



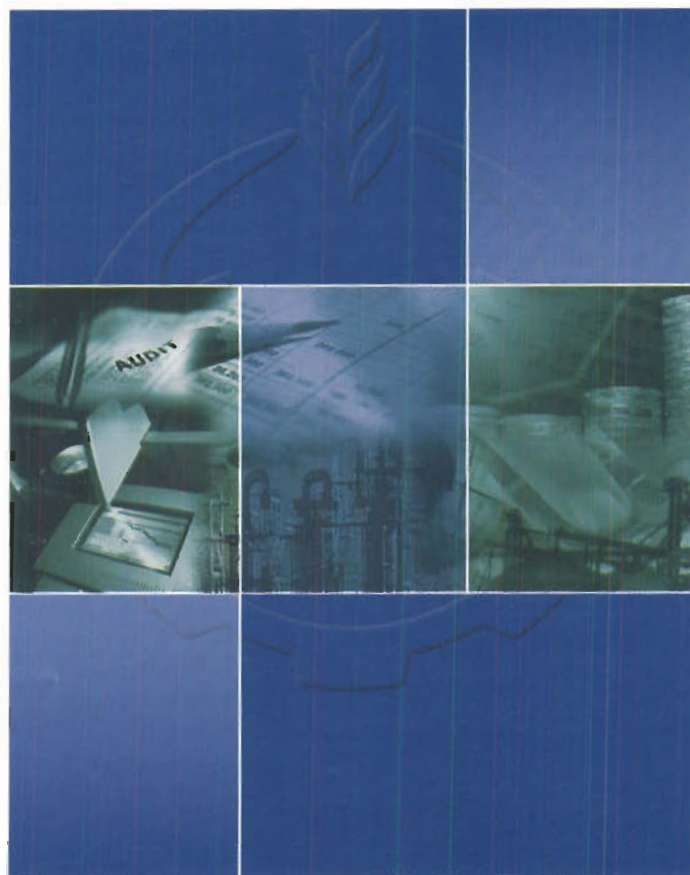
Annual Report 2004



Industrial and Infrastructure Development
Finance Company Limited



Annual Report 2004



Industrial and Infrastructure Development Finance Company Limited

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

Notice of the 4th Annual General Meeting

Notice is hereby given that the 4th Annual General Meeting of the **Industrial and Infrastructure Development Finance Company Limited** will be held on Thursday, 19 May 2005, at 11.00 a.m. at the Company's Registered Office, Chamber Building (6th floor), 122-124 Motijheel C/A, Dhaka-1000, 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 2004 and Auditors' Report & Directors' Report thereon.
2. To declare dividend for the year 2004
3. To elect Directors of the Company
4. To appoint auditors for the year 2005 and to fix their remuneration
5. To transact any other business with the permission of the Chair

By order of the Board



Nandan Kumar Paul
Company Secretary

Dated, Dhaka
03 May 2005

NOTES

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

Enclosed:

Annual Report 2004

Shareholding Structure

Public Sector (21.2766%)

Janata Bank (7.0922%)

Sonali Bank (7.0922%)

Investment Corporation of Bangladesh (7.0922%)

Private Sector (78.7234%)

Arab Bangladesh Bank Limited (7.0922%)

Bank Asia Limited (7.0922%)

BRAC Bank Limited (7.0922%)

The City Bank Limited (7.0922%)

Mutual Trust Bank Limited (7.0922%)

National Bank Limited (7.0922%)

ONE Bank Limited (7.0922%)

Southeast Bank Limited (7.0922%)

Eastland Insurance Co. Limited (7.0922%)

National Life Insurance Co. Limited (7.0922%)

Pragati Insurance Limited (7.0922%)

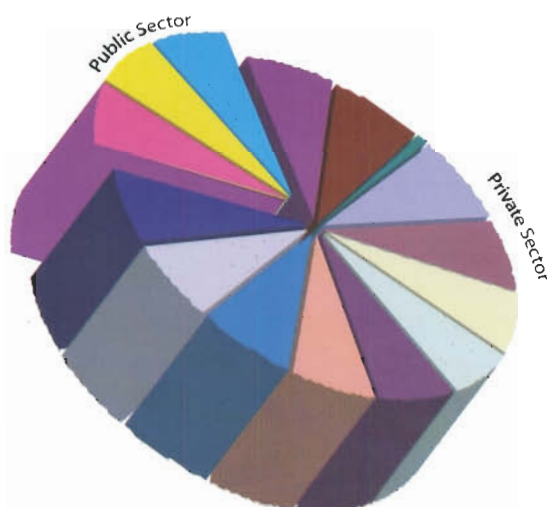
Md. Matiul Islam (0.7092%)

Public Sector (21.2766%)

Janata Bank (7.0922%)

Sonali Bank (7.0922%)

Investment Corporation of Bangladesh (7.0922%)



Private Sector (78.7234%)

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Md. Matiul Islam (0.7092%)

04

Statement of Changes in Equity

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Statement of Liquidity

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Notes to the Financial Statements

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Board of Directors

Chairman

Mr. Md. Matiul Islam

Vice Chairman

Mr. M. Syeduzzaman, Bank Asia Limited

Directors

Mr. Yussuf Abdullah Harun, Southeast Bank Limited

Mr. Fazle Hasan Abed, BRAC Bank Limited

Mr. Syed Manzur Elahi, Mutual Trust Bank Limited

Mr. Deen Mohammed, The City Bank Limited

Mr. M. Aminuzzaman, National Bank Limited

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

Mr. M. Tahmilur Rahman, Sonali Bank

Mr. S.M. Aminur Rahman, Janata Bank

Mr. Syed Nurul Amin, ONE Bank Limited

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

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

Mr. Al-haj Khalilur Rahman, Pragati Insurance Limited

Mr. Ghulam Rahman, Eastland Insurance Co. Limited

Managing Director

Mr. AKM Nozmul Haque

Company Secretary

Mr. Nandan Kumar Paul

Board of Directors



A meeting of the Board of Directors

Management



- Mr. AKM Nozmul Haque, Managing Director
- Mr. Nandan Kumar Paul, VP - Finance and Company Secretary
- Mr. Proshanta K. Halder, VP - Operations
- Mr. Khandakar Shafiqur Rahman, Manager-Operations
- Mr. Sami Huda, Senior Executive- Operations
- Mr. Syed Abed Hasan, Executive- Accounts
- Ms. Zufa Mehrubeen Huq, Junior Executive- Accounts & Treasury
- Ms. Eishita Alam, Junior Executive- Operations
- Mr. Chowdhury Rashidul Adnan, Junior Executive- Operations
- Ms. Mehfuza Murshed, Office Secretary
- Ms. Doly Paul, Receptionist

Registered Office

Chamber Building (6th floor)
122-124, Motijheel C/A, Dhaka- 1000
Tel : 9559311-12, 9553254
Fax : 880-2-9568987

Business Hours

9.00 a.m. to 4.00 p.m.
Saturday to Wednesday
9.00 a.m. to 2.00 p.m. Thursday only

Auditors

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

Legal Advisors

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

Bankers



- **Arab Bangladesh Bank Limited**

Principal Branch, Dhaka-1000

- **Bank Asia Limited**

Principal Office, Dhaka-1000

- **The City Bank Limited**

Principal Office, Dhaka-1000

- **Citi Bank N.A.**

Dhaka Branch, Dhaka-1000

- **Dhaka Bank Limited**

Dhaka Branch, Dhaka-1000

- **Janata Bank**

Janata Bhaban Corp. Br. Motijheel
Dhaka-1000

- **Mutual Trust Bank Limited**

Principal Branch, Dhaka-1000

- **National Bank Limited**

Principal Branch, Dhaka-1000

- **ONE Bank Limited**

Principal Branch, Dhaka-1000

- **Prime Bank Limited**

Foreign Exchange Branch, Dhaka-1000

- **Sonali Bank**

Local Office, Dhaka-1000



Services Offered

Services Offered

A. Lease Finance : Lease Financing for industrial equipment, machinery, infrastructure and other productive assets.

B. Term Lending : Medium to Long Term Loans to financially viable industrial undertaking and infrastructure projects in the power and telecommunication sector, oil & gas exploration, roads & highway, bridges, river and air transport etc.

Short Term Finance to successful industrial enterprises.

C. Equity Support : Equity Support either directly or through equity fund administered by Bangladesh Bank to financially viable & approved projects.

D. Financial Packages : Financial Packages for syndicated fund arrangement including cross-border syndication, acquisition or taking over of public sector enterprises, financial or otherwise, slated for privatization. Bill re-discounting, assets securitization & purchase order financing etc.

E. Merchant Banking (Subject to SEC permission)

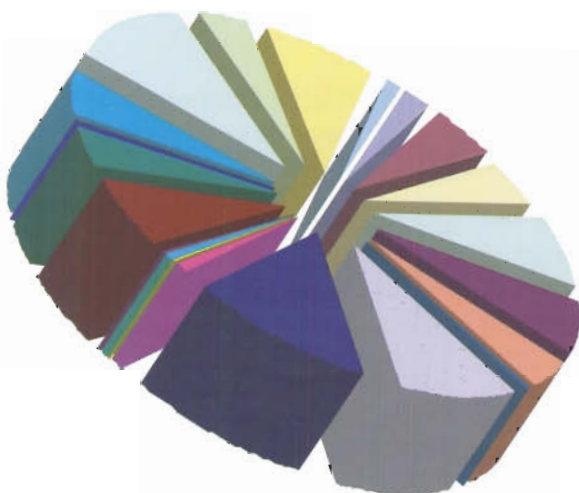
Issue Management
Underwriting/Bridge Financing
Mutual Fund

IIDFC offers a competitive price considering the market conditions, financial and political risks and other relevant factors. The company follows flexible policies in this respect.

Highlights

Business	2004	2003	2002	2001
Business Performance :				
No. of Projects Approved :	48	33	30	12
Finance Approved (in million Taka) :	1,011.40	694.05	548.75	333.51
No. of Contracts Signed :	27	39	30	4
Amount of Contracts Signed (in million Taka) :	747.64	689.90	631.65	105.60
Fund Disbursed (in million Taka) :	689.90	619.86	421.16	41.76
* Financial Performance :				
Operational Revenue	536.54	361.18	111.49	3.32
Financial Expenses	226.68	167.22	44.56	2.23
Operating Profit	83.11	57.62	22.30	(5.26)
Net Profit	68.78	49.64	19.71	4.30
Provision for bad & doubtful debts	30.61	11.20	4.25	0.22
Leased Assets	1,038.24	786.99	343.61	39.46
Direct Finance	127.03	125.07	80.45	1.91
Shareholders' Equity	259.33	200.55	165.01	145.30
* Figures in million taka				
Ratios :				
Book Value Per Share (Tk.)	169.31	150.18	120.05	103.20
Earning Per Share (EPS) Tk.	36.25	35.20	13.98	3.05
Dividend Per Share (DPS) Tk.	20.00	15.00	10.00	0
Dividend Payout Ratio (%)	55	43	72	0

Sectorwise Performance Scenario



Agro-based Industries : 2.05%
Air Transport : 4.29%
Banking Companies : 4.28%
Cement Industries : 7.39%
Chemical & chemical Products : 7.04%
Construction Companies : 5.19%
Insurance Companies : 0.38%
Engineering, Basic Metal & Products : 10.83%
Garments & Apparel Industries : 12.93%
Housing Companies : 0.76%
Leasing Companies : 0.35%
Publicity & News Media : 0.71%
Miscellaneous : 0.22%
Paper & Paper Products : 6.68%
Power Industries : 4.11%
Professional & Self Employed Persons : 0.29%
Telecom Service Provider : 5.66%
Textile Industries : 13.30%
Trade & Commerce : 4.21%
Road Transport : 8.17%
Water Transport : 1.16%

Directors' Report



Introduction:

I, on behalf of the Board of Directors, welcome you all to the 4th Annual General Meeting of the Company. I also have the pleasure of presenting the Audited Balance Sheet, Profit & Loss Statement, Statement of Cash Flows, Statement of Changes in Equity and Liquidity Statement of the Company for the year 2004 along with the Auditors' Report thereon.

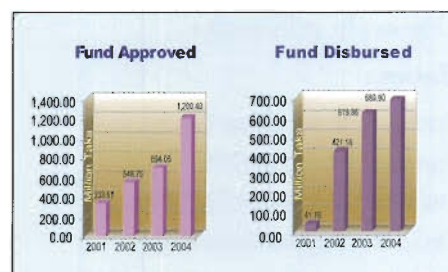
Business Performance:

During the year, your company recorded a modest growth of term lendings & leasing operations. The value of contracts signed in FY 2004 was Tk. 747.64 million as against Tk. 689.90 million in FY 2003. The company recorded a 11% growth in disbursement - from Tk 620 million to Tk. 690 million in FY 2004. However, the corresponding operating profit recorded an increase of 44% - from Tk. 57.62 million in FY 2003 to Tk 83.11 million in FY 2004 primarily due to income generated by treasury operations. The net profit was arrived at after providing Tk. 21.35 million on account of bad & doubtful assets. The total portfolio on account of lease finance & term lending as on 31st December 2004 stood at Tk. 1,165.27 million compared to Tk. 912.06 million as on 31st December 2003, an increase of 27.76%.

In 2004, IIDFC shifted its emphasis to fee based income by arranging funds through syndication arrangements as lead agent. IIDFC arranged a syndicated medium term fund of Tk. 1.00 (one) billion for BRAC the first of its kind for micro finance in Bangladesh. Further, a fund of Tk. 3.00 (three) billion is being arranged as syndicate leader for WorldTel to establish & operate 300,000 land phone connections in Dhaka city and its adjoining areas. IIDFC is also doing cross-border syndication along with FMO for raising Taka equivalent of USD 12.90 million for establishing a hospital in Chittagong.

In 2004, IIDFC has introduced another new product called "Collared Callable Floating Rate Credit Facility" under which the Company was able to finance the blue chip organizations at single digit rate of interest. The product was appreciated in the financial circle in Bangladesh.

The Treasury Operation of IIDFC, an active player in the money market, also was a strong performer in this product segment. Net profit in treasury operations from 2003 to 2004 increased from Tk 22.00 million to Tk 31.90 million achieved through prudent and efficient interest rate risk and asset/liability management. Our exposure and risks are evaluated on a daily basis and decisions collectively taken keeping in view the market trends and interest rate movements.



Signing Ceremony of Taka One Billion Syndicated Term Loan

Directors' Report

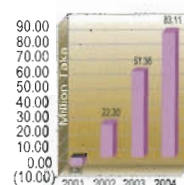
Financial Performance:

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

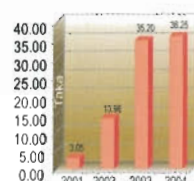
Figures in Taka

Particulars	2004	2003
Profit after tax	58,781,023	49,638,118
Add:		
Retained earnings brought forward	468,888	1,414,530
Reversal of bonus share premium	8,933,760	—
	9,402,648	1,414,530
Profit available for appropriation	68,183,671	51,052,648
Less: Appropriations		
Statutory reserve	12,500,000	10,500,000
General reserve	23,000,000	10,000,000
Proposed dividend	32,430,000	30,083,760
	67,930,000	50,583,760
Retained earnings transferred to Reserve & Surplus	253,671	468,888

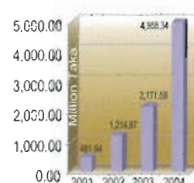
Operating Results



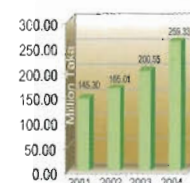
Earning per Share



Total Assets



Shareholders' Equity



An IIDFC Financed Project

Shareholders' Equity :

The Shareholders' Equity of the Company as on 31st December 2003 was Tk. 200.55 million. Under a directive of Bangladesh Bank, the Company was required to have Tk. 250.00 million as paid up capital & reserves by June 2005. At the close of business on 31st December 2004, the Shareholders' Equity stood at Tk. 259.33 million. The target of the equity base has been achieved six months earlier than the dead line of June 2005.

Dividend:

The embargo on cash dividend is no longer applicable since the Company reached the minimum capital requirements of Tk. 25.00 (twenty five) crores as per Bangladesh Bank's guidelines. The Directors, however, felt that the Company's Balance Sheet and debt-equity ratio should be further improved and recommend a 20% dividend as Bonus Shares i.e., 20 fully paid up Ordinary Shares for each 100 fully paid up Ordinary Shares for the year ended 31st December, 2004.

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 4th Annual General Meeting and being eligible offer themselves for re-election:

Directors' Report



A View of the 3rd Annual General Meeting

Serial	Name	Representing
1	Mr. Md. Matiul Islam	Self
2	Mr. Ghulam Rahman	Eastland Insurance Co. Ltd.
3	Mr. Md. Ziaul Haque Khondker	Investment Corporation of Bangladesh
4	Mr. SM Aminur Rahman	Janata Bank
5	Mr. Syed Nurul Amin	ONE Bank Ltd.

As per FID Circular No. 09 dated: 11 September 2002 the number of Directors in Non-Banking Financial Institutions are required to be limited to 11 (eleven). The company has represented for an exemption since the company has been promoted by Institutional investors. The matter is still under consideration of the Bangladesh Bank.

Auditors:

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2005.

Appreciation:

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

Thank you,

On behalf of the Board of Directors

Md. Matiul Islam
Chairman

Auditors' Report

Auditors' Report

to the shareholders

We have audited the accompanying Balance Sheet of INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED as of 31 December 2004 and the related Profit and Loss Statement and Statement of Cash Flows together with the notes 1 to 27 for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

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

Subject to this, the financial statements give a true and fair view of the state of the company's affairs as on 31 December 2004 and of the results of its operations and its Cash Flows for the year then ended and comply with the rules & regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- (iii) the company's Balance Sheet and Profit and Loss Statement together with the annexed notes 1 to 27 dealt with by the report are in agreement with the books of account and
- (iv) The expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka
02 May 2005


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Balance Sheet

Balance Sheet

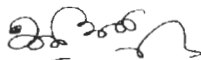
as at 31 December 2004

SOURCES OF FUNDS	Note(s)	2004 Taka	2003 Taka
Shareholders' Fund			
Share capital	3	162,150,000	141,000,000
Reserves & surplus	4	64,753,671	29,468,888
Proposed dividend		32,430,000	30,083,760
		259,333,671	200,552,648
Finance Loss Reserve	5	30,611,365	11,200,000
Interest Suspension	6	6,322,089	262,707
Long-term Liabilities- Net of current maturity			
Term Loans	7	80,098,194	128,211,750
Zero Coupon Bonds	8	419,312,009	334,097,452
Lease rental deposit	9	38,043,964	38,751,593
Security deposit & term deposit	10	67,809,857	37,944,442
		605,264,024	539,005,237
Capital Employed		901,531,149	751,020,592
APPLICATION OF FUNDS			
Fixed Assets- at cost less accumulated depreciation	11	1,917,212	2,209,024
Investment in Leased Assets- net of current maturity			
Gross lease rental receivables	12A	866,775,435	1,008,866,588
Less: Un-earned revenue	12A	179,999,142	258,905,839
Net investment in leased assets	12A/12B	686,776,293	749,960,749
Advances for leased assets	13	351,461,430	37,025,534
		1,038,237,723	786,986,283
Less: Current portion		218,847,255	190,206,019
		819,390,468	596,780,264
Direct Finance	14	106,511,694	113,042,974
Investment in shares-Quoted	15	892,250	2,877,500
Current Assets			
Current portion of investment in leased assets	12A/12B	218,847,255	190,206,019
Current portion of direct finance	14	20,521,300	12,028,758
Advances, deposits & prepayments	16	17,065,617	10,635,215
Sundry receivables	17	127,368,590	64,983,101
Money market placement	18	3,420,430,252	1,154,498,814
Cash & cash equivalents	19	225,399,410	24,336,515
		4,029,632,424	1,456,688,422
Less: Current Liabilities			
Current portion of term loan	7	26,744,601	31,867,659
Current portion of lease deposits	9	2,721,095	3,040,355
Short Term deposits	20	350,000,000	200,000,000
Money market borrowing	21	3,619,999,520	1,149,349,109
Liabilities for expenses	22	51,049,161	30,431,057
Liabilities for other finance		1,298,522	3,389,412
Provision for tax	23	5,000,000	2,500,000
		4,056,812,899	1,420,577,592
Net (Deficit)/Surplus in Current Assets		(27,180,475)	36,110,830
Net Assets		901,531,149	751,020,592

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



Md Matiul Islam
Chairman



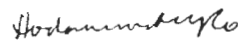
A K M Nozmul Haque
Managing Director



Nandan Kumar Paul
Company Secretary

Dhaka, 02 May 2005

Auditors' Report to the Shareholders
See annexed report of date


Hoda Vasi Chowdhury & Co.
Chartered Accountants


Profit & Loss Statement

Profit & Loss Statement

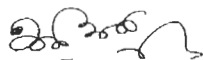
for the year ended 31 December 2004

	Notes	2004 Taka	2003 Taka
A Operational Revenue:			
Lease Rental		326,317,616	210,819,831
Less: Depreciation on leased assets	12B	209,773,960	122,011,447
Finance Income		116,543,656	88,808,384
Income from lending operations		55,746,241	24,568,806
Income from treasury operations		146,361,067	124,732,728
Other operational income		8,113,738	1,320,595
		326,764,702	239,430,513
B Operational Expenses:			
General & administrative expenses	24	16,185,861	13,898,363
Depreciation on own-used assets	11	790,091	692,364
Financial expenses		226,680,832	167,218,110
		243,656,784	181,808,837
C Operating Profit (A-B)		83,107,918	57,621,676
D Provisions for Advances:			
Bad & doubtful debts		21,354,163	6,950,000
Revenue Suspension		6,322,089	262,707
		27,676,252	7,212,707
Profit before other income (c-d)		55,431,666	50,408,969
E Other Income			
Profit from sale of shares		4,397,787	1,017,440
Income from dividend		361,000	-
Profit from sale of Fixed Assets		10,000	-
Miscellaneous income		1,080,570	629,967
		5,849,357	1,647,407
F Profit Before Taxation (d+e)		61,281,023	52,056,376
Less: Provision for Taxation:		2,500,000	2,418,258
Profit after tax		58,781,023	49,638,118
Add: Retained earnings brought forward		468,888	1,414,530
Reversal of provision for bonus share premium	25	8,933,760	-
Profit available for appropriation		68,183,671	51,052,648
Less: Appropriations			
Statutory Reserve		12,500,000	10,500,000
General Reserve		23,000,000	10,000,000
Proposed Bonus Dividend @ 100 : 20 (AY 2003, 100 : 15)		32,430,000	30,083,760
		67,930,000	50,583,760
Retained earnings transferred to Reserve & surplus		253,671	468,888

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



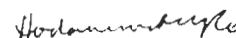
Md Matiul Islam
Chairman



A K M Nozmul Haque
Managing Director



Nandan Kumar Paul
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 02 May 2005

Auditors' Report to the Shareholders
See annexed report of date

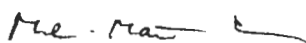
Statement of Cash Flows

Statement of Cash Flows

for the year ended 31 December 2004

SL	Particulars	December-04	December 2003
A	CASH FLOW FROM OPERATING ACTIVITIES:	Taka	Taka
	Operational revenue receipts	264,374,667	185,919,316
	Operational expenses payments	(185,739,007)	(155,150,691)
	Other income receipts	1,446,116	1,647,407
	Payment of income tax	-	(42,953)
	Increase in money market borrowing	2,470,650,412	399,349,109
	Increase in money market placements	(2,265,931,439)	(391,365,939)
	Increase in advances, deposits & prepayments	(6,430,402)	(7,835,891)
	Increase / (Decrease) in liabilities of other finance	(2,090,890)	2,677,138
	Net cash from operating activities	276,279,457	35,197,496
B	CASH FLOW FROM FINANCING ACTIVITIES:		
	Lease rental deposits	(1,026,889)	21,250,688
	Decrease in / (acquisition of) lease assets	63,184,456	(417,540,614)
	Increase in direct finance	(1,961,262)	(44,618,751)
	Advance for lease assets	(314,435,896)	(25,835,219)
	Payment of dividends	-	(14,100,000)
	(Pay-back) / receipt of long-term loan	(53,236,614)	160,079,409
	Proceeds of zero coupon bonds	46,321,500	318,216,546
	Security & long term deposits	30,043,385	34,066,904
	Short Term Deposits	150,000,000	(50,000,000)
	Net cash from financing activities	(81,111,320)	(18,481,037)
C	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of fixed assets	(988,279)	(1,711,480)
	Sale of / (investment in) shares	6,383,037	(2,877,500)
	Sale proceeds of Fixed Assets	500,000	-
	Net cash used in investing activities	5,894,758	(4,588,980)
D	CASH GENERATED DURING THE YEAR:	A+B+C	
	Add- Opening cash & cash equivalents	24,336,515	12,127,479
	Closing cash & cash equivalents	225,399,410	24,336,515

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


Md Matiul Islam
Chairman


A K M Nozmul Haque
Managing Director


Nandan Kumar Paul
Company Secretary

Dhaka, 02 May 2005

Statement of Changes in Equity

Statement of Changes in Equity

for the year ended 31 December 2004

Serial	Particulars	Share Capital	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Total
1	Balance at 01 January 2004	141,000,000	15,500,000	13,500,000	30,083,760	468,888	200,552,648
2	Dividend paid as bonus shares	21,150,000	-	-	(21,150,000)	-	-
3	Reversal of provision for bonus share premium	-	-	-	(8,933,760)	8,933,760	-
4	Profit for the year 2004	-	-	-	-	58,781,023	58,781,023
5	Appropriations	-	12,500,000	23,000,000	32,430,000	(67,930,000)	-
Total		162,150,000	28,000,000	36,500,000	32,430,000	253,671	259,333,671

Dhaka, 02 May 2005

Md Matiul Islam
Chairman

A K M Nozmul Haque
Managing Director

Nandan Kumar Paul
Company Secretary

Statement of Liquidity (Maturity Analysis of Assets & Liabilities)

for the year ended 31 December 2004

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
Assets:						
Fixed assets	-	-	-	1,917,212	-	1,917,212
Net leased assets	16,279,003	31,603,568	170,964,684	467,929,038	-	686,776,293
Advances for leased assets	0	17,573,071	35,146,143	281,169,144	17,573,072	351,461,430
Direct finance	2,065,332	4,186,821	19,812,092	85,059,088	15,909,661	127,032,994
Investments	892,250	-	-	-	-	892,250
Advances, deposits & prepayments	17,065,617	-	-	-	-	17,065,617
Sundry receivables	80,423,028	15,392,766	31,552,796	-	-	127,368,590
Money market placement	915,546,642	819,468,927	1,685,414,683	-	-	3,420,430,252
Cash & cash equivalents	225,399,410	-	-	-	-	225,399,410
	1,257,671,282	888,225,133	1,942,890,398	836,074,482	33,482,733	4,958,344,048
Liabilities:						
Proposed cash dividend	-	8,918,250	-	-	-	8,918,250
Finance loss reserve	-	-	-	-	30,611,365	30,611,365
Income suspension	-	-	-	-	6,322,089	6,322,089
Term loan	457,320	5,930,810	19,468,339	80,986,326	-	106,842,795
Zero coupon bonds	-	-	-	419,312,009	-	419,312,009
Lease rental deposit	1,113,470	-	1,607,625	38,043,964	-	40,765,059
Security deposit & term deposit	-	-	-	67,809,857	-	67,809,857
Short term deposit	-	-	350,000,000	-	-	350,000,000
Money market borrowing	1,670,000,000	650,000,000	1,299,999,520	-	-	3,619,999,520
Liabilities for expenses	14,097,229	11,574,908	25,377,024	-	-	51,049,161
Liabilities for other finance	1,298,522	-	-	-	-	1,298,522
Provision for deferred tax	-	-	-	5,000,000	-	5,000,000
	1,686,966,541	676,423,968	1,696,452,508	611,152,156	36,933,454	4,707,928,627
Net Liquidity Gap: (Deficit)/ surplus	(429,295,259)	211,801,185	246,437,890	224,922,326	(3,450,721)	250,415,421

Me. Naz

AKM

Nandan

Dhaka, 02 May 2005

Md Matul Islam
Chairman

A K M Nozmul Haque
Managing Director

Nandan Kumar Paul
Company Secretary

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

1. The Company and its Activities

Industrial and Infrastructure Development Finance Company Limited (IIDFCL), a public limited company, was incorporated in Bangladesh on the 19th day of December 2000 as a development financial institution to boost investment, specially in the spectrum of Industrial and Infrastructure Development. The Company was licensed under The Financial Institution Act, 1993 by Bangladesh Bank on the 23rd day of January 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (6th floor), 122-124 Motijheel C/A, Dhaka-1000, Bangladesh.

The Company offers financial services that include promotion and term financing of financially viable industrial undertakings and infrastructure projects, lease financing for all type of machineries and equipments including vehicles for industrial and commercial purposes, financial packages for syndicated fund arrangement including cross-border syndication, acquisition or taking over of public sector enterprises, financial or otherwise, slated for privatization.

2. Significant Accounting Policies

2.1 Basis of Preparing Financial Statements

The Financial Statements have been prepared on the basis of "Going Concern Concept" and "Accrual Method" under "Historical Cost Convention" in accordance with Generally Accepted Accounting Principles (GAAP).

2.2 Revenue Recognition

a) Accounting For Leases

The Institute of Chartered Accountants of Bangladesh ICAB has adopted IAS - 17, Lease, for the accounting & reporting of lease financing transactions effective from 01 January 2004 and the Securities & Exchange Commission (SEC) has made its application mandatory only for the listed companies. The accounting for lease transactions is consistently being maintained as prescribed and practiced for operating lease financing.

b) Accounting For Direct Finance

Accounting for direct finance is maintained on "Accrual Basis" of accounting.

c) Accounting For Treasury Operations

Accounting for treasury operations is recognized on "Accrual Basis" of accounting.

d) Other Operational Income

Other operational income is recognized when received. Such income comprises the followings:

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

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

e) Depreciation on Fixed Assets

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

- i) Motor vehicles : 20%
- ii) Furniture and fixture : 10%
- iii) Office equipments : 18%
- iv) Softwares : 18%

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

f) Provision for Bad and Doubtful Debts

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

g) Employees' Benefit Obligation

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

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

h) Liabilities and Provisions

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

i) Integral Components of Financial Statements

The Financial Statements of the Company include the following:

- i. Balance Sheet as at 31 December 2004
- ii. Profit and Loss Statement for the year ended 31 December 2004
- iii. Statement of Cash Flows for the year ended 31 December 2004
- iv. Statement of Changes in Equity for the year ended 31 December 2004
- v. Statement of Liquidity for the year ended 31 December 2004 and
- vi. Notes to the Financial Statements for the year ended 31 December 2004

Description	2004 Taka	2003 Taka
3 Share Capital :		
Authorised Capital :		
(10,000,000 ordinary shares of Tk. 100 each)	1,000,000,000	1,000,000,000
Subscribed & Paid up Capital :		
1,410,000 ordinary shares of Tk. 100 each issued for cash, fully paid up	141,000,000	141,000,000
211,500 ordinary shares of Tk. 100 each issued as fully paid up bonus share	21,150,000	-
	162,150,000	141,000,000

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

Description		2004 Taka	2003 Taka
Paid up share capital as at 31 December 2004 comprises of the followings:			
i. Public Sector :			
Name of Shareholders	No. of Shares	Value	%
Sonali Bank	115,000	11,500,000	7.0922
Janata Bank	115,000	11,500,000	7.0922
Investment Corporation of Bangladesh	115,000	11,500,000	7.0922
	345,000	34,500,000	21.2766
ii. Private Sector :			
Arab Bangladesh Bank Ltd.	115,000	11,500,000	7.0922
Bank Asia Ltd.	115,000	11,500,000	7.0922
BRAC Bank Ltd.	115,000	11,500,000	7.0922
The City Bank Ltd.	115,000	11,500,000	7.0922
Mutual Trust Bank Ltd.	115,000	11,500,000	7.0922
National Bank Ltd.	115,000	11,500,000	7.0922
ONE Bank Ltd.	115,000	11,500,000	7.0922
Southeast Bank Ltd.	115,000	11,500,000	7.0922
Eastland Insurance Co. Ltd.	115,000	11,500,000	7.0922
National Life Insurance Co. Ltd.	115,000	11,500,000	7.0922
Pragati Insurance Ltd.	115,000	11,500,000	7.0922
Mr. Md. Matiul Islam	11,500	1,150,000	0.7092
	1,276,500	127,650,000	78.7234
	1,621,500	162,150,000	100.0000
4 Reserves & Surplus:			
Statutory Reserve		28,000,000	15,500,000
General Reserve		36,500,000	13,500,000
Retained Earnings		253,671	468,888
		64,753,671	29,468,888
i) Statutory Reserve :			
The statutory reserve has been maintained as per rule # 6 of the Financial Institutions Regulations, 1994 which stipulates that each Financial Institution is required to maintain a reserve fund by transferring at least 20% of its profit before declaring any dividend until the reserve fund becomes equal to the paid up capital. Balance as at 31 December 2004 is as follows :			
Opening balance		15,500,000	5,000,000
Addition during the year		12,500,000	10,500,000
		28,000,000	15,500,000
5 Finance Loss Reserve:			
General Provisions Note # 5(i)		15,200,000	11,200,000
Specific Provisions Note # (5ii)		15,411,365	-
		30,611,365	11,200,000
i) General Provisions:			
Lease Finance		12,899,971	9,650,725
Direct Finance		2,300,029	1,549,275
		15,200,000	11,200,000
ii) Specific Provisions:			
Dredge Bangla Pvt. Limited		9,935,463	-
Cab Bangla Limited		5,475,902	-
		15,411,365	-

Financial Statements

Notes to the Financial Statement

for the year ended 31 December 2004

6 Interest Suspension:

The Company has suspended recognition of accrued income from the following clients since they are classifed. Law suits also under the Artho Rin Adalat Ain, 2003 are filed against the clients. Mutlibond adhesive company became bad and was written off from the Books of Accounts of the Company.

Multibond Adhesive Co. Ltd.
Dredge Bangla Pvt. Ltd.
Cab Bangla Ltd.

2004 Taka	2003 Taka
-	262,707
5,109,560	-
1,212,529	-
6,322,089	262,707

7 Long-term Loans:

The Company has received long-term loans from the following 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 lenders and investors of Zero Coupon Bonds issued by the Company. Details are as follows :

The City Bank Ltd.
Dhaka Bank Ltd.
Bank Asia Ltd.

-	27,000,000
75,000,000	95,000,000
31,842,795	38,079,409
106,842,795	160,079,409

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

The City Bank Ltd.
Dhaka Bank Ltd.
Bank Asia Ltd.

-	6,000,000
20,000,000	20,000,000
6,744,601	5,867,659
26,744,601	31,867,659
80,098,194	128,211,750

Non-current liabilities

8 Liability for Zero Coupon Bonds (ZCBs):

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

Zero Coupon Bonds- Issue Price **Note: 8(i)**

Accrual of Redemption Expenses of ZCBs **Note: 8(ii)**

364,538,046	318,216,546
54,773,963	15,880,906
419,312,009	334,097,452

i) Zero Coupon Bonds- Issue Price

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

37,565,740	37,565,740
50,000,000	50,000,000
37,565,000	37,565,000
37,565,000	37,565,000
37,565,000	37,565,000
50,337,770	50,337,770
37,565,740	37,565,740
15,026,296	15,026,296
15,026,000	15,026,000
34,559,800	-
5,000,000	-
1,878,250	-
2,253,900	-
2,629,550	-
364,538,046	318,216,546

Financial Statements

Notes to the Financial Statement

for the year ended 31 December 2004

ii) Accrual of Zero Coupon Bonds Interest Expenses :

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

2004 Taka	2003 Taka
6,366,800	2,222,048
8,382,266	2,865,602
6,240,030	2,095,362
6,217,004	2,072,336
5,998,257	1,853,589
8,361,758	2,807,822
5,353,638	1,208,886
2,127,613	469,739
1,943,394	285,522
2,870,856	-
418,218	-
141,030	-
168,547	-
184,552	-
54,773,963	15,880,906

9 Lease Rental Deposit:

The Company takes Rental Deposits from the lessees on signing lease agreement, refundable at the maturity of lease term. Lease Deposits adjustable within next twelve months has been reported as current liabilities of the Company. Balance as at 31 December 2004 is as follows :

Opening Balance	41,791,948	20,541,260
Add- Received during the year	13,218,720	21,250,688
	55,010,668	41,791,948
Less: Adjusted during the year	14,245,609	
	40,765,059	41,791,948
Less: Current Liabilities (maturity within next twelve months):	2,721,095	3,040,355
Non-current liabilities	38,043,964	38,751,593

10 Security & Term Deposit- Long term

This represents the following:

PHP Power Generation Plant Ltd.	1,000,000	1,000,000
PHP NOF Continuous Galvanizing Ltd.	4,000,000	4,000,000
CNG Distribution Co. Ltd.	43,385	-
S. Alam Luxury Chair Coach Services Ltd.	2,481,540	2,481,540
National Life Insurance Co. Ltd.	60,000,000	30,000,000
Deferral of interest payments {Note - 10(i)}	284,932	462,902
	67,809,857	37,944,442

i) Deferral of Interest Payments

PHP Power Generation Plant Ltd.	224,658	275,998
PHP NOF Continuous Galvanizing Ltd.	60,274	186,904
	284,932	462,902

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

Note # 11: Fixed Assets

Figures in Taka

Serial	Particulars	C O S T			D E P R E C I A T I O N					Net Book Value
		Opening	Additions	Sale	Closing	Rate	Opening	Charges	Adjustment	Closing
1	Motor Vehicles	3,000,000	700,000	700,000	3,000,000	20%	1,240,000	670,000	210,000	1,700,000
2	Furniture & Fixture	173,800	124,040	-	297,840	10%	33,180	29,784	-	62,964
3	Office Equipments	316,580	164,239	-	480,819	18%	66,776	72,307	-	139,083
4	Softwares	100,000	-	-	100,000	18%	41,400	18,000	-	59,400
Total		3,590,380	988,279	700,000	3,878,659		1,381,356	790,091	210,000	1,961,447
As at 31 December 2003		1,878,900	1,711,480	-	3,590,380		688,992	692,364	-	1,381,356
										2,209,024

Note # 12A: Receivables from Leased Assets

Figures in Taka

Serial	Particulars of assets leased out	Gross Lease Rental Receivables	Un-Earned Revenue	Net Lease Rental Receivables	Current Assets (maturity within next twelve months)	Non-current assets
1	Plant & Machinery	543,929,208	112,693,494	431,235,714	139,601,599	291,634,115
2	Industrial Generator	11,359,327	2,141,788	9,217,539	3,118,764	6,098,775
3	Construction Equipments	52,872,491	12,581,982	40,290,509	8,236,169	32,054,340
4	Furniture & Fixture	35,961,387	8,782,989	27,178,398	5,629,275	21,549,123
5	Office Equipments	3,686,025	438,417	3,247,608	2,437,173	810,435
6	Road Transport	165,142,863	30,708,980	134,433,883	51,464,515	82,969,368
7	Water Transport	53,824,134	12,651,492	41,172,642	8,339,760	32,812,882
Total		866,775,435	179,999,142	686,776,293	218,847,255	467,929,038
Year - 2003		1,008,866,588	258,905,839	749,960,749	190,206,019	559,754,730

Note # 12B: Investment in Leased Assets:

Figures in Taka

Serial	Particulars of assets leased out	Cost of Assets Leased Out			Depreciation on Assets Leased Out					Written Down Value of Assets Leased out	Current Assets (maturity within twelve months)	Non-current assets
		Opening Balance	Leased During the Year	Adjusted during the year	Closing Balance	Opening Balance	Charged During the Year	Adjusted during the year	Closing Balance			
1	Plant & Machinery	573,204,584	210,337,266	232,083,910	551,458,040	78,423,140	112,191,408	70,392,222	120,222,326	431,235,714	139,601,599	291,634,115
2	Industrial Generator	33,028,450	-	20,000,000	13,028,450	5,562,534	10,184,993	11,936,616	3,810,911	9,217,539	3,118,764	6,098,775
3	Construction Equipments	91,630,000	39,741,853	46,123,000	85,248,853	35,648,096	29,109,239	19,798,991	44,958,344	40,290,509	8,236,169	32,054,340
4	Furniture & Fixture	32,679,966	-	-	32,679,966	651,916	4,849,652	-	5,501,568	27,178,398	5,629,275	21,549,123
5	Office Equipments	6,290,884	325,000	-	6,615,884	1,368,994	1,999,282	-	3,368,276	3,247,608	2,437,173	810,435
6	Road Transport	154,439,880	94,765,903	48,615,000	200,590,783	34,290,865	48,679,528	16,813,493	66,136,900	134,433,883	51,464,515	82,969,368
7	Water Transport	15,000,000	29,300,000	-	44,300,000	367,500	2,759,858	-	3,127,358	41,172,642	8,339,760	32,812,882
Total		906,273,764	374,470,122	346,821,910	933,921,976	156,313,045	209,773,960	118,941,322	247,145,683	686,776,293	218,847,255	467,929,038
Year - 2003		366,721,733	539,552,061	-	906,273,794	34,301,598	122,011,447	-	136,313,045	749,960,749	190,206,019	559,754,730

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

13 Advances for Leased Assets:

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

14 Direct Finance:

i) Disbursed during the year:

Opening balance

Add- Disbursed during the year

ii) Realised during the year:

Opening balance

Add- Realised during the year

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

Non-current assets

2004 Taka	2003 Taka
139,490,286	85,013,682
16,629,386	54,476,604
156,119,672	139,490,286
14,418,554	4,560,701
14,668,124	9,857,853
29,086,678	14,418,554
127,032,994	125,071,732
20,521,300	12,028,758
106,511,694	113,042,974

15 Investment in Shares

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

Name of Company

No. of Shares

Bank Asia Ltd.

-

Mercantile Bank Ltd.

1,000

Mutual Trust Bank Ltd.

1,778

ONE Bank Ltd.

5,700

-	490,000
100,000	780,000
222,250	1,037,500
570,000	570,000
892,250	2,877,500

16 Advances, Deposits and Prepayments

Advance against salaries

Advance for Supplies

Deposits With AKTEL

Insurance premium

Tax deducted at source from interest

-	65,000
4,000	5,000
5,000	5,000
66,835	96,367
16,989,782	10,463,848
17,065,617	10,635,215

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

17 Sundry Receivables

Accounts Receivables **Note: 17(i)**
Other Receivables **Note: 17(ii)**

i) Accounts Receivables:

	2004 Taka	2003 Taka
Accounts Receivables Note: 17(i)	48,433,178	26,385,528
Other Receivables Note: 17(ii)	78,935,412	38,597,573
	127,368,590	64,983,101
i) Accounts Receivables:		
Anudip Autos Ltd.	6,284,418	1,667,530
Arkay Multimedia Ltd.	1,709,673	1,369,517
Arkay Fabrics Ltd.	149,125	-
Automan Steel Building Systems Ltd.	374,910	332,580
BDC-NCE-FF Cruz JV	7,750,915	-
Busivein International	28,640	-
Cab Bangla Ltd.	6,999,552	2,270,688
Cab Express Ltd.	1,640,000	410,000
Dredge Bangla (Pvt.) Ltd.	-	4,879,216
Hamid Fabrics Ltd.	1,090,117	895,816
International Leasing & Financial Services Ltd.	-	160,650
Karim Textiles Ltd.	-	52,386
Khaleque Knitting & Garments Ind. Ltd.	-	4,253,085
Mitsumaru Bangladesh Ltd.	1,029,000	-
Multibond Adhesive Co. Ltd.	-	1,165,348
MTB Marine Ltd.	44,200	-
Navana Ltd.	5,238,444	1,189,890
Print Fine Ltd.	147,000	-
Purbani Fabrics Ltd.	1,544,800	-
Rahmat Knit & Dyeing Ltd.	402,440	-
Rahmat Sweaters Ltd.	77,000	-
Rahmat Spinning Mills Ltd.	1,960,000	-
Rahmat Textiles Ltd.	5,319,567	-
Securex Ltd.	127,890	-
Shamsi Lamps Ltd.	568,940	-
Shah Cement Industries Ltd.	229,812	-
Shetu International Ltd.	4,387,236	5,697,665
Sonargaon Textiles Ltd.	-	1,985,557
Swan Industries Ltd.	484,000	-
Wahid Omar	27,800	55,600
Unicorn Builders Ltd.	791,678	-
Zillion Sweaters Ltd.	26,021	-
	48,433,178	26,385,528

ii) Other Receivables:

Interest Accrued Note : 17(iii)	62,072,855	32,372,674
IDCP Receivable Note : 17(iv)	14,045,735	6,152,927
Expenses Reimbursement Receivable Note : 17(v)	67,426	71,972
Income tax refund	2,749,396	-
	78,935,412	38,597,573

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

iii) Interest Accrued:

	2004 Taka	2003 Taka
Bank Asia Ltd.	-	1,007,732
BRAC	617,709	-
Dhaka Bank Ltd.	7,413,699	-
Dutch Bangla Bank Ltd.	498,630	-
EXIM Bank Ltd.	2,741,366	3,018,750
First Security Bank Ltd.	8,086,304	6,108,333
Fareast Finance & Investment Ltd.	21,918	-
International Leasing and Financial Services Ltd.	-	2,923,993
Jamuna Bank Ltd.	14,483,425	6,513,667
Mercantile Bank Ltd.	5,739,726	-
Mutual Trust Bank Ltd.	6,005,258	-
Oman Bangladesh Finance & Investments Ltd.	-	238,958
ONE Bank Ltd.	1,303,381	205,663
Prime Finance & Investments Ltd.	-	4,680,822
Prime Bank Ltd.	118,905	-
Social Investment Bank Ltd.	-	2,986,806
Square Pharmaceuticals Ltd.	371,875	-
Standard Bank Ltd.	6,743,421	2,378,924
Shahjalal Bank Ltd.	143,151	-
Southeast Bank Ltd.	1,082,877	-
Uttara Finance and Investments Ltd.	-	746,527
VANIK Bangladesh Ltd.	6,701,210	1,562,499
	62,072,855	32,372,674

iv) Interest During Construction Period (IDCP) Receivables

Arkey Fabrics Ltd.	-	340,217
Aspen Sweaters Ltd.	834,148	3,660
Automan Steel Building Systems Ltd.	130,127	-
Delta Composite Knitting Industries Ltd.	2,428,595	-
Emirates Cement BD Ltd.	1,430,161	-
Fair & Frame Knit Fabrics Ind. Ltd.	-	69,641
First Security Bank Ltd.	2,678,522	-
Globe Soft Drinks Ltd.	-	259,510
GMG Airlines Ltd.	583,333	-
Hamid Fabrics Ltd.	269,043	125,355
Medicon Laboratories Ltd.	57,452	-
Mir Ceramic Ltd.	-	3,851,568
PharmaMech Ltd.	371,667	-
Pacific BD Telecom Ltd.	728,559	-
Pacific Pharmaceuticals Ltd.	1,731,642	-
Shahriyar Fabrics Ltd.	642,457	-
Shetu International Ltd.	-	727,976
Spectrum Sweater Industries Ltd.	-	775,000
Westmont Power BD Ltd.	593,056	-
Yesmin Spinning Mills Ltd.	800,000	-
Zillions Sweaters Ltd.	766,973	-
	14,045,735	6,152,927

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

	2004 Taka	2003 Taka
v) Expenses Reimbursement Receivable		
National Housing Finance & Investments Ltd.	-	6,392
Credit Rating Agency of Bangladesh Ltd.	1,846	-
Investment Corporation of Bangladesh	21,860	21,860
Janata Bank	21,860	21,860
Sonali Bank	21,860	21,860
	67,426	71,972
18 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 and assets/liabilities management. Details are as follows :		
Bank Asia Ltd.	-	55,392,154
Dhaka Bank Ltd.	900,000,000	-
Dutch-Bangla Bank Ltd.	100,000,000	-
EXIM Bank Ltd.	55,175,000	50,000,000
Fareast Finance & Investment Ltd.	20,000,000	-
First Security Bank Ltd.	605,397,500	250,000,000
International Leasing & Financial Services Ltd.	-	50,000,000
Jamuna Bank Ltd.	580,000,000	324,343,328
Mercantile Bank Ltd.	100,000,000	-
Mutual Trust Bank Ltd.	180,017,183	-
Oman Bangladesh Finance & Investments Ltd.	-	30,000,000
ONE Bank Ltd.	219,468,927	86,833,107
Prime Bank Ltd.	100,000,000	-
Prime Finance & Investments Ltd.	-	50,000,000
Shahjalal Bank Ltd.	50,000,000	-
Social Investment Bank Ltd.	-	50,000,000
Southeast Bank Ltd.	300,000,000	-
Standard Bank Limited	105,371,642	107,930,225
Uttara Leasing and Financial Services Ltd.	-	50,000,000
VANIK Bangladesh Ltd.	105,000,000	50,000,000
	3,420,430,252	1,154,498,814
19 Cash & Cash Equivalents:		
Cash in hand	9,704,017	1,879,038
Cash At Banks Note: 19(i)	215,695,393	22,457,477
	225,399,410	24,336,515
i) Cash at Banks:		
Bangladesh Bank Current Account	4,675,760	11,613,837
Arab Bangladesh Bank Ltd.	11,320	1,229,330
Bank Asia Ltd, Principal Office	6,471,865	8,053,557
Bank Asia Ltd., MCB Banani	2,995,195	-
Bank Asia Ltd., MCB Dilkusha	153,897	-
CitiBank N.A.	94,872	97,292
City Bank Ltd.	542,932	547,680
Dhaka Bank Ltd.	43,550	44,600
Janata Bank	71,385	70,236
Mutual Trust Bank Ltd.	23	23
National Bank Ltd.	104,902	100,792
ONE Bank Ltd.	170,371	638,483
Prime Bank Ltd.	200,198,870	-
Standard Bank Ltd.	9,450	10,000
Shamil Bank of Bahrain E.C.	98,530	-
Sonali Bank	52,471	51,646
	215,695,393	22,457,477

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

20 Short Term Deposits:

Bank Asia Ltd.
BRAC Bank Ltd.
Eastern Bank Ltd.
Janata Bank
Sonali Bank

2004 Taka	2003 Taka
50,000,000	-
100,000,000	-
50,000,000	50,000,000
50,000,000	50,000,000
100,000,000	100,000,000
350,000,000	200,000,000

21 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 and assets/liabilities management. Details are as follows :

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

-	249,349,109
100,000,000	-
20,000,000	-
910,000,000	-
100,000,000	-
580,000,000	260,000,000
810,000,000	495,000,000
100,000,000	90,000,000
100,000,000	-
200,000,000	-
130,000,000	-
100,000,000	50,000,000
300,000,000	-
50,000,000	5,000,000
35,000,000	-
84,999,520	-
3,619,999,520	1,149,349,109

22 Liabilities for Expenses:

Creditors for Expenses Note: 22(i)
Provision for Expenses Note: 22(ii)

74,469	72,700
50,974,692	30,358,357
51,049,161	30,431,057

i) Creditors for Expenses:

Lee, Khan and Partners
Hoda Vasi Chowdhury & Co.
Technoheaven Associates

18,469	22,700
50,000	50,000
6,000	-
74,469	72,700

ii) Provision for Expenses:

Employee Benefits
Communication Expenses
Utilities Expenses
Car Running & Maintenance Expenses
Meeting Expenses
Financial Charges Accrued Note: 22(iii)

-	1,158,401
20,000	20,000
60,000	60,000
33,193	33,193
150,000	150,000
50,711,499	28,936,763
50,974,692	30,358,357

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

iii) Provision for Financial Charges:

	2004 Taka	2003 Taka
Arab Bangladesh Bank Ltd.	600,833	3,039,074
Bangladesh Finance & Investment Ltd.	55,556	-
Bank Asia Ltd.	3,552,740	-
BRAC Bank Ltd.	3,624,287	-
Dhaka Bank Ltd.	6,871,767	-
Dutch-Bangla Bank Ltd.	210,417	-
Eastern Bank Limited	1,417,628	870,833
First Security Bank Ltd.	2,127,953	3,196,111
Jamuna Bank Ltd.	15,381,874	11,383,750
Janata Bank	901,408	800,000
Mercantile Bank Ltd.	420,284	-
Mutual Trust Bank Ltd.	864,111	-
National Life Insurance Co. Ltd.	5,630,822	2,822,203
Premier Bank Ltd.	246,875	-
Prime Bank Ltd.	97,222	-
Shahjalal Bank Ltd.	22,361	-
Sonali Bank	5,407,534	6,648,630
Southeast Bank Ltd.	998,750	-
Standard Bank Ltd.	100,840	176,162
The Trust Bank Ltd.	2,178,238	-
	50,711,499	28,936,763

23 Provision for Tax:

The Company has calculated tax liability as per the Income Tax Ordinance, 1984 & on that basis the Company need not to provide for current year tax liability. However, upon adoption of BAS-12, Income Tax, adequate provision has been made for deferred tax liability. Balance as at 31 December 2004 is as follows :

Balance brought forward	2,500,000	-
Add: Provision during the year	2,500,000	2,500,000
Closing Balance	5,000,000	2,500,000

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

24 General & Administrative Expenses:

	2004 Taka	2003 Taka
Salaries & allowances	6,380,461	4,275,690
Provident fund & Gratuity etc.	788,768	411,960
Medical & Welfare Expenses	3,495	682
Rent, Rates & Taxes	1,231,794	1,183,051
Printing & Stationery	406,990	197,416
Office Maintenance	385,474	608,963
Utilities Expenses	378,051	353,471
Communications Expenses	458,688	356,606
Travelling & Conveyance	511,105	649,287
Directors' Fee	331,792	356,060
Meeting Expenses	191,249	185,466
Entertainment	86,898	76,869
Car Running & Maintenance Expenses	1,186,625	760,149
Bank Charge & Excise Duty	201,106	152,109
Lease Rental	2,391,840	2,032,520
Legal & Professional Fee	630,033	686,261
Training Expenses	10,000	50,000
Subscription	131,818	177,310
Advertisement & Business Development Exp.	313,900	1,211,410
Books & Periodicals	19,626	47,411
Insurance Expenses	146,148	125,672
Total	16,185,861	13,898,363

25 Reversal of Bonus Share Premium

The bonus share premium was provided last year as required by Securities & Exchange Commission (SEC) to issue bonus shares at a premium based on break up value of shares. Since SEC repealed the notification, the bonus shares were issued at par and the share holders at the 3rd Annual General Meeting decided to transfer the bonus share premium to retained earnings.

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

26 Others

i) Contingent Liability

There is no contingent liability other than "Letter of Credit" and "Shipping Guarantee" outstanding for import of lease equipment amounting to Tk.13,277,481. There was no acknowledged claim as debt as on the Balance Sheet date.

ii) Commitment - Lease Rental Expenses

a. The company has made commitment for paying lease rentals for procuring 03 (three) units of motor cars costing TK. 3,350,000.

b. Monthly lease rentals for the above asset are as follows:

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

iii) Commitment - Redemption of Zero Coupon Bonds:

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

Name of Investors	Redemption Date	Redeemable Amount Taka
The City Bank Ltd.	18-Jun-06	50,000,000
Bank Asia Ltd.	24-Jun-06	66,551,300
Arab Bangladesh Bank Ltd.	29-Jun-06	50,000,000
United Commercial Bank Ltd.	2-Jul-06	50,000,000
Mutual Trust Bank Ltd.	20-Jul-06	50,000,000
Delta Brac Housing Finance Corporation Ltd.	29-Jun-06	67,000,000
Janata Bank	16-Sep-06	50,000,000
Southeast Bank Ltd.	21-Sep-06	20,000,000
BRAC Bank Ltd. - 1	30-Oct-06	20,000,000
Eastland Insurance Co. Ltd.	29-Mar-07	6,655,130
South Asia Insurance Co. Ltd. - 1	14-Apr-07	2,500,000
South Asia Insurance Co. Ltd. - 2	26-Apr-07	3,000,000
South Asia Insurance Co. Ltd. - 3	14-May-07	3,500,000
BRAC Bank Ltd. - 2	10-Apr-07	46,000,000
		485,206,430

iv) Commitment - Capital Expenditure

There was no capital expenditure committed as at 31 December 2004 other than as stated in note 26 (ii) above.

v) Contracts and Disbursements

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

	Sanctioned Taka	Disbursed Taka
Lease Finance	818,397,295	688,703,416
Term Loan	193,000,000	1,200,000
	1,011,397,295	689,903,416

vi) Subsequent Events

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

Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2004

vii) Emoluments paid to Managing Director & Other Executives

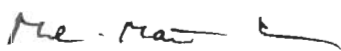
	No. of Persons	2004 Taka	2003 Taka
a. Managing Director	1/1	2,218,000	1,798,000
b. Other Executives	14/12	4,162,461	2,477,690
		6,380,461	4,275,690

Note that, there were 05 (five) {2003: 02 (two)} employees employed for less than full year and all employees of the Company drew more than Taka 3,000.00 per month.

27 General

- Figures appearing in these financial statements have been rounded off to the nearest Taka.
- wherever considered necessary, last year's figures have been re-arranged in order to conform to the current year's presentation.

THE FINANCIAL STATEMENTS OF THE COMPANY HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS ON 02 MAY 2005.



Md Matiul Islam
Chairman



A K M Nozmul Haque
Managing Director



Nandan Kumar Paul
Company Secretary





Industrial and Infrastructure Development Finance Company Limited

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

Proxy Form

I/We.....

of.....

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

appoint Mr. / Ms

of.....

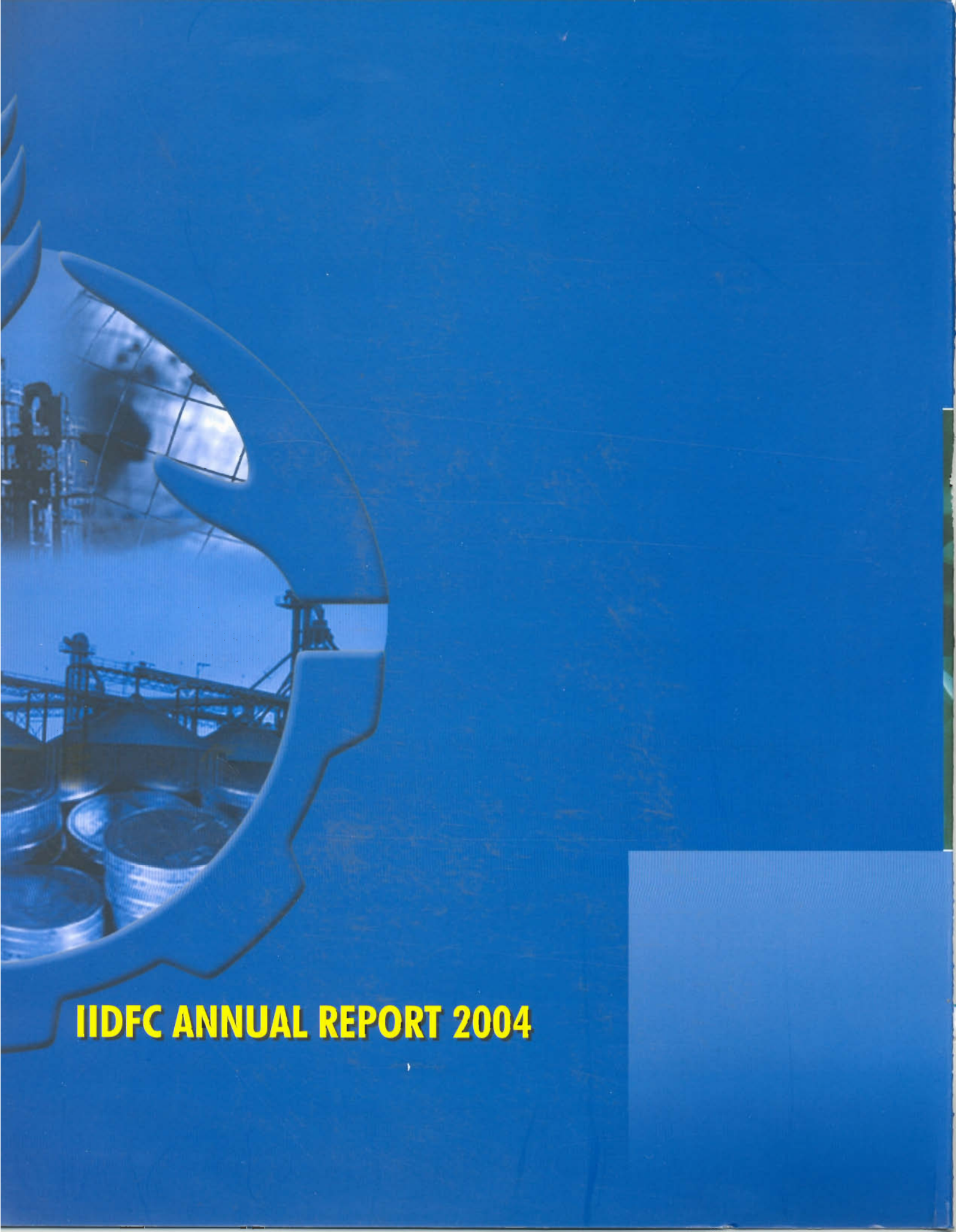
as proxy to attend and vote for me us and on my/our behalf at the 4th Annual General Meeting of the Company to be held on Thursday, 19 May 2005, at 11.00 a.m. at the Company's Registered Office, Chamber Building (6th floor), 122-124 Motijheel C/A, Dhaka- 1000, Bangladesh and any adjournment thereof.

As witness my/our hand this day of2005

Signature of Shareholder

Stamp

Signature of Proxy



IIDFC ANNUAL REPORT 2004