379,624
Profit before provision and tax		152,814,700	143,749,108
PROVISIONS FOR INVESTMENTS	38	(33,979,800)	(35,477,108)
PROFIT BEFORE TAXATION		118,834,900	108,272,000
Provision for taxation			
Current tax		(54,931,712)	(1,930,167)
Deferred tax		20,000,000	(21,899,149)
		(34,931,712)	(23,829,316)
Profit after tax		83,903,188	84,442,684
Retained earnings, brought forward		4,566,684	5,335,400
Profit available for appropriation		88,469,872	89,778,084
Appropriations			
Statutory reserve		(18,000,000)	(19,000,000)
General reserve		(1,000,000)	(2,000,000)
Proposed dividend		(65,756,000)	(64,211,400)
		(84,756,000)	(85,211,400)
Retained earnings, carried forward		3,713,872	4,566,684
Earnings per share (EPS)	39	25.52	32.88

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

for Industrial and Infrastructure Development Finance Company Limited


Md. Matul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Uzzal Kumar Nandi
Company Secretary

House 25, Road 13A, Block D
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Dated, 30 April 2009

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S. F. AHMED & CO
Chartered Accountants

Cash Flow Statement for the year ended 31 December 2008

Amounts in Taka

CASH FLOW FROM OPERATING ACTIVITIES:

Operational revenue receipts
Payments for operational expenses
Non-operational income
Increase in advances, deposits and prepayments
Increase in liabilities for other finance
Net cash from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Lease advance and security deposit
Acquisition of leased assets
Direct finance
Advance against membership of Dhaka Stock Exchange Ltd
Advance against leased assets
Factoring finance
Money market placements
Purchase of fixed assets
Investment in shares
Proceeds on sale of fixed assets
Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Issue of shares
Receive/(Repayment) of long-term loan
Repayment against zero coupon bonds
Long term deposits
Increase/(decrease) in borrowing from money market
Short-term deposits
Obligation under finance lease
Dividend paid
Net cash flow from financing activities
Net increase/(decrease) in cash and cash equivalents
Opening cash and cash equivalents
Closing cash and cash equivalents

Year ended 31 Dec 2008	Year ended 31 Dec 2007
1,046,550,126	686,639,025
(914,723,925)	(507,882,982)
472,320	709,124
(47,843,735)	(9,955,958)
55,408,018	2,939,851
139,862,804	172,449,060
10,098,676	19,321,175
(851,690,403)	(590,404,877)
(756,897,274)	(856,578,753)
(162,138,274)	-
415,804,441	(450,022,918)
(2,398,780)	(2,077,958)
889,576,740	(406,909,911)
(9,215,764)	(3,762,549)
(600)	5,000,000
596,091	670,500
(466,265,147)	(2,284,765,291)
7,723,000	-
437,085,292	1,176,660,373
-	(46,321,500)
(437,987,114)	478,300,807
(71,617,899)	315,129,873
393,197,250	270,000,000
(2,187,151)	(2,092,436)
-	(28,019,520)
326,213,378	2,163,657,597
(188,965)	51,341,366
137,213,830	85,872,464
137,024,865	137,213,830

for Industrial and Infrastructure Development Finance Company Limited


Md. Matiul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Uzzal Kumar Nandi
Company Secretary

House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 30 April 2009

Signed in terms of our report
of even date annexed


S. F. AHMED & CO
Chartered Accountants

Statement of Changes in Equity


for the year ended 31 December 2008

FOR 2008

Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Total
Balance at 01 Jan 2008	256,845,600	71,900,000	40,000,000	64,211,400	4,566,684	437,523,684
Dividend	-	-	-	(64,211,400)	-	(64,211,400)
Issue of bonus shares	64,211,400	-	-	-	-	64,211,400
Issue of shares	7,723,000	-	-	-	-	7,723,000
Profit for the year 2008	-	-	-	-	83,903,188	83,903,188
Transferred during the year	-	18,000,000	1,000,000	65,756,000	(84,756,000)	-
Balance at 31 Dec 2008	328,780,000	89,900,000	41,000,000	65,756,000	3,713,872	529,149,872

FOR 2007

Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Dividend	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


Md. Matui Islam
Chairman

House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 30 April 2009


Md. Asaduzzaman Khan
Managing Director

Signed in terms of our report
of even date annexed

for Industrial and Infrastructure Development Finance Company Limited


Uzzal Kumar Nandi
Company Secretary


S. F. AHMED & CO
Chartered Accountants

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, small and medium enterprise (SME) financing and home loan 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 basis of accounting in accordance with generally accepted accounting principles and after due compliance with International Accounting Standards/International Financial Reporting Standards so far adopted in Bangladesh as Bangladesh Accounting Standards/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.

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 as provided in its 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 Head Office and Branch

The Company's Head Office is located at Chamber Building (6th & 7th floors), 122-124 Motijheel Commercial Area, Dhaka 1000. Its only branch office is located at C&F Tower (4th floor) 122 Sheik Mujib Road, Agrabad, Chittagong.

2.2.12 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

Amounts in Taka

At 31 Dec 2008	At 31 Dec 2007
-------------------	-------------------

3. Share Capital**Authorised Capital:**

10,000,000 shares of Taka 100 each

1,000,000,0001,000,000,000**Subscribed and Paid-up Capital:**

3,287,800 shares (FY: 2007, 2,568,456 shares)

of Taka 100 each, fully paid-up

328,780,000256,845,600

Paid up share capital at 31 December 2008 comprises the followings:

Name of Shareholder	No. of Shares	Value	Percentage (%)
Public Sector:			
Sonali Bank Ltd	227,700	22,770,000	6.9256
Janata Bank Ltd	227,700	22,770,000	6.9256
Investment Corporation of Bangladesh	227,700	22,770,000	6.9256
	<u>683,100</u>	<u>68,310,000</u>	<u>20.7768</u>
Private Sector:			
AB Bank Ltd	227,700	22,770,000	6.9256
Bank Asia Ltd	227,700	22,770,000	6.9256
BRAC Bank Ltd	227,700	22,770,000	6.9256
The City Bank Ltd	227,700	22,770,000	6.9256
Mutual Trust Bank Ltd	227,700	22,770,000	6.9256
National Bank Ltd	227,700	22,770,000	6.9256
One Bank Ltd	227,700	22,770,000	6.9256
Southeast Bank Ltd	227,700	22,770,000	6.9256
Eastland Insurance Co. Ltd	227,700	22,770,000	6.9256
National Life Insurance Co. Ltd	227,700	22,770,000	6.9256
Pragati Insurance Co. Ltd	227,700	22,770,000	6.9256
Mr. Md. Matiul Islam	100,000	10,000,000	3.0415
	<u>2,604,700</u>	<u>260,470,000</u>	<u>79.2231</u>
	<u>3,287,800</u>	<u>328,780,000</u>	<u>100.00</u>

4. Reserves and Surplus

Statutory Reserve - Note 4.1

89,900,00071,900,000

General Reserve

41,000,00040,000,000

Retained Earnings

3,713,8724,566,684134,613,872116,466,684**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 20% (2007: 25%) on the paid-up capital has been proposed for the year ended 31 December 2008.

		Amounts in Taka	
		At 31 Dec 2008	At 31 Dec 2007
6. Provision for Deferred Tax			
Opening Balance		61,015,079	39,115,930
Add: Addition during the year		-	21,899,149
Less: Adjusted against current tax liability		(20,000,000)	-
Closing balance		41,015,079	61,015,079
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		64,316,679	59,303,477
Special mention account - Note 7.2		16,867,413	4,450,139
Sub-standard - Note 7.3		18,136,591	4,529,342
Doubtful - Note 7.4		2,942,057	-
		102,262,740	68,282,958
7.1 General provision			
Lease finance		46,766,656	33,334,687
Direct finance		17,550,023	25,968,790
		64,316,679	59,303,477
7.2 Special mention account			
Bengal Denim Ltd		2,936,313	-
Beximco Textile Ltd		2,928,239	-
Shetu International Ltd		2,260,414	1,923,850
Evince Textiles Ltd		2,002,012	-
GMG Airlines Ltd		1,379,299	-
Dredge Bangla (Pvt) Ltd		1,315,490	-
Shamsi Lamps Ltd		851,929	-
CNG Distribution Company Ltd		837,635	-
Rahat Ship Builders (Pvt) Ltd		584,807	-
Evince Labels Ltd		525,031	-
Chandana Knitting Industries Ltd		263,797	-
Crystal Bangladesh Supports Ltd		249,986	-
Zaman Engineering Works		204,736	-
Welldone Embroidery Ltd		130,692	-
Alhamdulillah Rotor Spinning Ltd		120,982	-
Apparel Colour Ltd		97,841	-
Alamjeb Farjad		38,637	-
Asha Poultry Firm & Feeds		38,558	-
Md. Afsar		37,207	-
Jui Embroidery		35,529	-
Print Communication		28,279	-
Anudip Autos Ltd		-	1,681,328
Muhammad Masud		-	335,673
Pharmamech Engineering Ltd		-	310,664
Sasco Tex (BD) Ltd		-	198,624
		16,867,413	4,450,139

Amounts in Taka

7.3 Sub-standard

 Repco Laboratories Ltd
 Shampshi Lamps Ltd
 Eke Tex (Pvt) Ltd
 Fair & Fame Knit Fabrics Ltd
 Maksons Bangladesh Ltd
 Sasco Tex (BD) Ltd

At 31 Dec 2008	At 31 Dec 2007
6,083,453	-
2,706,622	-
335,976	-
185,308	-
8,115,895	-
709,337	-
18,136,591	-

7.4 Doubtful

 Repco Laboratories Ltd
 Mitsumaru BD Ltd
 Muhammad

-	4,529,342
2,780,411	-
161,646	-
2,942,057	4,529,342

8. Interest suspense account

 Anudip Autos Ltd
 (including blocked account of Taka 1,887,225-Jul'05 to Nov'05)
 Shetu International Ltd
 Maksons Bangladesh Ltd
 Beximco Textile Ltd
 Aspen Sweater Ltd
 Shamsi Lamps Ltd
 Bengal Denim Ltd
 Dredge Bangla (Pvt) Ltd
 Evince Textiles Ltd
 GMG Airlines Ltd
 Mitsumaru BD Ltd
 Sasco Tex (BD) Ltd
 CNG Distribution Company Ltd
 Rahat Ship Builders (Pvt) Ltd
 Evince Labels Ltd
 Chandana Knitting Industries Ltd
 Eke Tex (Pvt) Ltd
 Bengal Denim Ltd
 Zaman Engineering Works
 Welldone Embroidery Ltd
 Apparel Colour Ltd
 Crystal Bangladesh Supports Ltd
 Alhamdulillah Rotor Spinning Ltd
 Fair & Fame Knit Fabrics Ltd
 Muhammad
 Alamjeb Farjad
 Chandana Knitting Industries Ltd
 Print Communication
 Jui Embroidery
 Asha Poultry Firm & Feeds
 Md. Afsar
 S Alam Poultry Feed

5,986,068	4,362,791
5,202,148	3,044,664
3,426,360	-
1,854,771	-
1,731,978	232,598
1,327,740	-
1,288,692	-
1,087,220	-
948,876	-
933,375	-
878,890	-
516,688	55,690
460,442	-
330,535	-
251,958	-
193,668	-
145,650	-
133,048	-
112,678	-
107,361	-
79,353	-
70,590	-
66,295	-
66,000	-
48,354	246,507
30,786	-
24,504	-
22,626	-
19,704	-
10,484	-
9,338	-
-	3,003,710
27,366,180	10,945,960

The Company has suspended recognition of accrued income from the clients since the accounts were classified as per circular of Bangladesh Bank.

9. Long-Term Loans

Opening balance
Addition during the year
Mercantile Bank Ltd
National Bank Ltd
United Commercial Bank Ltd
Uttara Bank Ltd
Prime Bank Ltd
EXIM Bank Ltd
Dhaka Bank Ltd
Trust Bank Ltd
Pubali Bank Ltd
National Credit and Commerce Bank Ltd
Bangladesh Bank
BASIC Bank Ltd
Janata Bank Ltd
Bank Asia Ltd
Commercial Bank of Ceylon PLC
Bank Alfalah Ltd
Shahjalal Islami Bank Ltd
BRAC Bank Ltd
Jamuna Bank Ltd

Payment made during the year
Closing Balance - Note 9.1

Amounts in Taka

	At 31 Dec 2008	At 31 Dec 2007
Opening balance	2,271,650,023	1,094,989,689
Addition during the year		
Mercantile Bank Ltd	-	200,000,000
National Bank Ltd	-	200,000,000
United Commercial Bank Ltd	-	200,000,000
Uttara Bank Ltd	150,000,000	180,000,000
Prime Bank Ltd	-	150,000,000
EXIM Bank Ltd	30,000,000	100,000,000
Dhaka Bank Ltd	-	100,000,000
Trust Bank Ltd	-	100,000,000
Pubali Bank Ltd	100,000,000	100,000,000
National Credit and Commerce Bank Ltd	-	100,000,000
Bangladesh Bank	188,948,104	76,900,000
BASIC Bank Ltd	-	50,000,000
Janata Bank Ltd	-	40,000,000
Bank Asia Ltd	50,000,000	-
Commercial Bank of Ceylon PLC	80,000,000	-
Bank Alfalah Ltd	100,000,000	-
Shahjalal Islami Bank Ltd	150,000,000	-
BRAC Bank Ltd	150,000,000	-
Jamuna Bank Ltd	100,000,000	-
	1,098,948,104	1,596,900,000
Payment made during the year	661,862,812	420,239,666
Closing Balance - Note 9.1	2,708,735,315	2,271,650,023

9.1 Closing balance

Uttara Bank Ltd
BRAC Bank Ltd
Mercantile Bank Ltd
Bangladesh Bank
Prime Bank Ltd
United Commercial Bank Ltd
National Bank Ltd
Pubali Bank Ltd
Trust Bank Ltd
Bank Alfalah Ltd
Shahjalal Islami Bank Ltd
EXIM Bank Ltd
Jamuna Bank Ltd
National Credit and Commerce Bank Ltd
Commercial Bank of Ceylon PLC
Dhaka Bank Ltd
Bank Asia Ltd
BASIC Bank Ltd
Janata Bank Ltd
Sonali Bank Ltd

Uttara Bank Ltd	309,805,497	292,399,592
BRAC Bank Ltd	262,500,000	160,000,000
Mercantile Bank Ltd	240,000,000	260,000,000
Bangladesh Bank	238,433,053	89,677,779
Prime Bank Ltd	195,483,250	263,220,562
United Commercial Bank Ltd	169,862,380	200,000,000
National Bank Ltd	166,133,249	196,463,892
Pubali Bank Ltd	165,000,000	90,000,000
Trust Bank Ltd	142,567,796	178,039,389
Bank Alfalah Ltd	120,949,305	41,265,741
Shahjalal Islami Bank Ltd	118,965,393	-
EXIM Bank Ltd	91,994,840	85,252,353
Jamuna Bank Ltd	89,057,809	-
National Credit and Commerce Bank Ltd	83,066,624	98,231,946
Commercial Bank of Ceylon PLC	80,000,000	-
Dhaka Bank Ltd	74,280,336	90,000,000
Bank Asia Ltd	66,666,666	53,376,801
BASIC Bank Ltd	62,302,451	84,782,576
Janata Bank Ltd	31,666,666	61,666,666
Sonali Bank Ltd	-	27,272,726
	2,708,735,315	2,271,650,023

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 20 years.

		Amounts in Taka	
		At 31 Dec 2008	At 31 Dec 2007
10. Lease Advance and Security Deposit			
Opening Balance	81,442,897	64,371,436	
Add: Received during the year	45,319,161	48,183,301	
	126,762,058	112,554,737	
Less: Adjusted during the year	35,220,484	31,111,840	
Closing balance	91,541,574	81,442,897	
Deferred interest on security deposits- Note 10.1	2,117,357	1,035,289	
	93,658,931	82,478,186	

10.1 Deferred interest on security deposits

Globe Pharmaceuticals Ltd	1,385,410	687,910
Amber Cotton Mills Ltd	731,947	339,046
PHP Power Generation Plant Ltd	-	8,333
	2,117,357	1,035,289

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

11. Term Deposits

Banks	906,250,000	1,597,565,000
Insurance companies	130,974,304	129,700,000
Other non-banking financial institutions	32,000,000	32,000,000
Individuals/ Associations/ Companies	467,357,629	215,304,047
	1,536,581,933	1,974,569,047

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.

12. 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 office equipment of Taka 57,65,865. Principal outstanding for the above assets are as follows:

Fareast Finance and Investment Ltd	197,408	2,384,559
	197,408	2,384,559

13. Current Portion

Term-loan	803,870,792	552,607,172
Term deposits	111,500,000	400,000,000
Finance lease	117,225	2,187,149
Lease advances and security deposit	1,608,859	1,424,516
	917,096,876	956,218,837

14. Fixed Assets - at cost less depreciation
Fixed assets - own finance

Motor vehicles

Furniture and fixtures

Office equipment

Computer software

Fixed assets - lease finance

Office equipment

Computer software

Details are in Annex A.
15. Lease Receivable

Gross lease receivable

Less: Un-earned revenue

Net lease receivable

15.1 Gross lease receivable (operations)

Less: Un-earned revenue

Net lease receivable

15.2 Gross lease receivable (SME)

Less: Un-earned revenue

Net lease receivable

15.3 Gross lease receivable (Structured Finance)

Less: Un-earned revenue

Net lease receivable

Details are in Annex B.
16. Advance against Leased Assets

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

Opening balance

Add: Disbursed during the year

Operation

Structured finance

SME

Less: Executed during the year

Operation

Structured finance

SME

Add: Adjusted during the year

Amounts in Taka

	At 31 Dec 2008	At 31 Dec 2007
Motor vehicles	8,189,072	7,303,786
Furniture and fixtures	3,072,983	1,258,506
Office equipment	4,570,025	2,034,772
Computer software	349,000	-
	<u>16,181,080</u>	<u>10,597,064</u>
Fixed assets - lease finance		
Office equipment	146,054	2,384,559
Computer software	51,354	-
	<u>197,408</u>	<u>2,384,559</u>
	<u>16,378,488</u>	<u>12,981,623</u>

Gross lease receivable	3,906,089,904	2,803,414,074
Less: Un-earned revenue	1,014,599,199	719,690,127
Net lease receivable	<u>2,891,490,705</u>	<u>2,083,723,948</u>
Gross lease receivable (operations)	3,550,878,877	2,664,584,107
Less: Un-earned revenue	927,488,160	690,260,090
Net lease receivable	<u>2,623,390,717</u>	<u>1,974,324,017</u>
Gross lease receivable (SME)	306,384,991	138,829,967
Less: Un-earned revenue	76,371,130	29,430,037
Net lease receivable	<u>230,013,861</u>	<u>109,399,930</u>
Gross lease receivable (Structured Finance)	48,826,036	-
Less: Un-earned revenue	10,739,909	-
Net lease receivable	<u>38,086,127</u>	<u>-</u>

Amounts in Taka

17. Direct Finance

Opening balance
 Add: Disbursed during the year
 Operation
 Structured finance
 SME

 Less: Adjusted during the year
 Closing balance

At 31 Dec 2008	At 31 Dec 2007
1,618,325,372	761,746,619
932,875,139	814,127,994
28,945,392	219,248,205
192,854,040	43,333,780
1,154,674,571	1,076,709,979
415,275,479	220,131,226
2,357,724,464	1,618,325,372

18. 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	39	3,900	3,300
One Bank Ltd	19	1,900	1,900
		30,800	30,200

19. Current Portion

Lease receivable
 Direct finance

752,110,344	521,414,165
689,518,572	447,889,087
1,441,628,916	969,303,252

20. Advances, Deposits and Prepayments
Advance against

Tax paid u/s 64
 Interest paid
 Supplies
 Generator purchase
 Travelling
 Syndication expenses
 Salaries
 Tax deducted at source
 Bank guarantee facility
 Office rent
 Prepaid expenses
 Rupali Bank acquirement
 Deposits for services

17,183,329	-
12,270,696	2,852,000
1,802,753	146,603
1,002,600	1,002,600
415,485	-
21,210	941,435
-	7,000
73,783,428	54,521,570
665,066	665,066
433,472	-
417,883	143,112
125,000	-
44,200	42,000
108,165,122	60,321,387

21. Sundry Receivables
Accounts receivable

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

37,345,456	16,284,377
120,903,546	64,116,090
-	251,792
9,341,546	4,452,868
191,009,205	119,914,598
11,469,213	105,636,207
-	(23,793,536)
370,068,966	286,862,396

Amounts in Taka

22. 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:

	At 31 Dec 2008	At 31 Dec 2007
Banks	257,625,018	1,072,201,758
Other non-banking financial institutions	165,000,000	240,000,000
	<u>422,625,018</u>	<u>1,312,201,758</u>

23. Cash and Cash Equivalents

Cash in hand	7,871	1,656
Cheques in hand	580,100	9,304,432
Balance with Bangladesh Bank	53,149,907	22,830,941
Bank balances - Note 23.1	83,548,630	70,746,261
Cheque clearing account	(20,261,643)	(669,460)
Fixed deposit with bank	20,000,000	35,000,000
	<u>137,024,865</u>	<u>137,213,830</u>

23.1 Bank balances

Bank Asia Ltd	81,022,239	67,422,553
Prime Bank Ltd	681,861	599,739
One Bank Ltd	599,221	45,621
The City Bank Ltd	471,224	832,890
BRAC Bank Ltd	222,759	34,917
National Bank Ltd	122,239	118,872
Bank Alfalah Ltd	99,222	80,605
Citibank N. A.	89,218	89,913
Janata Bank Ltd	77,591	75,340
Sonali Bank Limited	56,164	54,426
National Credit and Commerce Bank Ltd	50,933	43,806
Agrani Bank Ltd	9,760	9,875
Social Investment Bank Ltd	9,650	-
Uttara Bank Ltd	9,457	12,992
IFIC Bank Ltd	9,250	9,750
AB Bank Ltd	8,434	9,411
Pubali Bank Limited	7,196	8,506
United Commercial Bank Ltd	1,794	7,277
Shahjalal Islami Bank Ltd	419	5,190
Commercial Bank of Ceylon PLC	-	1,276,613
Dhaka Bank Ltd	-	6,385
Mercantile Bank Ltd	-	1,581
	<u>83,548,630</u>	<u>70,746,261</u>

24. Provision for Taxation

Opening balance	4,130,167	2,200,000
Add: Addition during the year	54,931,712	1,930,167
Closing balance	<u>59,061,879</u>	<u>4,130,167</u>

25. Short Term Deposits

Banks	1,248,997,250	950,000,000
Financial institutions	94,200,000	-
	<u>1,343,197,250</u>	<u>950,000,000</u>

		Amounts in Taka	
		At 31 Dec 2008	At 31 Dec 2007
26. 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		403,511,974	475,129,873
27. Liabilities for Expenses			
Creditors for expenses		431,491	2,249,829
Provision for expenses - Note 27.1		195,040,131	238,471,845
		195,471,622	240,721,674
27.1 Provision for expenses			
Communication		-	30,541
Utilities		69,511	121,676
Car running and maintenance		-	96,410
Meeting expenses		400,000	399,160
Financial charges - Note 27.1.1		194,570,620	237,824,058
		195,040,131	238,471,845
27.1.1 Financial charges			
Banks		135,097,737	204,913,454
Financial institutions		4,956,680	2,198,461
Insurance companies		15,450,669	13,593,241
Associations / Individuals / Companies		39,065,534	17,118,901
		194,570,620	237,824,058
28. Liabilities for Other Finance			
Car loans recovery		677,105	500,017
Bank guarantee		18,912,245	3,365,524
Rental Part Collection		48,817,303	23,793,536
Others		21,292,531	6,632,089
		89,699,184	34,291,166

Profit and loss statement

29. Net Lease Income			
Lease income		413,017,627	296,361,323
Income suspension		(10,476,309)	(704,871)
		402,541,318	295,656,452
29.1 Lease income			
Operation		381,278,117	286,516,282
SME		25,703,085	9,845,042
Structured finance		6,036,425	-
		413,017,627	296,361,323
29.2 Income suspension			
Suspended during the year		(10,476,309)	(704,871)
30. Income from Lending Operations			
Interest on term finance		175,413,528	107,344,250
Interest during construction period		308,974,245	206,227,730
Income suspension		(5,943,891)	-
		478,443,882	313,571,980

		Amounts in Taka	
		At 31 Dec 2008	At 31 Dec 2007
30.1 Interest on term finance			
Operation	160,413,754	105,849,005	
SME	9,956,412	1,495,245	
Structured finance	5,043,362	-	
	175,413,528	107,344,250	
30.2 Interest during construction period			
Operation	277,179,036	185,408,722	
SME	6,362,327	2,623,975	
Structured finance	25,432,882	18,195,033	
	308,974,245	206,227,730	
31. Income from Treasury Operations			
Term placement	91,605,175	126,330,634	
Overnight placement	27,778	-	
	91,632,953	126,330,634	
32. Income from Structured Finance			
Syndication fees	38,256,961	18,491,793	
Foreign exchange gain, etc	52,339	3,247,190	
	38,309,300	21,738,982	
33. Other Operational Income			
Delinquent interest	8,599,397	4,259,487	
Syndication fees	2,804,347	5,311,559	
Application and processing fees	2,469,662	1,989,327	
Interest on bank deposits	1,363,595	1,128,416	
Transfer fees	169,894	1,888,390	
Dividend income	708	751,815	
Profit on sale of shares	-	1,100,763	
	15,407,603	16,429,757	
34. General and Administrative Expenses			
Salaries and allowances	37,956,231	22,844,819	
Vehicle running and maintenance	4,013,543	2,830,358	
Depreciation on fixed assets			
Own assets	4,027,575	2,827,951	
Leased assets	2,187,151	2,092,436	
Advertisement and business development expenses	9,800,657	2,167,624	
Rent, rates and taxes	4,564,469	1,999,842	
Printing and stationery	3,524,638	1,913,401	
Meeting expenses	3,143,187	1,762,299	
Travelling and conveyance	2,527,186	1,469,528	
Contribution to provident and gratuity funds	2,298,299	1,125,951	
Legal and professional fee	2,070,681	1,095,246	
Communications	1,267,241	910,725	
Utilities	937,595	806,364	
Office maintenance	889,800	777,064	
Training expenses	658,884	722,665	
Bank charges	529,682	526,086	
Directors' fee	495,538	367,870	
Audit fee	362,700	307,947	
Insurance	348,719	246,618	

		Amount in Taka	
		At 31 Dec 2008	At 31 Dec 2007
	Membership fee and subscription	216,310	187,141
	Interest on lease rental	211,367	111,310
	Entertainment	96,658	70,000
	Books and periodicals	60,597	23,266
		82,188,708	47,186,511
35.	Financial Expenses - Core Operations		
	Term loan	346,665,296	207,122,858
	Security and term deposits	296,468,595	203,582,922
	Call money	47,371,306	34,936,011
	Overdraft facilities	15,975,695	8,345,136
	Zero coupon bonds	-	1,338,717
		706,480,892	455,325,645
36.	Financial Expenses - Treasury Operations		
	Term deposits	87,143,956	127,185,129
		87,143,956	127,185,129
37.	Non-Operational Income		
	Cancellation charge	431,387	582,149
	Sundry receipts	40,933	126,975
	Profit on sale of fixed assets	34,806	670,500
		507,126	1,379,624
38.	Provisions against Investments		
	General provision	5,013,202	34,159,949
	Specific provision	28,966,598	1,317,159
		33,979,800	35,477,108
38.1	General provision		
	Direct finance	-	7,897,277
	Lease finance	5,013,202	26,262,672
		5,013,202	34,159,949
39.	Earnings per Share (EPS)		
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)	83,903,188	84,442,684
	Weighted average number of ordinary shares outstanding during the year	3,287,800	2,568,456
	Earnings per share (Taka)	25.52	32.88
39.1	Adjusted earnings per share		
	Profit after tax		84,442,684
	Opening number of shares		2,568,456
	Add: Issued during the year including bonus shares		719,344
	Closing number of shares		3,287,800
			25.68
	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.			

Amounts in Taka

At 31 Dec 2008	At 31 Dec 2007
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Others

40. 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		
Sonali Bank Limited	Term deposit	300,000,000	50,000,000
BRAC Bank Limited	Term Loan	262,500,000	160,000,000
Bank Asia Limited	Term deposit	200,000,000	200,000,000
National Bank Limited	Term Loan	166,133,249	196,463,892
BRAC Bank Limited	Term deposit	140,000,000	190,000,000
National Bank Limited	Term deposit	131,300,000	-
National Life Insurance Co. Limited	Term deposit	130,000,000	-
Bank Asia Limited	Term Loan	66,666,666	53,376,801
Mutual Trust Bank Limited	Term deposit	50,000,000	387,565,000
The City Bank Limited	Term deposit	50,000,000	-
Janata Bank Limited	Term Loan	31,666,666	61,666,666
Eastland Insurance Co. Limited	Term deposit	20,974,304	25,200,000
Sonali Bank Limited	Term Loan	-	27,272,726
		1,549,240,885	1,351,545,085
Besides, the Company has financed to the following:			
Bank Asia Limited	Lease finance		8,621,820
			8,621,820

41. Board Meetings

During the year, fourteen (14) board meetings were held.

42. Contingent Liability

There is no contingent liability other than letters of credit for import of lease equipment amounting to Taka 21,698,317(USD 312,206). There was no claim acknowledged as debt at the date of Balance Sheet.

43. Commitment - Capital Expenditure

There was no capital expenditure commitment at 31 December 2008.

44. Contracts and Disbursements

During the year 2008, the Company contracted and disbursed the following amounts:

	Year ended 31 Dec 2008		Year ended 31 Dec 2007	
	Sanctioned Taka	Disbursed Taka	Sanctioned Taka	Disbursed Taka
Lease finance	824,370,316	877,134,888	1,748,764,000	1,759,033,679
Term loan	1,327,021,808	1,154,674,572	1,003,539,730	1,076,709,979
Bank Guarantee	151,525,100	-	15,544,270	-
	2,302,917,224	2,031,809,460	2,767,848,000	2,835,743,658

45. Subsequent Events

No material events occurred after the balance sheet date which could affect the financial statements of the Company as at 31 December 2008.

46. Emoluments Paid to Managing Director and Other Executives

	Year ended 31 Dec 2008		Year ended 31 Dec 2007	
	Taka	No. of Person(s)	Taka	No. of Person(s)
Managing Director	3,324,824	1	3,495,116	1
Executives/ Other Staff	34,631,407	55	21,263,105	38
	<u>37,956,231</u>	<u>56</u>	<u>24,758,220</u>	<u>39</u>

None of the employee of the Company who has been paid less than Taka 3,000 per month.

47. Amounts Written Off

Amounts disbursed to the following parties were considered bad and therefore written off from the books of account of the Company as per decision of the Board of Directors. Legal proceedings are under way for the recovery of the amount.

Client's name	Meeting number and date	Amount disbursed/Taka	Amount written off/Taka
Multibond Adhesive Co Limited	38, dated 26 Aug 2004	2,000,000	1,843,255
Cab Bangla Limited	55, dated 28 Dec 2005	12,500,000	11,186,785
		<u>14,500,000</u>	<u>13,030,040</u>

48. Off-Balance Sheet Items

The following non-funded facilities have been given by the Company as guarantee to the following parties at Balance Sheet date:

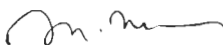
	Amount/Taka
Novotel Limited	150,000,000
CNG Distribution Company Limited	10,531,214
Spectrum Engineering Consortium Limited	5,583,270
Simtex Industries Limited	1,525,100
Ashulia CNG and Filling Station Limited	1,384,800
Unicorn Industries Limited	1,012,400
Jamalpur Fashion Limited	332,692
	<u>170,369,476</u>

49. Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

50. Previous year's figures have been rearranged wherever considered necessary in order to conform to current year's presentation, without creating any impact on the profit and value of assets and liabilities as reported in the financial statements.

51. These notes form an internal part of these financial statements and accordingly are to be read in conjunction therewith.

for Industrial and Infrastructure Development Finance Company Limited


Md. Matiul Islam
Chairman
Dhaka, 30 April 2009


Md. Asaduzzaman Khan
Managing Director


Uzzal Kumar Nandi
Company Secretary

Details of fixed Assets at 31 December 2008

Annex-A

Fixed Assets- Own Finance

Amounts in Taka

Particulars	C O S T				D E P R E C I A T I O N				Net book value
	Opening	Additions	Disposal	Closing	Rate	Opening	Charges	Adjustment	Closing
Motor vehicles	10,574,812	4,305,717	1,250,000	13,630,529	20%	3,271,026	2,566,258	395,827	5,441,457
Furniture and fixtures	1,599,673	2,096,422	-	3,696,095	10%	341,167	281,945	-	623,112
Office equipment	3,072,423	3,663,625	-	6,736,048	18%	1,037,651	1,128,372	-	2,166,023
Computer software	100,000	400,000	-	500,000	18%	100,000	51,000	-	151,000
Total at 31 December 2008	15,346,908	10,465,764	1,250,000	24,562,672		4,749,844	4,027,575	395,827	8,381,591
Total at 31 December 2007	10,584,359	4,762,549	-	15,346,908		1,838,557	2,827,951	(83,336)	4,749,844
									10,597,064

Fixed Assets- Lease Finance

Amounts in Taka

Particulars	C O S T				D E P R E C I A T I O N				Net book value
	Opening	Additions	Disposal	Closing	Opening	Charges	Adjustment	Closing	
Motor vehicles	1,350,000	-	-	1,350,000	1,350,000	-	-	1,350,000	-
Office equipment	4,265,862	-	-	4,265,862	2,501,648	1,618,160	-	4,119,808	146,054
Computer software	1,500,000	-	-	1,500,000	879,655	568,991	-	1,448,646	51,354
Total at 31 December 2008	7,115,862	-	-	7,115,862	4,731,303	2,187,151	-	6,918,454	197,408
Total at 31 December 2007	8,115,862	-	1,000,000	7,115,862	3,638,867	2,092,436	100,000	4,731,303	2,384,559

Details of Receivables from Leased Assets at 31 December 2008

Annex-B

Amounts in Taka

Nature of leased asset	Gross lease rental receivable	Unearned revenue	Net lease rental receivable
Plant and machinery	3,024,980,177	763,074,667	2,261,905,510
Industrial generator	113,917,556	29,638,854	84,278,702
Construction equipment	30,184,593	6,995,341	23,189,252
Office equipment	71,973,986	22,863,685	71,973,986
Road transport	202,419,874	54,874,339	202,419,874
Water transport	224,335,924	95,256,919	224,335,924
Air transport	23,387,457	4,324,776	23,387,457
Total at 31 December 2008	3,691,199,567	977,028,580	2,891,490,705
Total at 31 December 2007	2,803,795,411	720,071,463	2,083,723,948



EVENTS & OCCASIONS



Chairman, Mr. Md. Matiul Islam



Managing Director, Mr. Md. Asaduzzaman Khan



7th Annual General Meeting



Md. Asaduzzaman Khan, Managing Director, IIDFC Ltd, presents a crest to Dr. Atiur Rahman, Bangladesh Bank Governor, at a function in Dhaka. Dr. Salehuddin Ahmed, immediate past BB Governor, Dr. Mohammed Farashuddin, a former BB Governor and M Matiul Islam, Chairman of IIDFC are also seen.



Opening Ceremony of Chittagong Branch of IIDFC



Senior Management of IIDFC



A Meeting of the Senior Management Team



Signing Ceremony for Syndicated Term Loan Facility of BDT 1362 million for BSRM Iron and Steel Company Limited, where 14 Banks/FIs participated under the Lead Arrangement of IIDFC.



Signing Ceremony for Syndicated Term Loan Facility of BDT 3955 million for Summit Uttaranchol Power Company Limited and Summit Purbanchol Power Company Limited, where 18 Banks/FIs participated under the Lead Arrangement of IIDFC.



Rifat Plastic Limited - A SME Project



Global Heavy Chemical Ltd. - A Corporate Project



Diamond Auto Bricks Ltd. under CDM Project with the World Bank



Celebrating 7th Anniversary of IIDFC



IIDFC in Ascent Corporate Football League



Corporate Day out 2009



Corporate Day out 2009



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

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Tel: +88-02-9559311-12, 9553387, 9553254, 9553090, 9552185, Fax: +88-02-9568987, 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 **Tuesday, 19th May 2009, at 7.30 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 2009

Signature of Shareholder

Revenue
Stamp of
Tk.8.00

Signature of Proxy