

annual report|2010



Industrial and Infrastructure
Development Finance Company Limited

IIDFC





A leading financial institution of the country, IIDFC was promoted by 10 banks, 3 insurance companies and ICB under the leadership of Mr. Md. Matiul Islam. With a Board of Directors comprising of top level bankers and former senior civil servants, the main emphasis of IIDFC is promotion and financing of investments in large infrastructure and industrial projects. IIDFC's debut in the capital market was through floatation of convertible zero coupon bonds, a new and innovative financial instrument. Its presence in the capital market is through its two subsidiaries—one for merchant banking operation and the other for brokerage services.

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HSBC - The Climate Awards 2010



Mr. Md. Matiul Islam, Chairman, IIDFC, receiving "HSBC-The Daily Star Climate Award 2010" in the presence of Minister Begum Matia Chowdhury on 1st December 2010. The award was given in recognition of his contribution to energy efficient brick technology in the country to reduce carbon emission under the Nations Framework Convention on Climate Change (UNFCCC).

The Daily Star Awards



the Mitigation Category from the Honorable Agriculture
on of IIDFC's contribution in promoting and financing
Kiln Development Mechanism project of the United



IIDFC COMMITMENTS

Our Commitment to the Nation

- ✦ To contribute to the Country's economic growth in all possible ways.
- ✦ To accelerate the process of industrialization.
- ✦ To promote projects for removing infrastructure deficiencies.
- ✦ To help banish power outage permanently.
- ✦ To promote SME as a major engine of growth.
- ✦ To promote employment and expand self employment opportunities.
- ✦ To promote low-cost housing projects for the urban middle class.
- ✦ To promote Bangladesh as a desired destination for foreign investors.
- ✦ To assist in the reduction of Green-House Gas Emission.
- ✦ To promote viable Renewable Energy projects.

Our Commitment to the Shareholders

- ✦ To maximize shareholders' wealth strictly complying guidelines of the regulators.

IIDFC COMMITMENTS

Our Commitment to Clients

- ✦ To provide superior and prompt customer service.
- ✦ To offer quality-rich and price-competitive finance solution to the clients.
- ✦ To respond quickly to the needs of the entrepreneurs in an honest, credible and timely manner.
- ✦ Promote and serve equipment leasing and finance industry through partnership with the clients.
- ✦ To maintain transparency, fairness, confidentiality and timeliness.
- ✦ To maintain dignity and high ethical standard at all levels of management.

Our Commitment to Employees

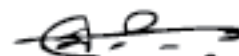
- ✦ Help build and enhance core values of professional excellence.
- ✦ To provide a congenial and supportive work place for the employees with appropriate compensation package.

NOTICE OF THE 10th ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of the Company that the **10th Annual General Meeting of Industrial and Infrastructure Development Finance Company Limited** will be held on **Monday, 27th June 2011 at 8.00 p.m. at Mutual Trust Bank, Head Office, MTB Centre, Sun Floor (Level-5), 26 Gulshan Avenue, Plot-5, Block SE(D), Gulshan-1, Dhaka-1212** to discuss the following businesses:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2010 and Auditors' Report & Directors' report thereon;
2. To declare dividend for the year 2010;
3. To elect Directors of the Company;
4. To appoint auditors for the year 2011 and fix their remuneration; and
5. To transact any other business with the permission of the Chair.

By order of the Board



Md. Shamim Ahamed
Company Secretary

12th June, 2011

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

MILESTONE EVENTS

2000	Dec 19:	<ul style="list-style-type: none"> ➤ Incorporated with RJSC, Bangladesh. 	
2001	Jan 23:	<ul style="list-style-type: none"> ➤ Bangladesh Bank issues license. 	
	Jan 25:	<ul style="list-style-type: none"> ➤ 1st meeting of the Board of Directors. 	
	Apr 01:	<ul style="list-style-type: none"> ➤ Commercial operation starts. 	
	Aug 22:	<ul style="list-style-type: none"> ➤ 1st Lease Finance Agreement. 	
	Oct 15:	<ul style="list-style-type: none"> ➤ 1st Direct Finance Agreement. 	
2003		<ul style="list-style-type: none"> ➤ First Ever Zero Coupon Bonds launched by IIDFC. 	
2004		<ul style="list-style-type: none"> ➤ Syndication of 1st commercial loan for BRAC for BDT 100 crore. 	
2006		<ul style="list-style-type: none"> ➤ Term Loan Syndication for Warid Telecom International Ltd. [BDT 300 Crore] signed in Abu Dhabi. ➤ Sanctioning of 1st SME Loan . 	
2008		<ul style="list-style-type: none"> ➤ Term Loan Syndication for SUMMIT Uttaranchol & Purbanchol Power Company Ltd. (BDT 395 Crore) ➤ Opening of 1st Branch in Chittagong. 	
2009		<ul style="list-style-type: none"> ➤ Commencing operation of Brokerage Services. ➤ Working Capital Loan Syndication for BSRM Iron & Steel Co. Ltd. (BDT 178.80 Crore) ➤ Sales agreement with the World Bank & Govt. of Denmark for 250,000 tons of Carbon Emission Reduction (CER) to be delivered by Brick Manufacturing Industries using HHK technology. ➤ Acquisition of South Asia Capital Limited, a merchant banking company and formation of IIDFC Capital Limited. ➤ Introduction of first ever ACI Convertible Zero Coupon Bond in Bangladesh (BDT 100 Crore). 	
2010		<ul style="list-style-type: none"> ➤ IIDFC awarded "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the Country- December 01, 2010. ➤ First ever conversion of term loan of BDT 3,122.20 million into redeemable cumulative preference shares of Summit Group's Summit Uttaranchal Power Company Ltd. (SUPCL), and Summit Purbanchal Power Company Ltd. (SPPCL)- September 2010. ➤ Syndication of Sinha Power Generation Company Ltd. , a 50 MW rental power plant for BDT 2,348.50 million-December 2010. ➤ NSIC Signing Ceremony: An agreement of mutual cooperation was signed between IIDFC Ltd. and National Small Industries Corporation Ltd. (NSIC), India for the development of small industries in Bangladesh. 	

Registered Head Office

Chamber Building (6th & 7th Floor),
122-124, Motijheel C/A,
Dhaka-1000, Bangladesh
Phone: 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

Subsidiaries

IIDFC Securities Ltd.

Eunoos Trade Centre (Level-7), 52-53 Dilkusha C/A,
Dhaka -1000, Bangladesh, Phone: 9560526
Fax: 9570756, Email: brokerage@iidfc.com

IIDFC Capital Limited

Eunoos Trade Centre (Level-7), 52-53 Dilkusha C/A,
Dhaka -1000, Bangladesh, Phone: 9514641
Fax: 9570756, Email: icl@iidfc.com

Auditors

Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban (8th level)
7-9 Kawran Bazar
Dhaka- 1215

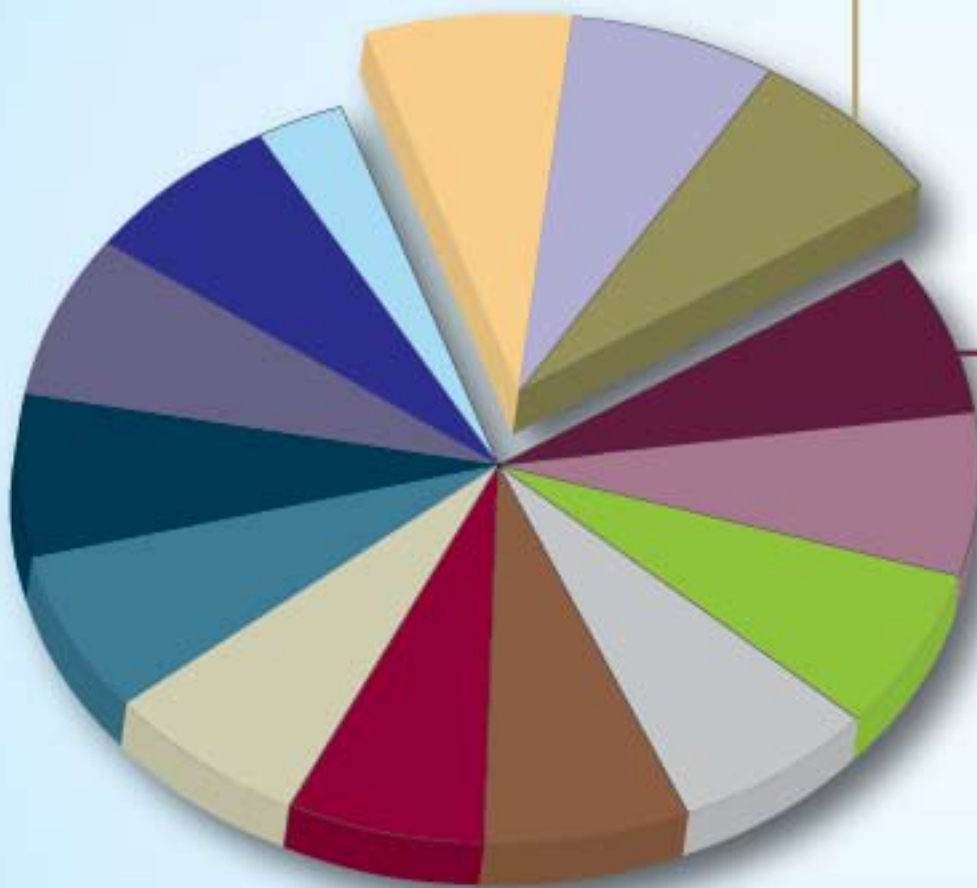
Business Hours

Unless Otherwise advised by Bangladesh Bank
10.00 a.m. to 6.00 p.m
Sunday to Thursday




OUR BANKERS

BRAC Bank Limited	Head Office
IFIC Bank Limited	Federation Branch, Nayapaltan Branch
Pubali Bank Limited	Principal Branch
Shahjalal Islami Bank Limited	Foreign Exchange Branch
Trust Bank Limited	Dhanmondi Branch
Mercantile Bank Limited	Main Branch
Bank Asia Limited	Shantinagar Branch, Principal Branch
Uttara Bank Limited	Local Office
Prime Bank Limited	Foreign Exchange Branch
Bank Alfalah Limited	Gulshan Branch
NCC Bank Limited	Foreign Exchange Branch
Mutual Trust Bank Limited	Principal Branch
Social Islami Bank Limited	Principal Branch
Commercial Bank of Ceylon PLC	Motijheel Office
National Bank Limited	Karwan Bazar Branch
Dhaka Bank Limited	Islamic Banking Branch
United Commercial Bank Limited	Foreign Exchange Branch
Jamuna Bank Limited	Sonargaon Road Branch
BASIC Bank Limited	Main Branch
The Premier Bank Limited	Elephant Road Branch
Bangladesh Commerce Bank Limited	Green Road Branch
Dutch Bangla Bank Limited	Dhanmondi Branch
Standard Bank Limited	Principal Branch













SHAREHOLDING STRUCTURE



Public Sector

	Sonali Bank Ltd.	6.9256%
	Janata Bank Ltd.	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 Ltd.	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

Vice Chairman

Directors

Mr. Md. Matiul Islam

Mr. M. Syeduzzaman
Bank Asia Limited

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

Mr. Md. Humayun Kabir
Managing Director & CEO, Sonali Bank Limited

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

Mr. Syed Mahbubur Rahman
Managing Director & CEO, BRAC Bank Limited.

Mr. Neaz Ahmed
Managing Director, National Bank Limited

Dr. Zaidi Sattar
Independent Director, Southeast Bank Limited

Mr. Md. Fayekuzzaman
Managing Director, Investment Corporation of Bangladesh

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

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

Mr. Tofazzal Hossain
Chairman, National Life Insurance Company Limited

Mr. Ghulam Rahman
Executive Director, Eastland Insurance Company Limited

Mr. Md. Asaduzzaman Khan

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

Mr. Md. Shamim Ahamed

Managing Director

Representatives of other Promoters

Company Secretary

CHAIRMAN
IIDFC



Md. Matiul Islam

132nd MEETING OF THE BOARD OF DIRECTORS





10th ANNUAL GENERAL MEETING



Industrial and Infrastructure Development Fund
(IIDFC)

10th Annual General Meeting



Finance Company Limited

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COMMITTEES OF IIDFC

Audit Committee of the Board of Directors

Mr. S M Aminur Rahman
Managing Director, Janata Bank Ltd.
Chairman

Mr. Md. Humayun Kabir
Managing Director, Sonali Bank Ltd.
Member

Mr. Md. Fayekuzzaman
Managing Director, ICB
Member



A Meeting of the Audit Committee

COMMITTEES OF IIDFC

SME Committee

1. Mr. Md. Matiul Islam, Chairman
2. Mr. Md. Asaduzzaman Khan, Managing Director
3. Mr. Md. Khalilur Rahman, Additional Managing Director
4. Mr. Md. Rafiqul Islam, Head of Credit
5. Mr. Md. Russel Shahrior, Senior Vice President-SME

Credit Risk Management Committee

1. Mr. Md. Asaduzzaman Khan, Managing Director
2. Mr. Md. Khalilur Rahman, Additional Managing Director
3. Mr. Md. Rafiqul Islam, Head of Credit
4. Mr. Md. Russel Shahrior, Senior Vice President- SME
5. Mr. Md. Shamim Ahamed, VP-CFO & Company Secretary
6. Mr. Sami Huda, Vice President- Corporate Finance

Asset Liability Management Committee (ALCO)

1. Mr. Md. Asaduzzaman Khan, Managing Director
2. Mr. Md. Khalilur Rahman, Additional Managing Director
3. Mr. Md. Rafiqul Islam, Head of Credit
4. Mr. Md. Shamim Ahamed, VP-CFO & Company Secretary
5. Ms. Anindita Dutta, AVP-Head of Treasury

Brokerage Management Committee

1. Mr. Md. Asaduzzaman Khan, Managing Director
2. Mr. Md. Khalilur Rahman, Additional Managing Director
3. Mrs. Ashrafun Nessa, COO-IIDFC Securities Ltd.
4. Mr. Md. Shamim Ahamed, VP-CFO & Company Secretary
5. Mr. Mia Mohammad Abdullah, AVP-IIDFC Securities Ltd.

Central Compliance Unit

1. Mr. Md. Khalilur Rahman, Additional Managing Director
2. Mr. Md. Rafiqul Islam, Head of Credit
3. Mrs. Ashrafun Nessa, COO, IIDFC Securities Ltd.
4. Mr. Md. Shamim Ahamed, VP-CFO & Company Secretary

SENIOR MANAGEMENT TEAM (SMT)

IIDFC Ltd.

Mr. Md. Asaduzzaman Khan, Managing Director
Mr. Md. Khalilur Rahman, Additional Managing Director
Mr. Kh. Shafiqur Rahman, EVP-Structured Finance
Mr. Md. Rafiqul Islam, Head of Credit
Mr. Md. Russel Shahrior, Senior Vice President- SME
Mr. Md. Shamim Ahamed, Vice President-CFO & Company Secretary
Mr. Sami Huda, Vice President-Corporate Finance
Mr. Abu Shamim Md. Arif, Vice President-Structured Finance
Mr. Md. Junnur Rahman, Head of Monitoring & Legal Affairs
Mr. Syed Abed Hasan, AVP-Accounts & Finance
Mr. Md. Nizam Uddin Chowdhury, AVP and Head of Chittagong Branch
Ms. Anindita Dutta, AVP-Head of Treasury

IIDFC Capital Ltd.

Mr. Md. Anwar Hossain, Chief Executive Officer
Mr. Md. Saleh Ahmed, Assistant Vice President

IIDFC Securities Ltd.

Mrs. Ashrafun Nessa, Chief Operating Officer
Mr. Mia Mohammad Abdullah, Assistant Vice President
Mr. Naseem Mahmood Zaman, Assistant Vice President



Sitting (R-L): Mr. Md. Rafiqul Islam, Mr. Md. Khalilur Rahman, Mr. Md. Asaduzzaman Khan, Mr. Kh. Shafiqur Rahman and Mr. Md. Anwar Hossain.
Standing (R-L): Mr. Md. Junnur Rahman, Mr. Sami Huda, Mr. Abu Shamim Md. Arif, Ms. Anindita Dutta, Mr. Md. Shamim Ahamed, Mr. Md. Russel Shahrior and Mr. Syed Abed Hasan.

Human Resource Development

Knowledge and skill development is a continuous process which is enriched by proper training. In order to build and enhance the capability of the employees in terms of knowledge and skill, IIDFC arranges to send employees, on regular basis, in training programs arranged by Bangladesh Institute of Bank Management (BIBM), Bangladesh Bank Training Academy (BBTA), International Finance Corporation (IFC), IDCOL, BLFCA etc. Besides, in house training courses are also arranged with resource persons drawn from inside as well as from outside to keep the employees abreast of the latest development in banking and financial sector. On selective basis, IIDFC also arranges to send officials outside the country for attending specialized training courses in the relevant fields.



A day long program on Money Laundering Risks was arranged by IIDFC in June, 2010 in which 25 participants attended. Senior officials of Bangladesh Bank attended the seminar as Resource Persons.

IIDFC Staff Members



Corporate Finance Department



Structured Finance Department

IIDFC Staff Members



SME Finance Department



Treasury Department

IIDFC Staff Members



Monitoring Department



IIDFC Chittagong Branch

IIDFC Staff Members



Brokerage Service Division



IIDFC Capital Ltd.

PRODUCTS & SERVICES



Lease Finance

IIDFC provides lease financing for industrial equipment, capital machinery, vehicles and other productive equipment 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 & highways, bridges, river roads 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.



SME Finance

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



Factoring and Work Order Finance

Factoring of accounts receivable is an arrangement where finance is provided against the credit invoices of goods or services. This helps the supplier receiving a significant portion of the invoice amount soon after the delivery of goods or services is made. Factoring and work order finances are considered as useful tools of short term finance.



Home Loan

IIDFC has home loan package to meet finance requirement of individual(s) for purchase of apartment/flat, readymade house and for construction of building in six divisional headquarters of the country and in municipal areas of Tongi, Gazipur, Savar & Narayanganj. Besides, we provide home loan finance under "Refinance Scheme for investment in Housing sector" of Bangladesh bank.



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.



Advisory Service

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



Deposit Schemes

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 and 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.

PRODUCTS & SERVICES



Carbon Finance

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 low energy consuming kilns to reduce significantly the emission of carbon dioxide and other local pollutants which are generated by the traditional brick kilns of the country. The purpose of this project is to construct 18 environment friendly Hybrid Hoffman Kilns which will reduce carbon emission around 50% and contribute to the reduction of global heat emission.



Brokerage Services

IIDFC purchased a membership of Dhaka Stock Exchange on July, 2008 to operate the Stock Dealer and Stock Broker activities in the Capital Market and started functioning from 21 May 2009. IIDFC provides a broad range of services to this institutional & individual clients in securities trading at a comfortable schedule of fees and charges through opening BO accounts. IIDFC provides margin loan to its clients as per policy guidelines approved by the Board of Directors from time to time under regulatory framework of the Securities and Exchange commission. IIDFC provides margin loan to its clients for investment in the listed securities against their equity. Consistent with the goal of the company, IIDFC Provides its clients safety, security, confidentiality with regard to securities trading. IIDFC designs its services in such a manner that personalized, secured and simplified financial solutions could be provided to a wide variety of investors through appropriate counseling.



Merchant Banking

IIDFC added a feather to its peak by acquisition of the Registration Certificate of Merchant Banking from South Asia Capital Limited having purchased its 100% shares and formed a fully owned subsidiary company under the name and style of IIDFC Capital Limited to carry on operations as a full fledged merchant banker and portfolio manager under the Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Regulations, 1996. The Securities and Exchange Commission gave consent to the acquisition of 100% shares of South Asia Capital Limited by IIDFC Ltd. to form a fully owned subsidiary for the purpose.

The registration certificate for Merchant Banking has been obtained for carrying at merchant banking operations encompassing issue management, underwriting of public issue and issue of right shares and debentures, providing corporate advisory services, providing portfolio management services to the small and medium savers intending to make investment in shares, stocks, bonds and debentures and also carrying on operations related to the development of capital market having its role in the supply and demand sides.

Carbon Finance- A financial instrument to combat Climate Change

Unwise and self destructive actions of the human race such as uncontrolled industrialization, inefficient burning the fossil fuels and consumption of energy now have endangered the Global environment of our planet as well as the entire human species. The effects of climate change include an upward trend in global mean temperature, sea level rise, and a probable increase in the frequency of some extreme weather events. Recent IPCC Annual report on Climate Change has identified Bangladesh as the most vulnerable country to Climate Change.

Realizing the devastating effect of Climate Change on Bangladesh and as well as on the entire planet, IIDFC management has decided to join the force combating with the Climate change all over the world. IIDFC has introduced Carbon Finance, a financial product to combat with the Climate Change, in Bangladesh. Certified Emission Reductions (CERs) is traded as the largest financial instrument in the world to the extent of more than 100 billion US dollar per year. The annual trading amount is expected to reach trillion US dollar per year within few years.

Under this service, IIDFC is striving to promote low carbon technology in various industrial sector of Bangladesh through financial and technological assistance, incentives for adopting the environmental friendly technology through carbon revenue, capacity development and ensuring availability of technology locally. Carbon Finance will earn foreign currency by selling certified emission reductions to international market generated from energy efficient projects of Bangladesh. Along with environmental and social development, Carbon Finance will also contribute to the sustainable industrial development in Bangladesh. At present the greening effort of IIDFC is focused on the air polluting industries of Bangladesh with a vision to provide clean air for the next generation.

IIDFC is acting as Nodal Agency to develop and implement a Small Scale Clean Development Mechanism (CDM) project to promote energy efficient and environmental friendly brick technology in Bangladesh. IIDFC will implement the establishment of at least 16 environmental friendly brick kiln based on the Hybrid Hoffman Kiln (HHK) technology throughout Bangladesh. The technology was developed in Germany and modified in China.



A meeting with Mr. Martin Lemoine, Investment Specialist, Asian Development Bank, for potential ADB assistance to IIDFC for industrial energy efficiency roll-out in Bangladesh.

IIDFCL, being the 1st Local Financial Institution, enters into Carbon Trading through signing Emission Reduction Purchase Agreement (ERPA) with the World Bank & the Government of Denmark on 25th August, 2009 to sell 189,000 CERs and 60,000 CERs respectively to be generated from these 16 kilns.

Presently the largest stationary source of green house gas emission in Bangladesh, emitting approximately 9.81 million tons of CO₂ annually along with other pollutants in the country, is none other than the energy inefficient traditional brick fields of Bangladesh. These 16 new brick fields will produce 240 million high quality stronger

bricks at a lower production cost using 50% less coal with an approximate emission reduction of 100,000 tons of CO₂ per annum. Complete transformation from traditional kiln to new HHK kilns will reduce 4.9 million ton of CO₂ per annum.

CARBON FINANCE

In HHK technology, energy efficiency in coal consumption is achieved through innovative idea of mixing 70-80% coal with clay as internal fuel and utilizing the exhaust heat and smoke to dry green bricks instead of allowing it to disperse in the open sky as in the case of traditional brick field. The unburnt coal content will be absorbed by green bricks in the drying tunnel not allowing it to disperse outside and will be recycled to the firing zone until it is completely burnt.

HHK technology will use only half of the land required for an averaged sized brick field to produce 8 times annual production of an average capacity brickfield. Complete transformation to this technology will free around 80,000 acres of land for cultivation. Not only that, HHK technology will promote using lower quality clay (sourced from beds of different water bodies) for brick production. It will also promote the hollow bricks for constructions reducing clay consumption in brick making up to 50-70%. Illegal hill cutting and deforestation for traditional brick production will be prevented by adoption of this technology.

Greening effort of IIDFC in the brick making sector will transform the present 5-6 dry months operational brick fields into round the year operational industry. This semi automatic technology will improve work conditions, stabilize income, and improve living conditions of a large disadvantaged section of labor force of approximately 1 million currently employed in traditional brick making. Apart from these, medical facility, sanitation facilities, safety gears etc. will be provided to the brick workers under a Community Benefit Plan.

Contribution of IIDFC to introduce low carbon technology in the brick making sector in Bangladesh has been recognized and praised all over the world, in international and local newspapers, websites and TV media. After fierce competition with similar projects of other LDC countries, IIDFC's Brick CDM project has earned the prestige of offsetting approximately 40,000 ton (CO₂) greenhouse gasses caused by the air flight emission of the 15,000 delegates from 192 countries participating in the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC). Copenhagen Climate Conference has claimed itself to be 'Climate neutral' through purchasing the emission reduction from the HHK brick fields of Bangladesh. In Year 2010, IIDFC was awarded "HSBC-Daily Star Climate Change Mitigation Award-2010"

IIDFC is closely working with the World Bank, Government of Denmark and other multilateral and bi lateral agencies and with the Bangladesh Bank to create a low interest loan fund to transform all the air polluting brick fields into energy efficient and environmental friendly brick plant.

With the success of this project, IIDFC is willing to extend its carbon finance horizon in the industrial and energy sector and help both the private and public sector to develop CDM projects such as Energy efficiency measures in textile industries, Industrial bio gas digester establishment program, improving the efficiency of the national electricity distribution system, reducing gas leakage from the nation wide gas distribution systems etc. to respond to the national crisis as well as to create opportunities to earn Carbon revenue to the extent of billion dollars a year.



Brick making activities in a HHK brick field.

Ratings of IIDFC



National Credit Ratings Limited

INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT
FINANCE COMPANY LIMITED (IIDFC)

NBFI

ENTITY RATING		
Long Term	Short Term	Date of Rating Declaration
AA	ST-2	July 4, 2011

RATINGS RATIONALE

The above rating reflects IIDFC's satisfactory track record of business performance and sound financial profile demonstrated by healthy ROE, ROA, and NIM. The rating also draws strength from increased risk absorption capacity, sound equity base, adequate CRR & SLR, reasonable maturity gap and significant improvement in operating efficiency during FY10. The rating is influenced by a slight increase of NPL during FY10 compared to the previous year. However, IIDFC has maintained consolidated provision of TK 280.43 million with surplus provision of TK 35.54 million against required provision of TK 244.88 million during FY 10.

ASSESSMENT

The overall financial performance of IIDFC was good and improved further in FY10 compared to the previous year. Total net revenue of the company stood at TK 1,007.94 million in FY10 against TK 312.5 million in FY09 registering a growth of 222.54%. The company's efficiency ratios have increased during FY10 compared to the previous year.

The gross finance of the IIDFC increased to TK 9,336.19 million in the FY10 from TK 8,336.15 million in the FY09 registering a growth of 12%. The deposit mix of the company is historically dominated by term deposit (88.74% of total deposit).

The cost of fund has reduced to 10.12 % in FY10 from 12.35% in FY09 but the assets yield has declined to 11.89% in FY10 from 13.96% of FY09. The Company has been able to maintain reasonable maturity gap between assets & liabilities under 1 year maturity buckets and above 5 year maturity bucket.

IIDFC has adequately maintained the Cash Reserve Requirement and Statutory Liquidity Ratio in FY10. The risk absorption capacity of the company has improved significantly as the equity base increased to TK 1,134.94 million in FY10 from TK 613.10 million of FY09.

PROFILE

Industrial and Infrastructure Development Finance Company Limited, a public limited Company was incorporated on December 19, 2000 and was licensed on January 23, 2001 as a Non-Banking Financial Institution under the Financial Institutions Act, 1993. The principal activities of the IIDFC include diversified financial and capital market products and services. IIDFC operates with one branch located at Chittagong. The first ever Zero Coupon Bond of financial market was launched by IIDFC in 2003. The registered and corporate Head Office of the company is located at Chamber Building (6th & 7th floor), 122-124 Motijheel C/A, Dhaka-1000.

The ownership structure of IIDFC comprises of 14 institutions from public sector (20.78%) and private sector (79.22%) as on 31 December, 2010. The Board of Directors of IIDFC comprised of experienced and competent professionals. The Chairman of IIDFC, Mr. Md. Matul Islam is the only individual sponsor holding 3.04% Shares of the company. Mr. Islam is an Ex-secretary to the Ministry of Finance & Ministry of Industries, Government of Bangladesh, Ex-Alternative Executive Director of the World Bank, Ex-Head of UNIDO/ World Bank, Co-operative Program in Vienna and Country Director for UNIDO India. The management team is headed by the Managing Director, Mr. Md. Asaduzzaman Khan who has 35 years of experience in banking. Prior to joining IIDFC, Mr. Khan served Bangladesh Bank as Executive Director.

FINANCIAL DATA TK (mln)

	FY-10*	FY-09
Shareholder's Equity	1,134.94	613.10
Loans & Advances	9,336.19	8,336.15
Total Assets	12,397.37	9,803.68
Total Net Revenue	1,007.93	312.48
Net Income	521.64	83.95
NPL / Gross Advance %	4.99	4.52
Revenue Spread %	4.16	3.84

*Consolidated figure

Long Term Credit Rating

AA represents

Very Strong capacity for timely servicing of financial obligations offering **high safety**. Such instructions carry **very low risk**.

Short Term Credit Rating

ST-2 represents

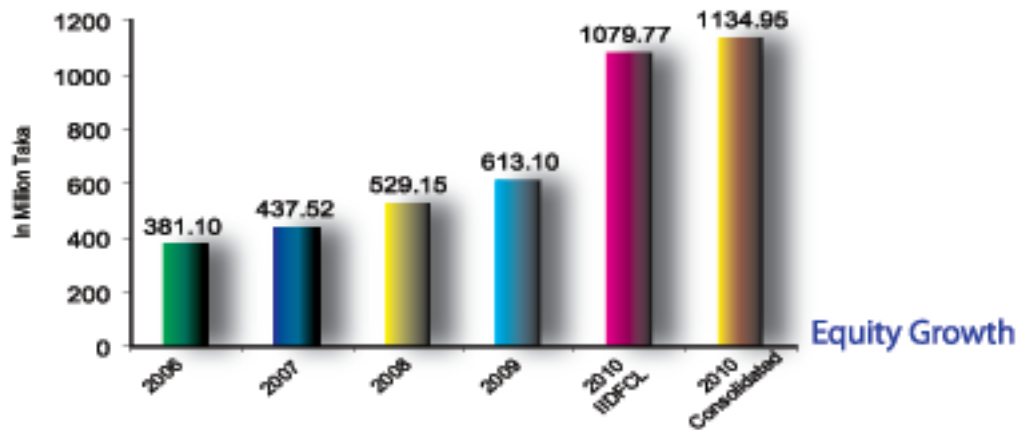
Strong capacity for timely payment of financial commitments and carry lowest credit risk.

FINANCIAL HIGHLIGHTS

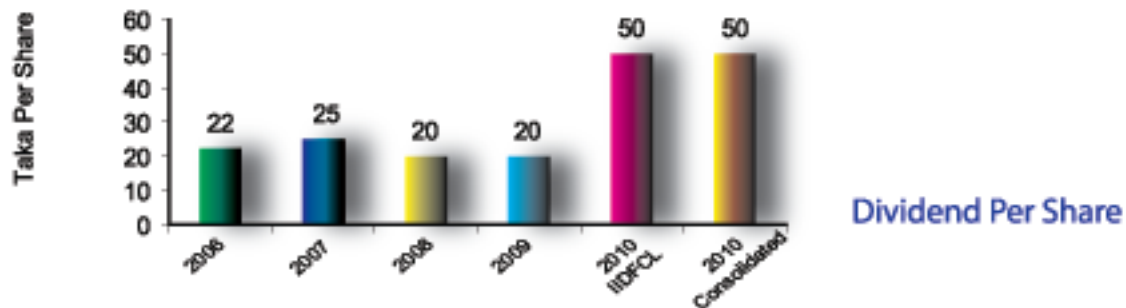
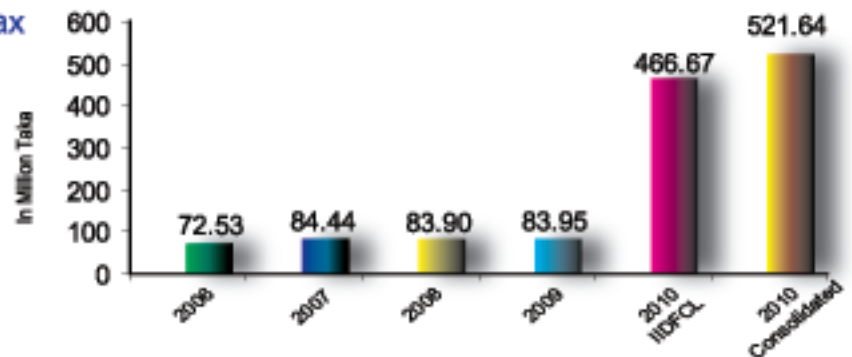
BDT in Million

Particulars	Year					
	2010		2009	2008	2007	2006
	Consolidated	IIDFCL	IIDFCL	IIDFCL	IIDFCL	IIDFCL
Profit and Loss Account						
Operational Revenue	1952.38	1797.29	1213.71	1028.12	772.07	427.18
Operational Expenses	1222.97	1164.13	1030.31	875.81	629.70	317.58
Operating Profit	729.41	633.16	183.40	152.31	142.37	109.60
Profit after Tax	521.64	466.67	83.95	83.90	84.44	72.53
Balance Sheet						
Total Leases, Loans & Advances	9336.19	8718.86	8336.16	6262.74	4984.77	3055.84
Provision for Investments	286.60	280.43	165.71	102.26	68.28	33.32
Leased Finance/Advances	2807.58	2807.58	3570.53	4506.01	3303.43	2235.40
Direct/Term finance	3988.58	3988.58	3370.90	1756.72	1681.34	820.44
Margin loan	2540.03	1922.70	1394.73	-	-	-
Investment in Shares	188.79	168.15	0.03	0.03	0.03	5.03
Shareholders' Equity	1134.95	1079.77	613.10	529.15	437.52	381.10
Reserve & Surplus	674.45	619.48	152.81	134.61	71.90	52.90
Paid up Capital	328.78	328.78	328.78	328.78	256.85	233.50
Total nos. of Shares (in quantity)	3287800	3287800	3287800	3287800	2568456	2334960
Ratios						
Book Value Per Share (BDT)	345.20	328.42	186.48	160.94	170.35	163.22
Earnings Per Share (BDT)	158.66	141.94	25.53	25.52	32.88	31.06
Dividend Per Share (BDT)	50.00	50.00	20.00	20.00	25.00	22.00
Return on Average Equity (%)	59.68	55.13	14.70	17.36	20.63	21.03
Dividend Payout Ratio (%)	31.51	35.23	78.33	78.37	76.03	70.83

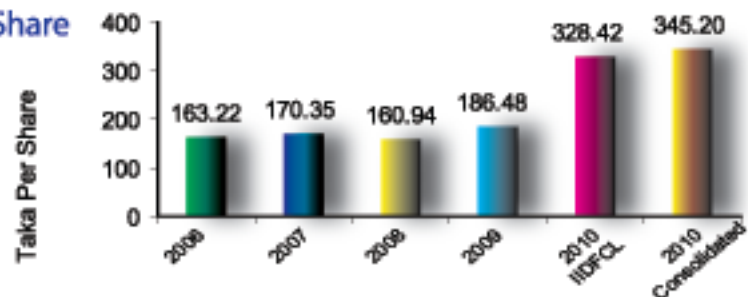
FINANCIAL HIGHLIGHTS



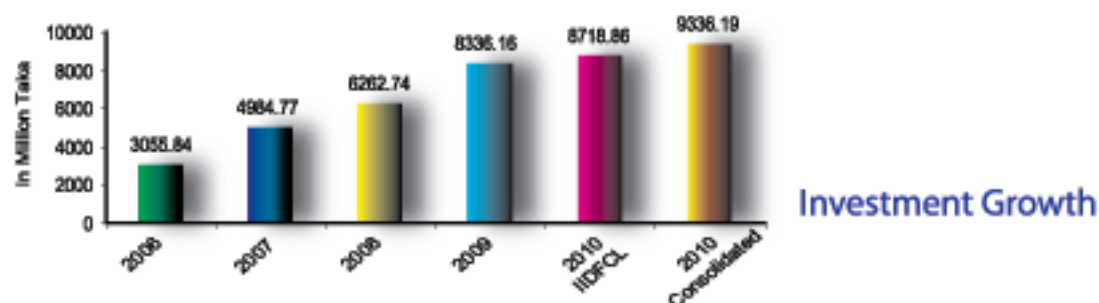
Profit After Tax



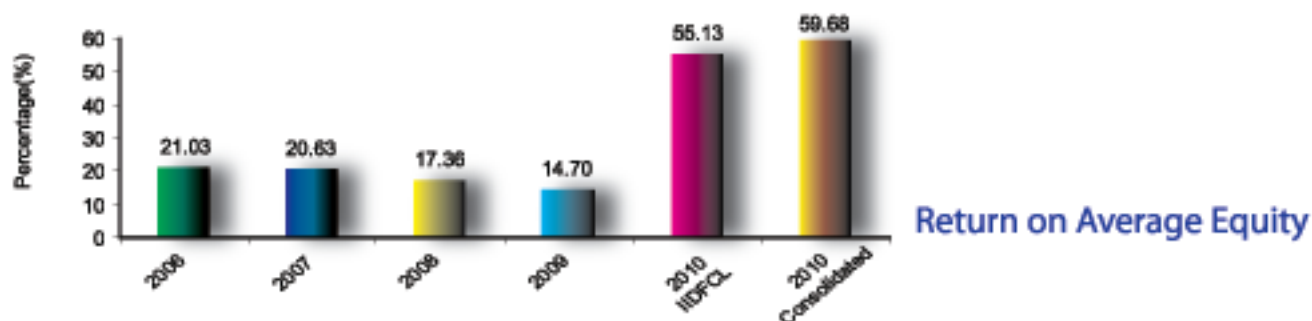
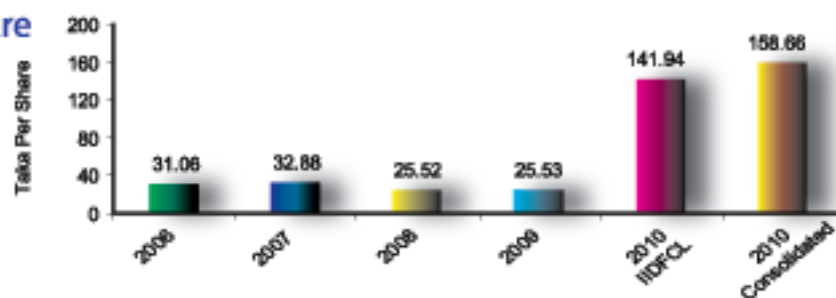
Book Value Per Share



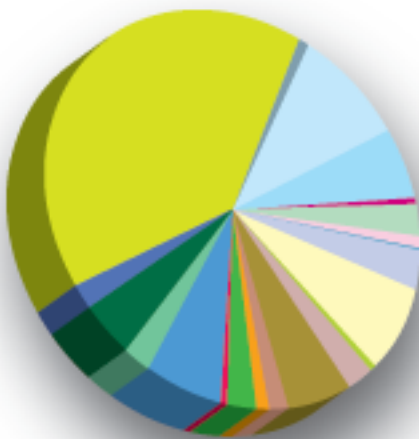
FINANCIAL HIGHLIGHTS



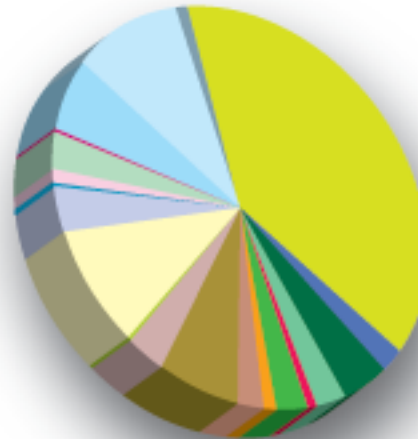
Earnings Per Share



SECTOR-WISE EXPOSURE



Year 2010
Consolidated

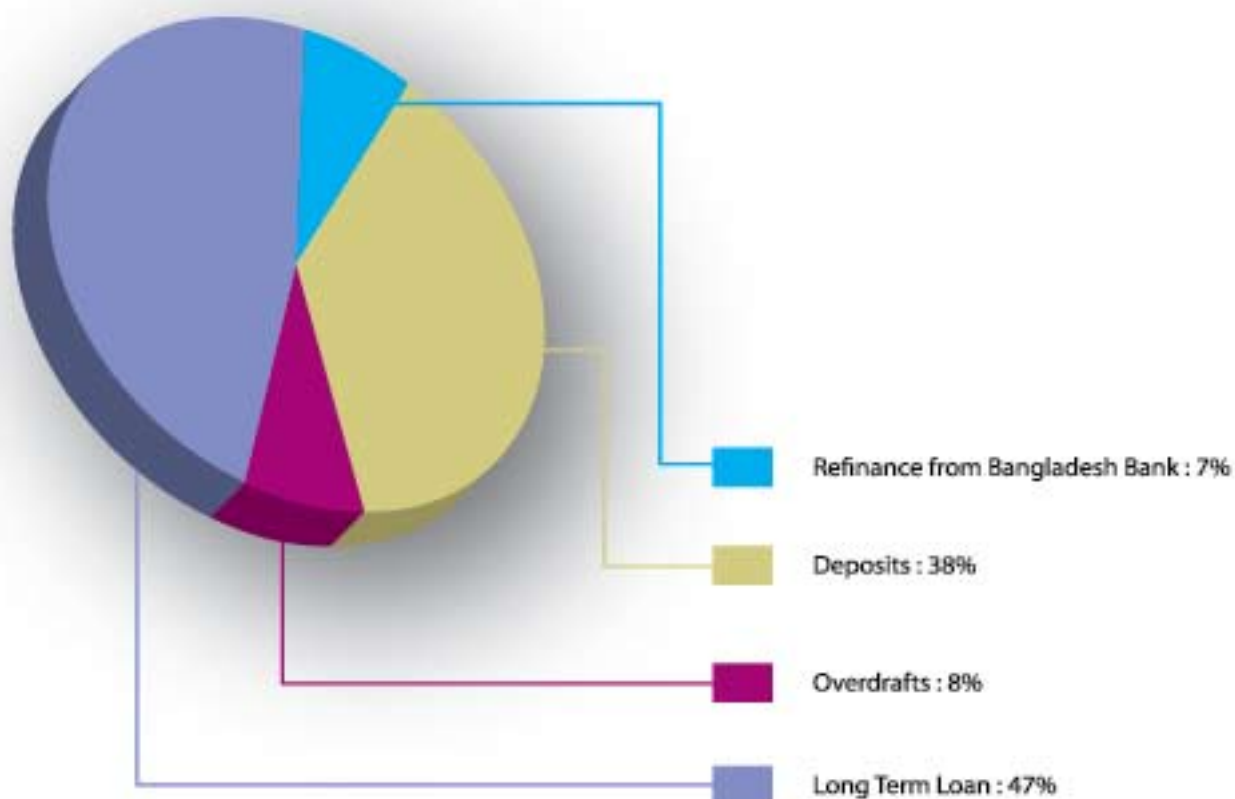


Year 2010
IIDFC

Sector-wise Loans & Advances:

	Year 2010 Consolidated		Year 2010 IIDFC	
	<u>Amounts in Taka</u>			
Agriculture Sector	70,033,606	0.75%	70,033,606	0.80%
Industrial Sector:				
Textiles	832,665,702	8.92%	832,665,702	9.55%
Garments	520,380,059	5.57%	520,380,059	5.97%
Jutes & Jute Related Goods	32,513,783	0.35%	32,513,783	0.37%
Food Items Producer/Processing Industries	234,742,822	2.51%	234,742,822	2.69%
Plastic Industries	102,177,621	1.09%	102,177,621	1.17%
Lather and Lather Goods	18,910,768	0.20%	18,910,768	0.22%
Iron, Steel and Engineering	294,550,816	3.15%	294,550,816	3.38%
Chemicals and Pharmaceuticals	742,936,466	7.96%	742,936,466	8.52%
Cement/Clinker and Allied Industries	33,225,849	0.36%	33,225,849	0.38%
Service Sector (Hotel, Hospital, Clinic, Tourism, etc)	243,724,670	2.61%	243,724,670	2.80%
Paper, Printing and Packaging	537,701,366	5.76%	537,701,366	6.17%
Telecommunication and IT Industries	172,799,486	1.85%	172,799,486	1.98%
Glass and Ceramic Industries	94,219,398	1.01%	94,219,398	1.08%
Shipping and Ship Building Industries	234,179,304	2.51%	234,179,304	2.69%
Electronics and Electrical Goods	48,281,557	0.52%	48,281,557	0.55%
Power, Gas, Water and Sanitary	585,077,778	6.27%	585,077,778	6.71%
Transport and Communication	231,904,912	2.48%	231,904,912	2.66%
Real Estate and Housing	384,107,077	4.11%	384,107,077	4.41%
Merchant Banking	180,086,805	1.93%	180,086,805	2.07%
Others	3,741,971,531	40.08%	3,124,638,262	35.84%
Total	<u>9,336,191,376</u>	<u>100%</u>	<u>8,718,858,107</u>	<u>100%</u>

SOURCES OF FUND



Revenue Spread

Year	Average Rate of Return	Average Cost of Borrowing	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%
2009	16.30%	12.46%	3.84%
2010	15.30%	11.14%	4.16%

DIRECTORS' REPORT



Md. Matiul Islam, Chairman

Dear Shareholders,

I, on behalf of Board of Directors, welcome you all to the 10th 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 2010 along with the Auditors' Report thereon.

DIRECTORS' REPORT

Operating & Net Profit of IIDFC Ltd.

1. We have the honor to present to you the financial performance of IIDFC during FY 2010 covering the period from January 01 to December 31, 2010.
2. IIDFC's Operating Profit jumped to Tk. 893.37 million in 2010 from Tk. 312.48 million in 2009 and the Net Profit soared to Tk. 557.51 million as against a modest sum of Tk. 119.95 million in 2009. This quantum jump in profit was primarily due to a booming stock market and the brisk business conducted by the Brokerage Division. This unusual growth in income from a newly found source of financial activity also exposed the fundamental weakness of and reality that the non-banking financial institutions are now faced with. It was not only in IIDFC, this phenomenon was also visible in a number of other NBFIs. The traditional income stream from lease and loan activities now accounted for not more than 20-25% of total income of the company. The Net Profit generated by IIDFC Capital Ltd., a 100% owned subsidiary of IIDFC for its merchant banking operation, was Tk. 54.54 million after tax and has been reflected in the consolidated accounts.

Corporate Sector

3. The first jolt on our traditional corporate lease/loan financing came not from the world economic downturn in FY 2009 extended to FY 2010, but from the internal constraint of gas and power shortage. Industries planned and financed, based on assurance of gas availability, remained idle and non-operational due to non-availability of gas connection. A few textile projects which IIDFC financed on its own and also participated as a consortium member were unable to service the financial obligations which forced IIDFC to forgo interest charges to enable debt restructuring or takeover by the foreign investors who had the necessary resources to convert from gas to furnace oil operation.
4. The Bangladesh Bank's directive to the commercial banks putting a cap of 13% on their lending rates not only adversely affected IIDFC's existing portfolio but also created serious difficulty in acquiring good clientele with financially sound project portfolio. With the cost of borrowing ranging from 11.50% to 12%, it was beyond the capacity of IIDFC to compete with the banks in terms of lending rates resulting in migration of large number of clients seeking cheaper funds from the banking sector resulting in large sums of pre-payments.
5. In December 2009, the Corporate Finance Dept. had a portfolio of Tk. 4467.50 million and in spite of the fact that new disbursements during the year amounted to Tk. 1810 million, we ended up with a portfolio of Tk. 4920 million as on December 31, 2010—a growth of only 10%, a result of large number of pre-settlements amounting to Tk. 892.20 million during the year.

SME & Housing

6. The milestone of SME development in 2010 was the signing of the MOU between IIDFC and NSIC (National Small Industries Corporation) of India. The MOU covered a wide range of cooperation between the two organizations to foster development of SME in Bangladesh. Under the umbrella of the MOU, a team consisting of SME entrepreneurs and IIDFC officials visited NSIC in February 2011 and another team from SME Foundation, BSCIC and BITAC is due to visit India any time during this year. A SME Technology Fair is proposed to be held in Dhaka in September 2011 in which Ministry of Industries, BSCIC, Bangladesh Federation of Women Entrepreneurs would be the co-sponsors and Bangladesh Bank will extend full cooperation for the holding of the expose.
7. During the year, the SME Department developed a client base of 359 entrepreneurs with a cumulative portfolio of around Tk. 1380 million. A total of Tk. 1000 million was disbursed against new SME clients with due weightage given to women entrepreneurs. There has been a significant growth in short term financing to SME clients. A total of Tk. 370 million was disbursed against work order/ factoring as compared to Tk. 29 million in 2009.

Structured Finance Dept.

8. Like its big brother, SME also faced problems of overdues. The slow-down in the industrial sector affected the performance of those SME projects which were largely dependent on supplies to big enterprises. However, in the financial accounts for this year, adequate provisioning has been made to cover this contingency.
9. The Structured Finance Dept. has, however, been able to maintain its leadership position in the syndication market in spite of stiff competition from big brothers some of whom were foreign entities. The department has been able to generate non-funded revenue of Tk. 100 million in 2010 as against Tk. 45 million in 2009. The main thrust of the department has been in the power sector and funds have been raised for such important clients as Summit, Rahimafrooz and the Sinha Group. Another milestone has been the successful closure of syndicated term loan facility of Tk. 4980 million for a green field textile project at a time when most financial institutions were reluctant to invest in textiles due to global recession. The department has added about 15 new hands during 2010 to cope with the increased work load and had to be relocated in a new premise in Dilkusha.

Treasury Dept.

10. The Treasury Dept. faced the challenging task of mobilizing a high volume of funds at the lowest possible cost. An added responsibility was the management of high volume of fund turn-over in the brokerage operation for which the cumulative disbursement in 2010 was of the order of Tk. 5340 million. The net outstanding, however, as on December 31, 2010 stood at Tk. 1070 million. The department also successfully mobilized funds for the core business operation of IIDFC which included disbursement of Tk. 1810 million for Corporate Finance, Tk. 1120 million for SME & Housing and Tk. 590 million for IIDFC Capital Ltd.

Combating Climate Change

11. The department successfully operated in the call money market with a total volume of borrowing of Tk. 8160 million during the course of the year but never, at any point of time, exceeded the ceiling fixed by Bangladesh Bank for such short term borrowings. The average cost of borrowing from the call money market was 7.29%. The asset-liability maturity mismatch which was 18.21 months in FY 2008 reduced to 6.97 months in FY 2009 was further reduced to 3 months on December 2010.
12. The ERPA (Emission Reduction Purchase Agreement) signed during 2009 envisaged setting up of 20 HHK technology brick manufacturing units. However, the total kiln number was reduced to 16 units based on the final version of the Project Design Document which was submitted to UNFCCC for project registration after obtaining Host Country Approval from the Government of Bangladesh. In 2010, 7 of the 16 HHK units were under operation and 3 units were under advanced stage of construction. The remaining kilns are expected to start construction in 2011. The project registration with UNFCCC after completion of validation, is a prior requirement for earning CER revenue from the World Bank and Government of Denmark with whom agreements have been signed for delivery of 250,000 tons of CER. Unfortunately, there has been delay in the validation process which is now expected by September 2011.
13. IIDFC's contribution in the area of Climate Change Mitigation got national recognition and IIDFC was awarded the "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the country.

Capital Market Operation

14. The Brokerage Operation during 2010 was conducted under a separate Division of IIDFC. Although as per direction of the SEC, a subsidiary company was incorporated in March 2010 with a paid up capital of Tk. 100 million, the transfer of the membership from IIDFC to IIDFC Securities Ltd., the subsidiary company, could not be accomplished during FY 2010. However, the brokerage operation will stand transferred to the subsidiary company from January 2011.

Brokerage Operation

15. With a total turnover (trade volume) of Tk. 143,970.33 million in 2010, the Brokerage Division secured a place in the DSE Top 20 Performers' List. As compared to Tk. 63.82 million in 2009, the operating profit in 2010 was Tk. 481.12 million. On the margin loans extended to the clients, the Division earned net interest income of Tk. 125.13 million. Capital Gain from direct investment amounted to Tk. 28.83 million on a modest investment on an average of Tk. 50 million.

DIRECTORS' REPORT

16. The DSE General Index which was 5,568.40 in January 2010 registered an increase of more than 3,350 points over the year and on December 05, 2010 the General Index stood at 8,918.51. The realization that this artificial prosperity and unusual rise in prices of stocks and shares with no fundamentals could not be sustained for long came to light when on December 20, 2010 the share market shed 600 points from its peak on December 05. This downward trend continued unabated during 2011, and on the date of the writing of this report, the DSE General Index stood at 5,300 points. The daily turn-over which used to be between Tk. 25,000 million to Tk. 30,000 million in 2010 has come down to an average of less than Tk. 5,000 million and has taken its toll on the performance of our share market operation in 2011 and would call for conservation of resources to face the continued upheaval in the share market.

Merchant Banking

17. The performance of our merchant banking subsidiary, IIDFC Capital Ltd. during 2010 has also been satisfactory. Its pre-tax profit was Tk. 89.34 million and the post-tax profit was Tk. 54.54 million. The income arose from multifarious activities which included underwriting commission, portfolio management operation on investors' account, extending margin loans to the customers and capital gains on share trading on company's account. IIDFC Capital Ltd. declared a 20% dividend which was reflected in the Consolidated Accounts attached with this report.

Human Resources

18. In December 2010, the number of executives in the company was 147 as against 90 a year ago. The new additions of executives were in Structured Finance, SME and in the Brokerage Division. Apart from a elaborate recruitment process for identifying the best among the available candidates, we extensively use the training programmes offered by IDCOL, IFC, BIBM, BLFCA, ICC etc. During 2010, as many as 39 staff members participated in the various training programmes to upgrade their professional skill and knowledge.

Equity & Paid-up Capital

19. The Shareholders Equity which was Tk. 613.10 million on December 31, 2009 stood at Tk. 1079.77 million as December 31, 2010. The increase was on account of enhanced provision for Statutory Reserve, Stock Dividend for 2009 and Retained Earnings of 2010. The book value of shares which was Tk. 186.48 in 2009 has now been increased to Tk. 328.42 in 2010. The profit before provisioning increased from Tk. 183.40 million in FY 2009 to Tk. 633.16 million in 2010.

20. The financial results of the company during FY 2010 are summarized below:

Financial Performance

Particulars	Amounts in Taka	
	2010 (Consolidated)	2009
Profit after tax	521,643,843	83,952,318
Add: Retained earnings brought forward	3,910,190	3,713,872
Profit available for appropriation	525,554,033	87,666,190
Less: Appropriations:		
Statutory Reserve	95,000,000	17,000,000
General Reserve	1,000,000	1,000,000
Proposed Dividend	164,390,000	65,756,000
	260,390,000	83,756,000
Retained earnings, carried forward	265,164,033	3,910,190

DIRECTORS' REPORT

Dividend

21. The Directors recommend 50% dividend for 2010 as fully paid up Bonus Shares.

Retirement and Re-election of Directors:

22. 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 10th Annual General Meeting and being eligible have offered themselves for re-election:

Serial	Name	Nominated by
1	Mr. Md. Fayekuzzaman	Investment Corporation of Bangladesh
2	Mr. Anis A. Khan	Mutual Trust Bank Limited
3	Mr. S M Aminur Rahman	Janata Bank Limited
4	Mr. Arif Quadri	ONE Bank Limited

Auditors


23. M/s Hoda Vasi Chowdhury & Co. has expressed their interest to continue as auditors of the Company for the year 2011 and recommended for reappointment at a fee of Tk. 125,000.

Appreciation

24. 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



IIDFC's Senior Management Team in a Meeting

ACKNOWLEDGEMENT FROM THE MANAGING DIRECTOR



Md. Asaduzzaman Khan

ACKNOWLEDGEMENT FROM THE MANAGING DIRECTOR

As we look back to the eventful year of 2010, I feel greatly honoured for the privilege of working in close concert with a retinue of dedicated staff, under the guidance of the distinguished members of the Board of Directors of the Company, specially its chairman, Mr. Md. Matiul Islam who provided the inspiration and guidance to achieve new and important milestones in terms of growth of business and profitability in the year that has just gone by.

At the end of 2010, the company's portfolio of loans and advances grew by BDT 383 million (4.6%) over the level achieved at the end of 2009 and reached BDT 8,719 million by the year end. The year 2010 witnessed a phenomenal growth of the company's operating profit by BDT 633 million, mainly attributed to the robust Stock Market and the performance of our Brokerage Division during 2010. The after tax net profit also sharply grew to BDT 467 million as against the preceding year's number of only BDT 84 million.

Arising out of IIDFC participating in the financing of environment friendly brick kiln project to reduce emission of greenhouse gas, the Company was awarded "HSBC-The Daily Star Climate Award-2010". The Company also encourages the members of the staff to participate in extra curriculum activities in 2010. Our team secured runner up trophy in the Corporate Soccer Cup Tournament-2010.

During the year, major emphasis was given to monitoring, collection of overdues in the corporate and SME businesses. As a result we have been able to down size our non performing loan portfolio and develop portfolio with good corporate and SME clients. We are also in the process of developing a long term portfolio on housing finance from our own resource following the discontinuation of Bangladesh Bank Refinance Scheme for housing.

All these have been made possible due to the team spirit, undivided devotion and the total commitment of all the employees of IIDFC. I must acknowledge the services of our Senior Management Team consisting of Mr. Md. Khalilur Rahman, Additional Managing Director, Mr. Kh. Shafiqur Rahman, EVP and Head of Structured Finance, Mr. Rafiqul Islam, Head of Credit, Mr. Md. Russel Shahriar, SVP and Head of SME Finance, Mr. Md. Shamim Ahamed, VP-CFO Company Secretary, Mr. Sami Huda, VP and Head of Corporate Finance and above all Mrs. Ashrafun Nessa, COO of IIDFC Securities Ltd. and Mr. Anwar Hossain, CEO of IIDFC Capital Ltd.

As we always acknowledge, our main source of strength and inspiration is our resourceful Board mostly comprising of the CEOs of banks and financial institutions. The Directors, all of whom are professionals with long experience in the financial sector, have been playing important roles to turn the company into a respectable entity in the country's financial landscape. Our sincere thanks and gratitude go to all the members of the Board of Directors and promoters for their invaluable contributions to the company under the stewardship of the Chairman, Mr. Md. Matiul Islam and Vice- Chairman, Mr. M. Syeduzzaman. Our sincere thanks also go to our valuable clients, lenders, depositors, regulators, the Government and other stakeholders for their continued support and cooperation.



Md. Asaduzzaman Khan
Managing Director

Auditors' Report to the Shareholders of Industrial Infrastructure Development Finance Company Limited

We have audited the accompanying consolidated financial statements of Industrial and Infrastructure Development Finance Company (IIDFC) Limited and its subsidiaries, which comprises the balance sheet as on December 31, 2010 and the income statement, statement of changes in equity, liquidity statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as on December 31, 2010 and of the results of its operations and cash flows for the year then ended and comply with the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

AUDITORS' REPORT

Further to our opinion in the above paragraph, we state that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by IIDFC so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iii) the IIDFC's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purpose of the IIDFC's business;
- (v) the financial position of IIDFC as on 31 December 2010 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- (vii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) IIDFC has no overseas branches;
- (xi) 80% of the risk-weighted assets have been audited; and
- (xii) we have spent approximately 700 man hours for the audit of books and accounts of the IIDFC.

June 1, 2011


Hoda Vasi Chowdhury & Co.
Chartered Accountants

BALANCE SHEET

Industrial and Infrastructure Development Finance Company Ltd. Balance Sheet As on December 31, 2010

Amounts in Taka

Ref.		Notes	Year 2010	Year 2009
IAS 1.50(a)	PROPERTY & ASSETS			
IAS 1.54, IAS 7.7	Cash	3		
	In Hand (including foreign currencies)		33,481	2,990
	Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)		307,436,094	81,069,395
			307,469,575	81,072,385
IAS 1.54(b)	Balance with other Banks and Financial Institutions	4		
	Inside Bangladesh		1,502,071,100	874,092,240
	Outside Bangladesh		-	-
			1,502,071,100	874,092,240
IAS 1.54(g)	Money at Call and Short Notice	5	50,000,000	-
IAS 1.54(b)	Investments	6		
	Government		-	-
	Others		168,145,013	30,800
			168,145,013	30,800
IAS 1.54(b)	Loans & Advances	7		
	Lease Receivables		2,545,631,167	3,218,225,086
	Advance for Lease Finance		261,951,279	352,303,106
	Direct/Term Finance		3,923,024,920	3,289,706,674
	Secured Overdraft		38,514,973	64,277,470
	Bills Discounted and Purchased		27,040,534	16,916,484
	Margin Loan		1,922,695,234	1,394,730,451
			8,718,858,107	8,336,159,271
IAS 1.54(a)	Property, Plant & Equipment	8	48,396,313	30,159,636
IAS 1.55B 1.57(a)	Other Assets	9	974,210,806	482,162,367
IAS 1.55B 1.57(a)	Non-Banking Assets		-	-
	Total Assets		11,769,150,914	9,803,676,699
	LIABILITIES & CAPITAL			
IAS 1.54(b)	Borrowings from other Banks, Financial Institutions & Agent	10	5,492,980,509	4,159,214,741
IAS 1.54(m)	Deposits & Other Accounts	11		
	Current Deposits & Other Accounts, etc		-	-
	Bills Payable		-	-
	Savings Bank Deposits		-	-
	Term Deposits		3,414,417,816	3,882,807,737
	Bearer Certificate of Deposits		-	-
	Other Deposits		-	-
			3,414,417,816	3,882,807,737
IAS 1.55, 1.57(a)	Other Liabilities	12	1,781,983,517	1,148,552,031
	Total Liabilities		10,689,381,842	9,190,574,509
IAS 1.54P, 1.78(a)	Capital/Shareholders' Equity			
IAS 1.54P, 1.78(a)	Paid up Capital	13	328,780,000	328,780,000
IAS 1.54P, 1.78(a)	Statutory Reserve	14	201,900,000	106,900,000
IAS 1.54P, 1.78(a)	General Reserve	15	43,000,000	42,000,000
IAS 1.54P, 1.78(a)	Other Reserve	16	-	-
IAS 1.54P, 1.78(a)	Proposed Dividend	17	131,512,000	131,512,000
IAS 1.54P, 1.78(a)	Retained Earnings	18	374,577,072	3,910,190
	Total Shareholders' Equity		1,079,769,072	613,102,190
	Total Liabilities & Shareholders' Equity		11,769,150,914	9,803,676,699

BALANCE SHEET

Industrial and Infrastructure Development Finance Company Ltd. Balance Sheet As on December 31, 2010

Amounts in Taka

Year 2010	Year 2009
373,862,506	17,269,476
1,536,500	9,060,110
-	-
-	-
-	-
375,399,006	26,329,586
-	-
-	-
-	-
-	-
375,399,006	26,329,586

OFF-BALANCE SHEET ITEMS

Notes

Contingent Liabilities

19

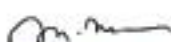
Letters of Guarantee
Letters of Credit
Irrevocable Letter of Credit
Bills for Collection
Other Contingent Liabilities

Others Commitments:

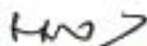
Documentary credits & short term trade related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments

Total Off-Balance Sheet items including contingent liabilities

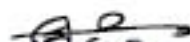
The annexed notes form an integral part of these accounts



Md. Matul Islam
Chairman



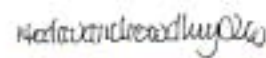
Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

Signed as per annexed report on even date

June 1, 2011



Hoda Vasi Chowdhury & Co
Chartered Accountants



CONSOLIDATED BALANCE SHEET

Ref.	Industrial and Infrastructure Development Finance Company Ltd.	Consolidated Balance Sheet	As on December 31, 2010	Notes	Amounts in Taka	
					Year	2010
IAS 1.51(a)						
IAS 1.10(a)						
IAS 1.51(c)						
IAS 1.38(a)(i)						
	PROPERTY & ASSETS					
IAS 1.54.7.7	Cash			3.a		
	In Hand (Including foreign currencies)					63,141
	Balance with Bangladesh Bank and its agent Bank(s)					307,436,094
	(Including foreign currencies)					307,499,235
IAS 1.54(i)	Balance with other Banks and Financial Institutions			4.a		
	Inside Bangladesh					1,520,486,010
	Outside Bangladesh					-
						1,520,486,010
IAS 1.54(i)	Money at Call and Short Notice			5		50,000,000
IAS 1.54(i)	Investments			6.a		
	Government					-
	Others					188,790,499
						188,790,499
IAS 1.54(i)	Loans & Advances			7.a		
	Lease Receivables					2,545,631,167
	Advance for Lease Finance					261,951,279
	Direct/ Term Finance					3,923,024,920
	Secured Overdraft					38,514,973
	Bills Discounted and Purchased					27,040,534
	Margin Loan					2,540,028,503
						9,336,191,376
IAS 1.54(i)	Property, Plant & Equipment			8.a		54,697,077
IAS 1.55&1.57(i)	Other Assets			9.a		939,705,485
IAS 1.55&1.57(i)	Non-Banking Assets					-
	Total Assets					12,397,369,682
	LIABILITIES & CAPITAL					
IAS 1.54(i)	Borrowings from other Banks, Financial Institutions & Agent			10.a		5,692,980,509
IAS 1.54(mi)	Deposits & Other Accounts			11.a		
	Current Deposits & Other Accounts, etc					-
	Bills Payable					-
	Savings Bank Deposits					-
	Term Deposits					3,630,489,472
	Bearer Certificate of Deposits					-
	Other Deposits					-
						3,630,489,472
IAS 1.55.1.57(i)	Other Liabilities			12.a		1,938,953,668
	Total Liabilities					11,262,423,649
	Capital/Shareholders' Equity					
IAS 1.54(i), 1.78(i)	Paid up Capital			13		328,780,000
IAS 1.54(i), 1.78(i)	Statutory Reserve			14		201,900,000
IAS 1.54(i), 1.78(i)	General Reserve			15		43,000,000
IAS 1.54(i), 1.78(i)	Other Reserve			16		-
IAS 1.54(i), 1.78(i)	Proposed Dividend			17		131,512,000
IAS 1.54(i), 1.78(i)	Retained Earnings			18.a		429,526,327
IAS 27&27.26	Minority Interest			18.a.1		227,706
	Total Shareholders' Equity					1,134,946,033
	Total Liabilities & Shareholders' Equity					12,397,369,682

CONSOLIDATED BALANCE SHEET

Ref.
MS 1.51(a)
MS 1.10(a)
MS 1.31(a)

Industrial and Infrastructure Development Finance Company Ltd. Consolidated Balance Sheet As on December 31, 2010

MS 1.53
MS 37.38, 37.39

OFF-BALANCE SHEET ITEMS

Notes

19

Contingent Liabilities

Letters of Guarantee
Letters of Credit
Irrevocable Letter of Credit
Bills for Collection
Other Contingent Liabilities

Others Commitments:

Documentary credits & short term trade related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments

Total Off-Balance Sheet items including contingent liabilities

Amounts in Taka

Year
2010

373,862,506
1,536,500
-
-
375,399,006

375,399,006

The annexed notes form an integral part of these accounts


Md. Matul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Md. Shamim Ahamed
Company Secretary

Signed as per annexed report on even date

June 1, 2011


Hoda Vasi Chowdhury & Co
Chartered Accountants



PROFIT & LOSS ACCOUNT

Ref

IAS 1.51(a)

IAS 1.10(b)

IAS 1.51(c)

IAS 1.38(a)(i)

IFRS 7.20(b)

IFRS 7.20(c)

IAS 1.85

IFRS 7.20(b)

IFRS 7.20(c)

IAS 1.85

IAS 1.85

IAS 1.104

IAS 1.507

IAS 1.507

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IAS 1.85

Industrial and Infrastructure Development Finance Company Ltd.

Profit & Loss Account

For the year ended December 31, 2010


Amounts in Taka

			Year 2010	Year 2009
A. OPERATING INCOME:	Notes			
Interest Income	20		1,249,086,663	1,090,108,326
Interest paid on Deposits, Borrowings etc.	21		(903,924,355)	(901,229,402)
Net Interest Income			345,162,308	188,878,924
Income from Investment	22		33,578,779	814
Commission, Exchange and Brokerage	23		416,665,083	78,933,647
Other Operating Income	24		97,965,874	44,665,211
Total Operating Income			893,372,044	312,478,596
B. OPERATING EXPENSES:				
Salaries & Allowances	25		90,762,186	61,358,331
Rent, Taxes, Insurance, Electricity etc.	26		29,264,260	15,276,575
Legal Expenses	27		2,476,223	1,884,920
Postage, Stamp, Telecommunications etc.	28		5,668,082	2,997,367
Stationery, Printing, Advertisement etc.	29		10,070,706	11,517,051
Managing Director's Salary and Fees	30		7,319,083	6,096,337
Directors' Fees	31		592,948	696,479
Auditor's Fees	32		230,190	300,000
Loans & Advances Written-off	33		39,073,975	-
Repair and Depreciation of Company's Assets	34		15,297,888	8,636,109
Other Expenses	35		59,453,142	20,320,281
Total Operating Expenses			260,208,683	129,083,450
C. Profit/(Loss) Before Provision (A-B)			633,163,361	183,395,146
D. Provision for Loans & Advances:	36			
Specific Provision			62,029,595	54,553,282
General Provision			12,895,492	8,889,546
Provision for diminution in value of Investments			724,958	-
Other Provision			-	-
Total Provision			75,650,045	63,442,828
E. Profit/(Loss) Before Taxes (C-D)			557,513,316	119,952,318
F. Provision for Tax:	37			
Current Tax			90,846,434	36,000,000
Deferred Tax			-	-
Total Provision			90,846,434	36,000,000
G. Profit/(Loss) After Taxes (E-F)			466,666,882	83,952,318
Add: Retained earnings brought forward			3,910,190	3,713,872
Profit available for appropriation			470,577,072	87,666,190
Less: Appropriations				
Statutory Reserve			95,000,000	17,000,000
General Reserve			1,000,000	1,000,000
Proposed Dividend			-	65,756,000
			96,000,000	83,756,000
Retained Earnings			374,577,072	3,910,190
Earnings per Share (EPS)	38		141.94	25.53

The annexed notes form an integral part of these accounts



Md. Matul Islam
Chairman



Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

Signed as per annexed report on even date

June 1, 2011



Hoda Vasi Chowdhury & Co
Chartered Accountants

CONSOLIDATED PROFIT & LOSS ACCOUNT

Industrial and Infrastructure Development Finance Company Ltd. Consolidated Profit & Loss Account For the year ended December 31, 2010

IAS 1.51(a)
IAS 1.108(a)
IAS 1.51(c)
IAS 1.38(3)

Amounts in Taka

	Notes	Year 2010
A. OPERATING INCOME:		
Interest Income	20.a	1,323,871,923
Interest paid on Deposits, Borrowings etc.	21.a	(944,443,419)
Net Interest Income		379,428,504
Income from Investment	22.a	39,189,011
Commission, Exchange and Brokerage	23.a	491,348,402
Other Operating Income	24.a	97,965,874
Total Operating Income		1,007,931,791
B. OPERATING EXPENSES:		
Salaries & Allowances	25.a	97,261,801
Rent, Taxes, Insurance, Electricity etc.	26.a	33,334,204
Legal Expenses	27.a	2,757,927
Postage, Stamp, Telecommunications etc.	28.a	6,047,501
Stationery, Printing, Advertisement etc.	29.a	10,689,101
Managing Director's Salary and Fees	30	7,319,083
Directors' Fees	31.a	626,429
Auditor's Fees	32.a	338,690
Loans & Advances Written-off	33	39,073,975
Repair and Depreciation of Company's Assets	34.a	16,763,117
Other Expenses	35.a	64,311,041
Total Operating Expenses		278,522,869
C. Profit/(Loss) Before Provision (A-B)		729,408,922
D. Provision for Loans & Advances:	36.a	
Specific Provision		62,029,595
General Provision		19,068,825
Provision for diminution in value of Investments		724,958
Other Provision		-
Total Provision		81,823,378
E. Profit/(Loss) Before Taxes (C-D)		647,585,544
F. Provision for Tax:	37.a	
Current Tax		125,941,701
Deferred Tax		-
Total Provision		125,941,701
G. Profit/(Loss) After Taxes (E-F)		521,643,843
Shareholders of the company		521,616,137
Minority Interest	18.a.1	27,706
Add: Retained earnings brought forward		3,910,190
Profit available for appropriation		525,554,033
Less: Appropriations		
Statutory Reserve		95,000,000
General Reserve		1,000,000
Proposed Dividend		-
		96,000,000
Retained Earnings		429,554,033
Earnings per Share (EPS)	38.a	158.66

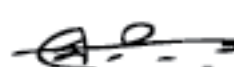
The annexed notes form an integral part of these accounts



Md. Matul Islam
Chairman



Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

Signed as per annexed report on even date

June 1, 2011


Hoda Vasi Chowdhury & Co
Chartered Accountants

CASH FLOW STATEMENT

Industrial and Infrastructure Development Finance Company Ltd.

Cash Flow Statement

For the year ended December 31, 2010

Amounts in Taka

Net
IAS 1.51(a)
IAS 1.10(d)
IAS 1.51(c)
IAS 1.32B(c)

IAS 7.10
IAS 7.31
IAS 7.31
IAS 7.31
IAS 7.14(b)
IAS 7.14(d)
IAS 7.14(c)
IAS 7.35
IAS 7.14(d)
IAS 7.14(c)

IAS 7.19(d)

IAS 7.10
IAS 7.16(d)
IAS 7.23(b)
IAS 7.16(d)
IAS 7.16(d)
IAS 7.16(d)

IAS 7.10

IAS 7.31

IAS 7.18

IAS 7.45

A CASH FLOW FROM OPERATING ACTIVITIES:

Interest receipts in cash
Interest payments in cash
Dividend receipts in cash
Fees and commission receipts in cash
Recoveries of loans previously written-off
Cash payments to employees
Cash payments to suppliers
Income taxes paid
Receipts from other operating activities
Payments for other operating activities

Cash generated from operating activities

Increase/(decrease) in operating assets and liabilities, statutory deposits

Purchase of trading securities (treasury bills)
Loans and advances to other banks
Loans and advances to other customers
Other assets
Deposits from other banks/borrowings
Deposits from customers
Trading liabilities
Other liabilities

Net Cash from Operating Activities

B CASH FLOW FROM INVESTING ACTIVITIES:

Debtors
Proceeds from sale of securities
Payments for purchase of securities
Purchase of property, plant and equipment
Payment against lease obligation
Proceeds from sale of property, plant and equipment

Net cash used in investing activities

C CASH FLOW FROM FINANCING ACTIVITIES:

Dividend paid
Issuance of shares

Net cash from financing activities

D Net increase/(decrease) in cash and cash equivalents (A+B+C)

E Effects of exchange rate changes on cash and cash equivalents

F Cash and cash equivalents at beginning of the year

G Cash and cash equivalents at end of the year (D+E+F)

Cash and cash equivalents at end of the year

Cash in hand
Balance with Bangladesh Bank and its agents bank(s)
Balance with other banks and financial institutions
Money at call and short notice

Year 2010	Year 2009
1,240,635,749	1,085,389,698
(988,545,927)	(851,005,162)
4,759,816	814
416,665,083	78,933,647
-	-
(102,091,099)	(70,532,604)
(8,367,765)	(13,749,571)
(105,406,704)	(82,722,701)
126,784,837	44,665,211
(83,238,426)	(33,899,054)
501,195,564	157,080,278
-	-
-	-
(382,698,836)	(2,073,423,230)
(378,190,821)	(103,606,883)
659,065,768	658,217,452
206,310,079	1,371,879,064
-	-
499,885,157	405,420,073
604,371,347	258,486,476
1,105,566,911	415,566,754
-	-
-	-
(168,114,213)	-
(32,347,254)	(21,154,604)
(729,394)	(197,408)
-	1,300,000
(201,190,861)	(20,052,012)
-	-
-	-
-	-
904,376,050	395,514,742
-	-
955,164,625	559,649,883
1,859,540,675	955,164,625
33,481	2,990
307,436,094	81,069,395
1,502,071,100	874,092,240
50,000,000	-
1,859,540,675	955,164,625

The annexed notes form an integral part of these accounts


Md. Matul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Md. Shamim Ahmed
Company Secretary

June 1, 2011

CONSOLIDATED CASH FLOW STATEMENT

Ref.

MS1.51(a)
MS1.10(a)
MS1.51(c)
MS1.38(a)(3)

Industrial and Infrastructure Development Finance Company Ltd.

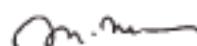
Consolidated Cash Flow Statement

For the year ended December 31, 2010

Amounts in Taka

		Year 2010
MS7.10	A CASH FLOW FROM OPERATING ACTIVITIES:	
MS7.31	Interest receipts in cash	1,312,717,884
MS7.31	Interest payments in cash	(1,025,548,524)
MS7.31	Dividend receipts in cash	4,759,816
MS7.14(a)	Fees and commission receipts in cash	491,348,402
	Recoveries of loans previously written-off	-
MS7.14(b)	Cash payments to employees	(108,601,287)
MS7.14(c)	Cash payments to suppliers	(7,788,472)
MS7.35	Income taxes paid	(105,485,442)
MS7.14(a)	Receipts from other operating activities	128,664,753
MS7.14(c)	Payments for other operating activities	(91,571,933)
	Cash generated from operating activities	598,495,197
MS7.19(a)	Increase/(decrease) in operating assets and liabilities, Statutory deposits	
	Purchase of trading securities (treasury bills)	-
	Loans and advances to other banks	-
	Loans and advances to other customers	(1,000,032,105)
	Other assets	(341,502,885)
	Deposits from other banks/borrowings	859,065,768
	Deposits from customers	422,381,735
	Trading liabilities	-
	Other liabilities	610,323,781
		550,236,294
	Net Cash from Operating Activities	1,148,731,491
MS7.10	B CASH FLOW FROM INVESTING ACTIVITIES:	
MS7.16(a)	Debtures	-
MS7.23(a)	Proceeds from sale of securities	-
MS7.16(a)	Payments for purchase of securities	(188,759,699)
MS7.16(a)	Purchase of property, plant and equipment	(37,444,986)
MS7.16(a)	Payment against lease obligation	(729,394)
MS7.16(a)	Proceeds from sale of property, plant and equipment	-
	Net cash used in investing activities	(226,934,079)
MS7.10	C CASH FLOW FROM FINANCING ACTIVITIES:	
MS7.31	Dividend paid	-
	Issuance of shares	-
	Net cash from financing activities	-
	D Net increase/(decrease) in cash and cash equivalents (A+B+C)	921,797,412
MS7.18	E Effects of exchange rate changes on cash and cash equivalents	-
	F Cash and cash equivalents at beginning of the year	956,187,833
MS7.45	G Cash and cash equivalents at end of the year (D+E+F)	1,877,985,245
	Cash and cash equivalents at end of the year	
	Cash in hand	63,141
	Balance with Bangladesh Bank and its agents bank(s)	307,436,094
	Balance with other banks and financial institutions	1,520,486,010
	Money at call and short notice	50,000,000
		1,877,985,245

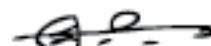
The annexed notes form an integral part of these accounts



Md. Matul Islam
Chairman



Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

June 1, 2011

IAS 1.10(b)
IAS 1.10(c)
IAS 1.10(c)

Industrial and Infrastructure Development Finance Company Ltd.

Statement of Changes in Equity

For the year ended December 31, 2010

		Amounts in Taka					
	Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Total
	Balance as on 1 January, 2010	328,780,000	106,900,000	42,000,000	131,512,000	3,910,190	613,102,190
	Changes in accounting policy	-	-	-	-	-	-
	Restated balance	-	-	-	-	-	-
	Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-
	Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
	Currency translation differences	-	-	-	-	-	-
	Net gains and losses not recognized in income statement	-	-	-	-	-	-
	Net profit for the year	-	-	-	-	-	-
	Dividend (bonus shares)	-	-	-	-	466,666,882	466,666,882
	Issue of share capital	-	-	-	-	-	-
	Appropriations made during the year	-	95,000,000	1,000,000	-	(96,000,000)	-
	Balance as on 31 December, 2010	328,780,000	201,900,000	43,000,000	131,512,000	374,577,072	1,079,769,072

The annexed notes form an integral part of these accounts


Md. Matul Islam
Chairman


Md. Asaduzzaman Khan
Managing Director


Md. Shamim Ahamed
Company Secretary

June 1, 2011

STATEMENT OF CHANGES IN EQUITY

Industrial and Infrastructure Development Finance Company Ltd.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2010

		Amounts in Taka					
Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Proposed Dividend	Retained Earnings	Minority Interest	Total
Balance as on 1 January, 2010	328,780,000	106,900,000	42,000,000	131,512,000	3,910,190	-	613,102,190
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognized in income statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	521,616,137	227,706	521,843,843
Dividend (bonus shares)	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Appropriations made during the year	-	95,000,000	1,000,000	-	(96,000,000)	-	-
Balance as on 31 December, 2010	328,780,000	201,900,000	43,000,000	131,512,000	429,526,327	227,706	1,134,946,033

The annexed notes form an integral part of these accounts


Md. Matul Islam
Chairman


Md. Asaduzzaman Kha
Managing Director


Md. Shamim Ahamed
Company Secretary

June 1, 2011

Industrial and Infrastructure Development Finance Company Ltd.

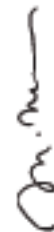
Liquidity Statement

For the year ended December 31, 2010

Amounts in Taka

Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity	Total
ASSETS:						
Cash	33,481	-	-	-	-	33,481
Balances with Bangladesh Bank	307,436,094	-	-	-	-	307,436,094
Balances with other Banks	200,209,279	178,860,564	1,123,001,257	-	-	1,502,071,100
Money at call and on short notice	50,000,000	-	-	-	-	50,000,000
Investments	-	56,222,005	17,117,800	83,471,200	11,334,008	168,145,013
Loans and advances	862,680,484	1,595,662,068	1,749,973,959	3,486,677,425	1,023,864,171	8,718,858,107
Property, Plant & Equipment	1,274,824	2,549,648	11,473,416	33,098,425	-	48,396,313
Other Assets	212,392,406	27,960,360	-	280,739,040	453,119,000	974,210,806
Non-Banking Assets	-	-	-	-	-	-
Total Assets	1,634,026,568	1,861,254,645	2,901,566,432	3,883,986,090	1,488,317,179	11,769,150,914
LIABILITIES:						
Borrowing from other Banks, Fin. Ins. & Agents	67,544,471	280,977,032	1,086,532,234	3,875,727,958	182,198,814	5,492,980,509
Deposit and other accounts	105,184,263	532,541,265	731,929,016	1,248,560,185	796,203,087	3,414,417,816
Provision and other liabilities	414,700,532	539,751,247	539,751,247	47,101,819	240,678,672	1,781,983,517
Total Liabilities	587,429,266	1,353,269,544	2,358,212,497	5,171,389,962	1,219,080,573	10,689,381,842
Net Liquidity Gap	1,046,597,302	507,985,101	543,353,935	(1,287,403,872)	269,236,606	1,079,769,072

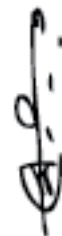
The annexed notes form an integral part of these accounts



Md. Matul Islam
Chairman



Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

June 1, 2011

LIQUIDITY STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Industrial and Infrastructure Development Finance Company Ltd.

Notes To The Financial Statements

For the year ended December 31, 2010

IAS 1.51(a)

IAS 1.10(a)

IAS 1.51(a)

1.0 Legal Status and Nature of the Company:

Industrial and Infrastructure Development Finance Company Limited (IIDFC), a public limited company was incorporated on the 19th day of December, 2000 as a development financial institution to boost investment specially in the spectrum of industrial and infrastructure development. The Company was licensed by Bangladesh Bank on the 23rd day of January, 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (6th & 7th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh.

1.1 Principal Activities:

IIDFC offers financial services that include promotion and term financing of financially viable industrial undertakings & infrastructure projects, lease financing for all type of machineries and equipments 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 privatization and SME financing. Recently, the Company has also started to provide share trading services through its Brokerage Service Division. This division is engaged in buying and selling of securities for its customers. It also extends margin loan to its customers against their investments in the listed securities. The required margin level is monitored daily and is complied with regulatory guidelines in all respect.

1.2 Information regarding Subsidiaries:

As on 31 December, 2010, IIDFC Ltd. has two subsidiaries to include for preparation of consolidated financial statements as per Bangladesh Accounting Standard 27 'Consolidated and Separate Financial Statements'.

IIDFC Securities Limited:

IIDFC Securities Limited (the Company), a fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC) was incorporated as a private limited company in Bangladesh bearing certificate of incorporation no. C-83521/10 dated 28/03/2010 under the Companies Act 1994 having its registered office at Eunoos Trade Centre (Level 7), 52-53 Dilkusha Commercial Area, Dhaka.

The main objectives of the Company for which it was established are to carry out of the business of securities management and stock brokerage, custodian services, investment and asset management, portfolio management, capital market operations and other non-banking financial services including advisory services, mergers and acquisitions, equity investment, joint venture sourcing, corporate finance and restructuring, financial and socio economic consultancy, corporate research and project, studies, privatization and other related services.

IIDFC Capital Limited:

IIDFC Capital Limited (the Company) is a private company, limited by shares was incorporated in Bangladesh on 30 November 1995 vide certificate of incorporation no. C-H.C 2097 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance Company (IIDFC) Limited a non-banking financial institution on 10 December 2009 and changed its name as IIDFC Capital Limited.

The principal activities of the Company for which it was established include the business of issue management, portfolio management, underwriting, corporate counseling, investment counseling, capital structuring, etc.

NOTES TO THE FINANCIAL STATEMENTS

2.0 Significant Accounting Policies and basis of preparation of Financial Statements:

2.1 Basis of Preparation of Financial Statements:

The Financial Statements have been prepared on the basis of going concern concept and basically on accrual method under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) so far adopted in Bangladesh as Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS) by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994 and other applicable laws and regulations where applicable.

Basis of consolidation of operations of Subsidiaries:

The financial statements of the company and its subsidiaries have been consolidated in accordance with Bangladesh Accounting Standard 27 'Consolidated and Separate Financial Statements'. The consolidation of the Financial Statements has been made after eliminating all material inter company balances.

The total profits of the Company and its subsidiaries are shown in the consolidated Profit and Loss Account with the proportion of profit after taxation pertaining to minority shareholders being deducted as Minority Interest.

All Assets and Liabilities of the company and its subsidiaries are shown in the consolidated Balance Sheet. The interest of minority shareholder of the subsidiaries are shown separately in the consolidated Balance Sheet under the heading Minority Interest.

2.2 Use of Estimate & Judgments:

The preparation of Financial Statements is in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the Financial Statements.

Provisions and accrued expenses are recognized in the Financial Statements in line with the Bangladesh Accounting Standard (BAS) No. 37 'Provisions, Contingent Liabilities and Contingent Assets' when:

- a) the Company has a present obligation, legal or constructive result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

NOTES TO THE FINANCIAL STATEMENTS

IAS 1.111 **2.3 Cash Flow Statement:**

The cash flow statement has been prepared using the Direct Method as mentioned in line with Bangladesh Accounting standard 7 'Cash Flow Statements'.

IAS 1.27 **2.4 Consistency:**

In accordance with the IFRS framework for the presentation of Financial Statements together with Bangladesh Accounting Standard 1 'Presentation of Financial Statements' and Bangladesh Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors', IIDFC Ltd. applies the accounting disclosure principles consistently from one period to the next.

IAS 1.36 **2.5 Reporting Period:**

These financial Statements cover one calendar year from January 01 to December 31, 2010.

IAS 1.51(a)(ii) **2.6 Presentation of Currencies:**

The figures of the financial statements are presented in Bangladeshi Taka (BDT) and have been rounded off to the nearest integer.

2.7 Books of Accounts of Branch:

The Company has 1 (one) branch so far as on 31 December, 2010. Books of Accounts of the branch have been maintained at the Head Office of the Company.

IAS 1.119 **2.8 Assets and Basis of Their Valuation:**

IAS 7.45 **2.8.1 Cash and Cash Equivalents:**

Cash and cash equivalents includes notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets.

IAS 1.54 **2.8.2 Investment in Securities:**

Investments in Quoted Securities as well as investment in Unquoted Securities have been shown at cost. Full provision for diminution in value of shares has been made as per Bangladesh Bank Guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading day of the year (last trading day for the year 2010 was 30 December, 2010).

Unrealized gain on investment was not recognized as income in the financial statements.

IAS 16.73 **2.8.3 Property, Plant and Equipment:**

2.8.3.1 Owned Assets:

Own property, plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs associated with bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard 16 'Property, Plant and Equipment'.

NOTES TO THE FINANCIAL STATEMENTS

2.8.3.2 Leased Assets:

Leasehold assets are accounted for as Finance Lease and capitalized at the inception of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is lower as per Bangladesh Accounting Standard 17 'Leases'. The corresponding obligation under the lease is accounted for as liability.

2.8.3.3 Subsequent expenditure on Property, Plant and Equipment:

Subsequent expenditure is capitalized only when it increases the future economic benefits from the assets. All other expenditures are recognized as an expense as and when they are incurred.

WS 16/13 B&G 2.8.3.4 Depreciation on Property, Plant & Equipment:

Depreciation on fixed assets is charged consistently on straight-line method at following rates throughout the estimated useful life of the assets. On newly acquired assets depreciation is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year.

Sl. No	Category of Fixed Assets	Rate of Depreciation
01	Motor vehicles	20%
02	Furniture & fixtures	10%
03	Office equipments	18%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the concerned asset and is recognised accordingly in the Profit and Loss Account.

2.8.3.5 Intangible Assets and Amortization Thereof:

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognized at cost and are carried at cost less accumulated amortization and accumulate impairment losses, if any. Amortization is calculated @ 18% using the straight line method. Subsequent expenditure on software assets are capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditures are expensed as incurred.

WS 1.119 2.9 Basis for Valuation of Liabilities and Provisions:

WS 37/85 2.9.1 Provision for Tax

WS 12/46 A. Current Tax:

Provision for Current Tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof.

NOTES TO THE FINANCIAL STATEMENTS

IAS 12, 40B(15)

B. Deferred Tax:

The company has adopted policy of recognition of deferred tax in accordance with Bangladesh Accounting Standard 12 'Income Taxes'. Deferred tax is provided using the liability method for all temporary timing differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax is determined at the effective income tax rate prevailing at the Balance Sheet date.

IAS 19, 120 2.9.2 Employees' Benefit Obligation:

Defined Contribution Plan:

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.

Defined Benefit Plan:

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

Other Benefit Program for Employees:

The Company operates a group life insurance scheme for its permanent employees. The Company also has loan facilities at reduced rate for its permanent employees.

IAS 1, 119 2.9.3 Provision for Bad & Doubtful Debts:

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

IAS 1, 119 2.10 Write-off of Loans & Advances:

Write-off describes a reduction in recognized value. It refers to recognized or the zero value of an assets. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The items potential returns is thus calculated and removed (written-off) from the business Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

2.11 Revenue Recognition:

2.11.1 Income from Lease Finance:

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

2.11.2 Income from Direct Finance:

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

2.11.3 Income from Structured Finance:

Income from structured finance is recognized as and when received.

2.11.4 Income from Treasury Operations:

Incomes from treasury operations are recognized on accrual basis.

2.11.5 Income from Margin Loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties.

2.11.6 Other Operational Income:

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

- a. Appraisal and documentation fees;
- b. Commitment fees;
- c. Supervision fees;
- d. Delinquent charges; and
- e. Miscellaneous receipts.

2.12 Interest on Bank Loans:

Interest bearing bank loans are recorded at the proceeds received from a particular bank. Interest on bank loan is accounted for on accrual basis to Profit and Loss Account under the head of Financial Expenses at the implicit rate of interest. The accrued interest expenses are not added to the carrying amounts of the loans.

2.13 Earnings Per Share:

Earnings per shares is calculated by dividing the profit or loss attributable to ordinary shares of the IDFC by the weighted average number of ordinary shares outstanding during the period. IDFC calculates EPS in accordance with Bangladesh Accounting Standard 33 'Earnings per Share' which has been shown in the profit and loss and computation is stated in Note no. 38.

Diluted Earnings per share is not required to be calculated for the year as there is no scope for dilution during the year.

NOTES TO THE FINANCIAL STATEMENTS

IFRS 8.2 2.14 Determination and Presentation of Operating Segments:

The Company determines and presents Operating Segments based on information that is internally provided to the Company's Management. This is due to the adoption of the Bangladesh Financial Reporting Standards (BFRS) 8 'Operating Segments'. Since the adoption of this BFRS only affects presentation and disclosure aspects, there is no impact on the Earnings Per Share.

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses;
- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

For the separate financial statements, the Company has determined two reportable segments such Core Business, Brokerage Service Division. For the consolidated financial statements, the subsidiary of IIDFC Capital Ltd. has been determined to be a separate reportable segment in addition to two other segments as mentioned earlier. As IIDFC Securities Ltd. a fully owned subsidiary of IIDFC Ltd. and it has not started its operation for the period under audit and is not reportable under IFRS/BFRS 8. Therefore, we did not treat it as a reportable segment but we provide a separate financial statement of IIDFC Securities Ltd. as disclosure.

Information about Operating Segment has been presented in note. 39 and 39.a.

IAS 37 2.15 Contingent Assets & Liabilities:

The Company does not recognize contingent liabilities and contingent assets but disclosed the existence of contingent liabilities and assets in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company or a present obligation that is not recognized because outflow of resources is not likely or obligation can not be measured reliably.

IAS 1.65 2.16 Liquidity Statement:

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the reporting period as per following bases:

- a) Balance with other banks and financial institutions are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and Advances are on the basis of their repayment /maturity schedule.
- d) Property, plant and equipments are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustments terms.
- f) Borrowings from other banks and financial institutions are on the basis of their maturity/repayment schedule.
- g) Deposits and other accounts are on the basis of their maturity terms and past behavioral trends.
- h) Other liabilities are on the basis of their settlement terms.

NOTES TO THE FINANCIAL STATEMENTS

2.17 Compliance Report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS):

The following Accounting and Reporting Standards are applicable for Industrial and Infrastructure Development Finance Company Ltd. and which are followed in preparing the Financial Statements of the Company:

Sl. No.	Name of the BAS	BAS No.	Status
01	Presentation of Financial Statements	01	Applied *
02	Inventories	02	Not Applicable
03	Cash Flow Statements	07	Applied
04	Accounting Policies, Changes in Accounting Estimates and Errors	08	Applied
05	Events after the Balance Sheet Date	10	Applied
06	Construction Contract	11	Not Applicable
07	Income Taxes	12	Applied
08	Segment Reporting	14	Applied
09	Property, Plant and Equipment	16	Applied
10	Leases	17	Applied
11	Revenue	18	Applied
12	Employee Benefits	19	Applied
13	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
14	The Effects of Changes in Foreign Exchange Rates	21	Not Applicable
15	Borrowing Costs	23	Applied
16	Related Party Disclosures	24	Applied
17	Accounting for Investments	25	Applied
18	Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
19	Consolidated and Separate Financial Statements	27	Applied
20	Investments in Associates	28	Not Applicable
21	Interest in Joint Ventures	31	Not Applicable
22	Financial Instruments: Presentation	32	Not Applicable
23	Earnings per Share	33	Applied
24	Interim Financial Reporting	34	Not Applicable
25	Impairment of Assets	36	Applied
26	Provision, Contingent Liabilities and Contingent Assets	37	Applied
27	Intangible Assets	38	Applied
28	Financial Instruments: Recognition and Measurement	39	Applied
29	Investment Property	40	Not Applicable
30	Agriculture	41	Not Applicable

* As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements.

NOTES TO THE FINANCIAL STATEMENTS

Sl. No.	Name of the BFRS	BFRS No	Status
01	First Time adoption of IFRS	1	Not Applicable
02	Share Based Payment	2	Not Applicable
03	Business Combinations	3	Not Applicable
04	Insurance Contracts	4	Not Applicable
05	Non-current Assets held for sales and discontinued operations	5	Not Applicable
06	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
07	Financial Instruments: Disclosures	7	Applied
08	Operating Segments	8	Applied

2.18 Address of Head Office & Branch Office:

Head office is located at Chamber Building (6th & 7th floor), 122-124 Motijheel Commercial Area, Dhaka-1000 and Chittagong Branch is located at C & F Tower (4th floor), 1222 Sheikh Mujib Road, Agrabad Commercial Area, Chittagong.

2.19 BASEL II & its Implementation:

To comply with the international best practices and make up the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from 1 January, 2011 on test basis by Bangladesh Bank. At the end of the said period, the guidelines will come fully into force from 1 January, 2012 with its necessary supplements/revisions. Instructions in respect of Minimum Capital Requirement (MCR), Adequate Capital and Disclosures Requirement as stated in these guidelines have to be followed by the all financial institutions for the purpose of statutory compliance.

The Company has already been taken initiatives for timely implementation of BASEL II accord.

2.20 Comparison with Previous Year for Consolidated Financial Statements:

The Company applies Bangladesh Accounting Standard 27 'Consolidated and Separate Financial Statements' for the first time in the year 2010. Therefore, in consolidated financial statements there are no figures have been shown in respect of previous year.

2.21 Integral Components of Financial Statements:

The Financial Statements of the Company include the following components:

1. Balance Sheet as on December 31, 2010.
2. Profit and Loss Account for the year ended December 31, 2010.
3. Cash Flow Statement for the year ended December 31, 2010.
4. Statement of Changes in Equity for the year ended December 31, 2010.
5. Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

		Amounts in Taka	
		Year 2010	Year 2009
Ref.	3 Cash:		
IAS 7.45	Cash in hand	33,481	2,990
IAS 1.77	Balance with Bangladesh Bank and its agent Bank(s) (Note 3.1)	307,436,094	81,069,395
	Total	307,469,575	81,072,385
IAS 1.77	3.1 Balance with Bangladesh Bank:		
Balance with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). CRR and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with Financial Regulations 1994 and FID Circular No. 06 dated 6 th November, 2003 and FID Circular No. 02 dated 10 th November, 2004.			
Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. Total Term Deposits mean Term or Fixed Deposits, Security Deposit against Lease/Loan and other Term Deposits received from individuals and institutions (except Banks and Financial Institutions).			
Statutory liquidity Reserve (SLR) has been calculated at the rate of 5% of total liabilities, including CRR of 2.5% on Total Term Deposits. SLR is maintained in liquid assets in the form of Cash in hand, Balance with Bangladesh Bank, Balance with other Banks & Financial Institutions, Investment at call, Unencumbered Treasury Bills, Prize Bond, Savings Certificates & any other assets approved by Bangladesh Bank.			
	3.a Cash:		
	Cash in hand	63,141	-
	Balance with Bangladesh Bank and its agent Bank(s) (Note 3.1)	307,436,094	-
	Total	307,499,235	-
IAS 1.77	4 Balance with Other Banks and Financial Institutions:		
	Inside Bangladesh		
	National Credit & Commerce Bank Ltd.	50,039,597	10,049,613
	Pubali Bank Ltd.	4,896	6,046
	Shahjalal Islami Bank Ltd.	51,776,117	49,509
	Social Islami Bank Ltd.	35,915,918	20,009,155
	Agrani Bank Ltd.	9,195	9,625
	BRAC Bank Ltd.	156,968	156,968
	Commercial Bank of Ceylon Plc	285,891,832	102,740,589
	IFIC Bank Ltd.	7,610	8,660
	Southeast Bank Ltd.	227,141,249	122,629,819
	United Commercial Bank Ltd.	5,391,861	15,001,166
	Bank Asia Ltd.	194,038,798	203,547,805
	Uttara Bank Ltd.	7,497	8,647
	AB Bank Ltd.	5,699	6,709
	Bank Alfalah Ltd.	172,386,753	90,097,172
	The City Bank Ltd.	282,853	277,314
	CitiBank N.A.	85,528	87,373
	Janata Bank Ltd.	82,099	79,913
	Mutual Trust Bank Ltd.	52,026,338	9,750
	National Bank Ltd.	122,199	119,859
	ONE Bank Ltd.	99,004	3,224,593
	Prime Bank Ltd.	105,275,350	1,915,646
	Sonali Bank Ltd.	59,715	57,987
	First Security Islami Bank Ltd.	170,040,476	233,998,322
	EXIM Bank Ltd.	5,000,000	20,000,000
	Lankabangla Finance Ltd.	50,000,000	50,000,000
	Standard Bank Ltd.	66,228,548	-
	Jamuna Bank Ltd.	29,995,000	-
	Sub Total	1,502,071,100	874,092,240
	Outside Bangladesh	-	-
	Total	1,502,071,100	874,092,240

NOTES TO THE FINANCIAL STATEMENTS

Ref.

Amounts in Taka

4.a Balance with Other Banks and Financial Institutions:

Inside Bangladesh

National Credit & Commerce Bank Ltd.

Pubali Bank Ltd.

Shahjalal Islami Bank Ltd.

Social Islami Bank Ltd.

Agrani Bank Ltd.

BRAC Bank Ltd.

Commercial Bank of Ceylon Plc

IFIC Bank Ltd.

Southeast Bank Ltd.

United Commercial Bank Ltd.

Bank Asia Ltd.

Uttara Bank Ltd.

AB Bank Ltd.

Bank Alfalah Ltd.

The City Bank Ltd.

CitiBank N.A.

Janata Bank Ltd.

Mutual Trust Bank Ltd.

National Bank Ltd.

ONE Bank Ltd.

Prime Bank Ltd.

Sonali Bank Ltd.

First Security Islami Bank Ltd.

EXIM Bank Ltd.

Lankabangla Finance Ltd.

Standard Bank Ltd.

Jamuna Bank Ltd.

Sub Total

Outside Bangladesh

Total

WS 1.77

5 Money at Call and Short notices:

Banking Companies

Non-Banking Financial Institutions

Total

WS 1.77

6 Investments:

A. Government Securities

Treasury Bill

National Investment Bond

Bangladesh Bank Bill

Government Notes/Bond

Prize Bond

Others

Sub Total

B. Other Investments

Preference Share (Note 6.1)

Debenture and Bond

Other Investments (Note 6.2)

Gold etc.

Sub Total

Total Investments (A+B)

Year 2010	Year 2009
50,039,597	-
4,896	-
51,776,117	-
35,915,918	-
9,195	-
156,968	-
285,891,832	-
7,610	-
234,172,663	-
5,391,861	-
194,746,289	-
7,497	-
5,699	-
172,386,753	-
282,853	-
85,528	-
82,099	-
52,026,338	-
122,199	-
10,775,009	-
105,275,350	-
59,715	-
170,040,476	-
5,000,000	-
50,000,000	-
66,228,548	-
29,995,000	-
1,520,486,010	-
-	-
1,520,486,010	-
50,000,000	-
-	-
50,000,000	-
-	-
-	-
-	-
-	-
-	-
-	-
96,923,008	-
-	-
71,222,005	30,800
-	-
168,145,013	30,800
168,145,013	30,800

NOTES TO THE FINANCIAL STATEMENTS

Ref.

Amounts in Taka

Year	Year
2010	2009

6.1 Preference Share

A term loan of Tk. 114,040,807.81 has been converted to Redeemable Cumulative Preference Shares for which the issuers (Summit Uttaranchol Power Co. Ltd. and Summit Purbanchol Power Co. Ltd.) had issued 1,141,198 units of preference shares in favor of IIDFC Ltd. Dividend on those preference shares are being paid semi annually on 30th June and 31st December and principal will be repaid through 7 (seven) installments annually on 31st December in each English calendar year. The tenure of redemption of those shares to be expired on 30th September, 2016.

6.2 Other Investments

Quoted

Mercantile Bank Ltd.	60,628	25,000
Mutual Trust Bank Ltd.	3,900	3,900
ONE Bank Ltd.	1,900	1,900
BGIC Ltd.	1,563	-
BSRM Steel Ltd.	43,351	-
BXPHERMA Ltd.	887,873	-
Delta Life Insurance Ltd.	173,999	-
Fareast Islami Life Ins Ltd.	10,089,406	-
Jamuna Oil Ltd.	963,300	-
Lafarge Surma Cement Ltd.	4,888,410	-
Ocean Container Ltd.	1,727,328	-
Pragati Life Ins. Ltd.	9,263,247	-
Prime Islami Life Ltd.	12,854,315	-
RAK Ceramics Ltd.	4,986,182	-
Rupali Life Insurance Ltd.	1,329,618	-
Sandhani Life Insurance Ltd.	792,098	-
Titas Gas Ltd.	333,722	-
ONE Bank Ltd.	524,529	-
Power Grid Ltd.	711,375	-
IDLC Finance Ltd.	460,000	-
Sub Total	50,096,744	30,800

Unquoted

EBL NRB Mutual Fund	5,000,000	-
MJL BD Ltd.	6,125,261	-
Southeast Bank First Mutual Fund	10,000,000	-
	21,125,261	-

Total (Quoted and Unquoted)

71,222,005 **30,800**

Market price of investments as on 31 December, 2010:

	Cost Price	Market Price	Provision Required
Mercantile Bank Ltd.	60,628	354,10	-
Mutual Trust Bank Ltd.	3,900	27,624	-
ONE Bank Ltd.	1,900	21,926	-
BGIC Ltd.	1,563	2,310	-
BSRM Steel Ltd.	43,351	42,370	981
BXPHERMA Ltd.	887,873	810,600	77,273
Delta Life Insurance Ltd.	173,999	388,993	-
Fareast Islami Life Insurance Ltd.	10,089,406	21,438,729	-
Jamuna Oil Ltd.	963,300	771,190	192,110
Lafarge Surma Cement Ltd.	4,888,410	4,538,188	350,222
Ocean Container Ltd.	1,727,328	1,737,744	-
Pragati Life Insurance Ltd.	9,263,247	13,289,700	-
Prime Islami Life Insurance Ltd.	12,854,315	21,474,810	-
RAK Ceramics Ltd.	4,986,182	8,806,169	-
Rupali Life Insurance Ltd.	1,329,618	1,650,250	-
Sandhani Life Insurance Ltd.	792,098	1,889,274	-
Titas Gas Ltd.	333,722	299,700	34,022
ONE Bank Ltd.	524,529	588,413	-
Power Grid Ltd.	711,375	641,025	70,350
IDLC Finance Ltd.	460,000	646,750	-
Total	50,096,744	79,419,870	724,958

NOTES TO THE FINANCIAL STATEMENTS

Ref:

		Amounts in Taka	
		Year 2010	Year 2009
6.a Investments:			
A. Government Securities			
Treasury Bill		-	-
Bangladesh Bank Bill		-	-
Government Notes/Bond		-	-
Prize bond		-	-
Others		-	-
Sub Total		-	-
B. Other Investments			
Preference Share (Note 6.1)		96,923,008	-
Debenture and Bond		-	-
Other Investments		91,867,491	-
Gold etc.		-	-
Sub Total		188,790,499	-
Total Investments (A+B)		188,790,499	-
7 Loans & Advances:			
Inside Bangladesh:			
Gross Lease Receivables		2,755,424,713	4,289,790,432
Less: Unearned Lease Income		209,793,546	1,071,565,346
Net Investment		2,545,631,167	3,218,225,086
Advance for Lease Finance		261,951,279	352,303,106
Direct/Term Finance		3,923,024,920	3,289,706,674
Secured Overdraft		38,514,973	64,277,470
Factoring Finance		27,040,534	16,916,484
Margin Loan		1,922,695,234	1,394,730,451
Sub Total		8,718,858,107	8,336,159,271
Outside Bangladesh:			
Gross Lease Receivables		-	-
Less: Unearned Lease Income		-	-
Net Investment		-	-
Advance for Lease Finance		-	-
Direct/Term Finance		-	-
Secured Overdraft		-	-
Factoring Finance		-	-
Margin Loan		-	-
Sub Total		-	-
Total		8,718,858,107	8,336,159,271
7.1 Maturity grouping of Loans & Advances:			
On demand		862,680,484	1,394,730,451
Less than 3 months		1,595,662,068	443,931,061
More than 3 months but less than 1 year		1,749,973,959	2,539,474,803
More than 1 year but less than 5 years		3,486,677,425	3,818,596,721
Above 5 years		1,023,864,171	139,426,235
Total		8,718,858,107	8,336,159,271

NOTES TO THE FINANCIAL STATEMENTS

		Amounts in Taka	
		Year 2010	Year 2009
Ref	7.2 Sector/Industry-wise Loans & Advances:		
FRS 8.20	Agriculture Sector	70,033,606	56,631,834
	Industrial Sector:		
	Textiles	832,665,702	1,203,704,022
	Garments	520,380,059	684,047,295
	Jutes & Jute related goods	32,513,783	29,765,802
	Food Items Producer/Processing Industry	234,742,822	257,965,959
	Plastic Industries	102,177,621	72,038,236
	Lather and Lather Goods	18,910,768	4,260,151
	Iron, Steel and Engineering	294,550,816	340,257,155
	Chemicals and Pharmaceuticals	742,936,466	810,065,348
	Cement/Clinker and Allied Industries	33,225,849	150,225,275
	Service Sector (Hotel, Hospital, Clinic, Tourism, etc.)	243,724,670	398,794,170
	Paper, Printing and Packaging	537,701,366	455,341,592
	Telecommunication and IT Industries	172,799,486	165,695,162
	Glass and Ceramic Industries	94,219,398	136,429,716
	Shipping and Ship Building Industries	234,179,304	460,767,025
	Electronics and Electrical Goods	48,281,557	25,209,496
	Power, Gas, Water and Sanitary	585,077,778	647,242,389
	Transport and Communication	231,904,912	179,810,356
	Real Estate and Housing	384,107,077	465,605,991
	Merchant Banking	180,086,805	-
	Others	3,124,638,262	1,792,302,297
		8,718,858,107	8,336,159,271
FRS 8.20	7.3 Geographical Location-wise Loans & Advances:		
	Inside Bangladesh:		
	Dhaka Division	7,104,205,180	6,527,769,063
	Chittagong Division	1,186,653,578	1,369,357,879
	Rajshahi Division	73,448,305	-
	Sylhet Division	143,398,036	179,062,361
	Khulna Division	211,153,008	259,969,968
	Sub Total	8,718,858,107	8,336,159,271
	Outside Bangladesh	-	-
	Total	8,718,858,107	8,336,159,271
WS 1.77	7.4 Classification of Loans & Advances as per Bangladesh Bank Circular:		
	Unclassified		
	Standard	7,913,664,107	7,606,866,586
	Special Mention Account (SMA)	369,867,000	352,910,860
	Sub Total	8,283,531,107	7,959,777,446
	Classified		
	Sub-standard (SS)	258,564,000	302,228,031
	Doubtful (DF)	80,798,000	66,677,896
	Bad/Loss (BL)	95,965,000	7,475,898
	Sub Total	435,327,000	376,381,825
	Total	8,718,858,107	8,336,159,271
	7.5 Details of Large Loans & Advances:		
	Outstanding amount exceeding 30% of total capital of the company is treated as Large Loans & Advances. Total capital of the company was Tk 1,079,769,072 as on 31 December, 2010 where as Tk 613,102,190 as on 31 December, 2009.		
	Number of Clients	3	10
	Outstanding Amount	99,863,950	316,051,994
	Classified Amount	-	53,545,457
	Measures Taken for Recovery	-	-

NOTES TO THE FINANCIAL STATEMENTS

Ref		Amounts in Taka	
		Year 2010	Year 2009
WS 1.77	7.6 Particulars of Loans & Advances:		
	1. Loans & Advances considered good in respect of which the company is fully secured	4,796,617,187	3,226,411,846
	2. Loans & Advances considered good against which the company holds no security others than the debtor's personal guarantee	2,897,866,107	2,697,199,578
	3. Loans & Advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	843,038,688	2,412,547,847
	4. Loans & Advances adversely classified for which provision has not been maintained	-	-
	5. Loans & Advances due by the directors or officers of the company or any of them either separately or jointly with any other persons	-	-
	6. Loans & Advances due from companies of firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members	181,336,125	-
	7. Maximum total amount of loan & Advances including temporary Loans & Advances made at any time during the year to directors of managers or officers of the company or any of them either separately or jointly with any other person	-	-
	8. Maximum total amount of Loans & Advances including temporary Loans & Advances granted during the year to the companies of firms in which the directors of the company have interest as directors, partners of managing agents or in the case of private companies, as members	-	-
	9. Due from banking companies	-	-
	10. Amount of classified Loans & Advances on which interest has not been charged as follows:		
	a. (Decrease)/ Increase in provision	75,650,044	63,442,828
	b. Amount of Loans & Advances written off	39,073,975	-
	c. Amount of collection against written off Loans & Advances	-	-
	d. Interest credited to Interest Suspense Account	6,995,984	55,581,509
	11. Loans & Advances written off:		
	a. Current year	39,073,975	-
	b. Cumulative to date	52,104,015	13,030,040
	c. Amount of written off loans for which law suits have been filed	52,104,015	13,030,040
FRS 7.80	Bills Discounted and Purchased:		
	Inside Bangladesh	27,040,534	16,916,484
	Outside Bangladesh	-	-
	Total	27,040,534	16,916,484
WS 1.61A	Maturity Grouping of Bills Discounted and Purchased:		
	Within 1 month	5,975,932	3,353,541
	Over 1 month but within 3 months	3,968,112	2,649,678
	Over 3 months but within 6 months	14,582,362	8,447,351
	Over 6 months	2,514,128	2,465,914
	Total	27,040,534	16,916,484
7.2	Loans & Advances:		
	Inside Bangladesh:		
	Gross Lease Receivables	2,755,424,713	-
	Less: Unearned Lease Income	209,793,546	-
	Net Investment	2,545,631,167	-
	Advance for Lease Finance	261,951,279	-
	Direct/ Term Finance	3,923,024,920	-
	Secured Overdraft	38,514,973	-
	Factoring Finance	27,040,534	-
	Margin Loan	2,540,028,503	-
	Sub Total	9,336,191,376	-
	Outside Bangladesh:		
	Gross Lease Receivables	-	-
	Less: Unearned Lease Income	-	-
	Net Investment	-	-
	Advance for Lease Finance	-	-
	Direct/ Term Finance	-	-
	Secured Overdraft	-	-
	Factoring Finance	-	-
	Margin Loan	-	-
	Sub Total	-	-
	Total	9,336,191,376	-

NOTES TO THE FINANCIAL STATEMENTS

Ref:
US 16.31

8 Property, Plant & Equipment (Details in Annexure-1):

Own Finance:

A. Cost

Motor Vehicles
Furniture & Fixtures
Office Equipments
Computer Softwares
Total

B. Less: Accumulated Depreciation

Motor Vehicles
Furniture & Fixtures
Office Equipments
Computer Softwares
Total

C. Written Down Value at the End of the Year (A-B)

Lease Finance:

D. Cost

Furniture & Fixtures
Office Equipments
Computer Softwares
Motor Vehicles
Total

E. Less: Accumulated Depreciation

Furniture & Fixtures
Office Equipments
Computer Softwares
Motor Vehicles
Total

F. Written Down Value at the End of the Year (D-E)

G. Total Property, Plant & Equipment (C+F)

8.a Property, Plant & Equipment (Details in Annexure-1.a):

Own Finance:

A. Cost

Motor Vehicles
Furniture & Fixtures
Office Equipments
Computer Softwares
Total

B. Less: Accumulated Depreciation

Motor Vehicles
Furniture & Fixtures
Office Equipments
Computer Softwares
Total

C. Written Down Value at the End of the Year (A-B)

Lease Finance:

D. Cost

Furniture & Fixtures
Office Equipments
Computer Softwares
Motor Vehicles
Total

E. Less: Accumulated Depreciation

Furniture & Fixtures
Office Equipments
Computer Softwares
Motor Vehicles
Total

F. Written Down Value at the End of the Year (D-E)

G. Total Property, Plant & Equipment (C+F)

Amounts in Taka

Year 2010	Year 2009
14,881,279	14,881,279
10,733,337	7,173,598
48,519,694	22,398,231
3,930,220	1,264,168
78,064,530	45,717,276
11,255,369	7,640,922
2,395,616	1,340,473
14,931,251	6,197,704
1,085,981	378,541
29,668,217	15,557,640
48,396,313	30,159,636
-	-
-	4,119,808
-	1,646,054
-	1,350,000
-	7,115,862
-	-
-	4,119,808
-	1,646,054
-	1,350,000
-	7,115,862
-	-
48,396,313	30,159,636
17,963,706	-
12,149,108	-
52,448,385	-
3,930,220	-
86,491,419	-
12,488,342	-
2,537,194	-
15,682,825	-
1,085,981	-
31,794,342	-
54,697,077	-
-	-
-	-
-	-
-	-
-	-
-	-
54,697,077	-

NOTES TO THE FINANCIAL STATEMENTS

Ref.		Amounts in Taka	
		Year 2010	Year 2009
WS 1.77	9 Other Assets:		
	Investment in shares of subsidiary companies:		
	In Bangladesh	300,000,000	-
	Outside Bangladesh	-	-
	Membership of Dhaka Stock Exchange Ltd.	153,119,000	153,119,000
	Stationery, stamps, printing materials etc.	-	-
	Advance rent and advertisement	4,949,220	2,646,380
	Interest accrued on investment but not collected, commission on shares and debentures and other income receivables	23,011,140	14,560,226
	Security deposits	613,020	150,200
	Preliminary, formation and organization expenses, renovation/development and prepaid expenses	1,029,858	318,946
	Branch adjustment	-	-
	Suspense account	-	-
	Silver	-	-
	Others (Note 9.1)	491,488,568	311,367,615
	Total	974,210,806	482,162,367
WS 1.78(a)	9.1 Others:		
	Advance to Office Staff	154,400	13,400
	Deferred Receivables	28,130,368	8,149,121
	Advance for Syndication Purposes	33,214	53,230
	Advance for Generator	1,002,600	1,002,600
	Advance for Rupali Bank	125,000	125,000
	Advance for Suppliers	19,407,622	3,796,496
	Advance for Traveling	608,715	597,115
	Advance Tax	279,096,162	173,689,458
	Expenses Receivables	8,540	1,627,615
	Bank Guarantee	582,205	665,066
	Advance Interest Paid	19,837,136	6,705,429
	Receivables from IIDFC Capital Ltd.	33,467,490	45,826,045
	Receivables from Other Merchant Banks	67,378	-
	Receivables from CDBL	2,350,797	-
	Receivables from DSE	106,616,941	69,117,040
	Total	491,488,568	311,367,615
	9.a Other Assets:		
	Investment in shares of subsidiary companies:		
	In Bangladesh	-	-
	Outside Bangladesh	-	-
	Licence of IIDFC Capital Ltd.	30,196,209	-
	Membership of Dhaka Stock Exchange Ltd.	153,119,000	-
	Stationery, stamps, printing materials etc.	-	-
	Advance rent and advertisement	4,949,220	-
	Interest accrued on investment but not collected, commission on shares and debentures and other income receivables	25,714,265	-
	Security deposits	613,020	-
	Preliminary, formation and organization expenses, renovation/development and prepaid expenses	7,277,063	-
	Branch adjustment	-	-
	Suspense account	-	-
	Silver	-	-
	Others (Note 9.a.1)	717,836,708	-
	Total	939,705,485	-
	9.a.1 Others:		
	Advance to Office Staff	154,400	-
	Deferred Receivables	28,330,368	-
	Advance for Syndication Purposes	33,214	-
	Advance for Generator	1,002,600	-
	Advance for Rupali Bank	125,000	-
	Advance for Suppliers	19,407,622	-
	Advance for Traveling	608,715	-
	Advance Tax	279,174,900	-
	Expenses Receivables	8,540	-
	Bank Guarantee	582,205	-
	Receivables by IIDFC Capital Ltd.	259,536,892	-
	Advance Interest Paid	19,837,136	-
	Receivables from Other Merchant Banks	67,378	-
	Receivables from CDBL	2,350,797	-
	Receivables from DSE	106,616,941	-
	Total	717,836,708	-

NOTES TO THE FINANCIAL STATEMENTS

Ref.
BIS.77

10 Borrowings from other Banks, Financial Institutions & Agent:

Inside Bangladesh:

Refinance against SME loan from Bangladesh Bank

From other Scheduled Banks (10.1)

Sub Total

Outside Bangladesh

Total

10.1 From Other Scheduled Banks & Financial Institutions:

Exim Bank Ltd.

Dhaka Bank Ltd.

Prime Bank Ltd.

Bank Asia Ltd.

Trust Bank Ltd.

Uttara Bank Ltd.

Mercantile Bank Ltd.

Basic Bank Ltd.

Shahjalal Islami Bank Ltd.

Janata Bank Ltd.

BRAC Bank Ltd

Pubali Bank Ltd

Bank Alfalah Ltd

National Bank Ltd

National Credit and Commerce Bank Ltd.

United Commercial Bank Ltd

Jamuna Bank Ltd.

Commercial Bank of Ceylon Plc

Mutual Trust Bank Ltd.

IFIC Bank Ltd.

Premier Bank Ltd.

Social Islami Bank Ltd.

Dutch Bangla Bank Ltd.

First Security Islami Bank Ltd.

Southeast Bank Ltd.

Standard Bank Ltd.

Bangladesh Commerce Bank Ltd.

Total

Security Against Borrowings from other Banks, Financial Institutions and Agents:

Secured

Unsecured

Total

Maturity Grouping of Borrowings from other Banks, Financial Institutions and Agents:

Payable on demand

Up to 1 month

Over 1 month but within 6 months

Over 6 months but within 1 year

Over 1 year but within 5 years

Over 5 years

Total

10.a Borrowings from Other Banks, Financial Institutions & Agents:

Inside Bangladesh:

Refinance against SME loan from Bangladesh Bank

From other Scheduled Banks (Note 10.a.1)

Sub Total

Outside Bangladesh

Total

Amounts in Taka

Year 2010	Year 2009
619,584,100	455,991,600
4,873,396,409	3,703,223,141
5,492,980,509	4,159,214,741
-	-
5,492,980,509	4,159,214,741
-	61,764,317
220,437,810	56,587,474
351,921,196	129,364,550
83,333,332	125,000,000
358,479,779	340,107,437
342,447,798	231,338,314
70,000,000	210,000,000
238,460,395	86,041,942
80,657,863	78,344,170
-	9,999,992
122,239,860	192,500,000
285,000,000	125,000,000
203,400,217	170,581,021
80,176,084	131,311,587
89,764,560	66,001,065
96,357,775	136,067,624
53,233,957	72,572,789
352,882,384	182,389,687
372,076,522	177,254,267
629,510,701	392,651,642
129,948,073	229,999,754
118,867,008	150,000,000
200,000,000	120,000,000
44,702,306	66,023,335
101,253,477	72,322,174
184,706,751	-
63,538,561	90,000,000
4,873,396,409	3,703,223,141
5,492,980,509	3,999,214,741
-	160,000,000
5,492,980,509	4,159,214,741
-	-
67,544,471	549,591,994
523,648,492	251,135,123
843,860,774	1,009,591,732
3,875,727,958	2,263,214,358
182,198,814	85,681,534
5,492,980,509	4,159,214,741
-	-
619,584,100	-
5,073,396,409	-
5,692,980,509	-
-	-
5,692,980,509	-

NOTES TO THE FINANCIAL STATEMENTS

Amounts in Taka

Ref		Year 2010	Year 2009
	10.a.1 From other Scheduled Banks & Financial Institutions:		
	Dhaka Bank Ltd.	220,437,810	-
	Prime Bank Ltd.	351,921,196	-
	Bank Asia Ltd.	83,333,332	-
	Trust Bank Ltd.	358,479,779	-
	Uttara Bank Ltd.	342,447,798	-
	Mercantile Bank Ltd.	70,000,000	-
	Basic Bank Ltd.	238,460,395	-
	Shahjalal Islami Bank Ltd.	80,657,863	-
	BRAC Bank Ltd.	122,239,860	-
	Pubali Bank Ltd.	285,000,000	-
	Bank Alfalah Ltd.	203,400,217	-
	National Bank Ltd.	80,176,084	-
	National Credit and Commerce Bank Ltd.	89,764,560	-
	United Commercial Bank Ltd.	96,357,775	-
	Jamuna Bank Ltd.	53,233,957	-
	Commercial Bank of Ceylon Plc	352,882,384	-
	Mutual Trust Bank Ltd.	372,076,522	-
	IFIC Bank Ltd.	629,510,701	-
	Premier Bank Ltd.	129,948,073	-
	Social Islami Bank Ltd.	118,867,008	-
	Dutch Bangla Bank Ltd.	200,000,000	-
	First Security Islami Bank Ltd.	44,702,306	-
	Southeast Bank Ltd.	101,253,477	-
	Standard Bank Ltd.	384,706,751	-
	Bangladesh Commerce Bank Ltd.	63,538,561	-
	Total	5,073,396,409	-
RS.77	11 Deposits & other Accounts:		
	Deposits from Banks	1,082,800,000	1,757,500,000
	Deposits from Customers	2,331,617,816	2,125,307,737
	Total	3,414,417,816	3,882,807,737
RS.101	Maturity Grouping of Deposits & Other Accounts:		
	Payable on demand	-	-
	Up to 1 month	105,184,263	16,338,733
	Over 1 month but within 6 months	910,721,302	143,470,667
	Over 6 months but within 1 year	353,748,979	884,234,274
	Over 1 year but within 5 years	1,248,560,185	2,791,564,063
	Over 5 years but within 10 years	796,203,087	47,200,000
	Over 10 years	-	-
	Total	3,414,417,816	3,882,807,737
	11.a Deposits & other Accounts:		
	Deposits from Banks	1,082,800,000	-
	Deposits from Customers	2,547,689,472	-
	Total	3,630,489,472	-
RS.177	12 Other Liabilities:		
	Finance Loss Reserve (Note 12.1)	280,429,588	165,705,568
	Deferred Tax	41,015,079	41,015,079
	Interest Suspense Account (Note 12.2)	89,943,675	82,947,691
	Lease Rental Advance	63,695,235	64,331,959
	Provision for Current Tax (Note 37)	185,908,313	95,061,879
	Liabilities for Financial Expenses	162,290,645	246,912,217
	Liabilities for Expenses	18,327,214	5,729,767
	Liabilities for other Finance	525,673,236	295,910,881
	Lease Rental Part	84,944,452	150,936,990
	Payable to IIDFC Securities Ltd.	95,418,989	-
	Reserve for Risk Fund	138,806	-
	Unclaimed Dividend	-	-
	Liability to Outside Trading Houses	222,626,621	-
	Pension and Insurance Fund	-	-
	Obligation under Finance Lease	11,571,664	-
	Total	1,781,983,517	1,148,552,031

NOTES TO THE FINANCIAL STATEMENTS

			Amounts in Taka	
			Year 2010	Year 2009
Ref				
US.37.04	12.1 Finance Loss Reserve:			
	Movement of Specific provision on classified Loans & Advances:			
	Opening Balance		92,499,341	37,946,059
	Less: Provision fully provided loans & advances written-off during the year		(39,073,975)	-
	Add: Recoveries from previously written-off loans & advances		-	-
	Add: Specific provision provided during the year		101,103,570	54,553,282
	Less: Recoveries & Provision no longer required		39,073,975	-
	Add: Net charge to Profit and Loss Account		-	-
	Closing Balance		193,602,911	92,499,341
	Movement of General provision on unclassified Loans & Advances:			
	Opening Balance		73,206,227	64,316,681
	Add: General provision provided during the year		13,620,450	8,889,546
	Closing Balance		86,826,677	73,206,227
	Total		280,429,588	165,705,568
	Particulars of required provision for Loans and Advances:			
	Status of Classification	Base for provision	Rate	
	Unclassified (General Provision):			
	Standard	7,913,664,107	1.0%	79,136,641
	Special Mention Account (SMA)	349,145,000	5.0%	17,457,250
	Total	8,262,809,107		96,593,891
	Classified (Specific Provision):			
	Sub-standard (SS)	172,782,000	20.0%	34,556,400
	Doubtful (DF)	64,245,000	50.0%	32,122,500
	Bad/Loss (BL)	81,611,000	100.0%	81,611,000
	Total	318,638,000		148,289,900
	Total Provision required		244,883,791	165,549,066
	Total Provision made		280,429,588	165,705,568
	Excess Provision made		35,545,797	156,502
US.37.04	12.2 Interest Suspense Account:			
	Opening Balance		82,947,691	27,366,180
	Add: Amount transferred to interest suspense account during the year		345,406,664	252,520,223
	Less: Amount recovered from interest suspense account during the year		329,510,302	196,938,712
	Less: Amount written off during the year		8,900,378	-
	Closing Balance		89,943,675	82,947,691
	12.a Other Liabilities:			
	Finance Loss Reserve (Note 12.a.1)		286,602,921	-
	Deferred Tax		41,015,079	-
	Interest Suspense Account		89,943,675	-
	Lease Rental Advance		63,695,235	-
	Provision for Current Tax		221,003,580	-
	Liabilities for Financial Expenses		165,807,112	-
	Liabilities for Expenses		20,073,674	-
	Liabilities for other Finance		731,530,849	-
	Lease Rental Part		84,944,452	-
	Reserve for Risk Fund		138,806	-
	Unclaimed Dividend		-	-
	Liability to outside trading houses		222,626,621	-
	Pension and Insurance Fund		-	-
	Obligation under Finance Lease		11,571,664	-
	Total		1,938,953,668	-

NOTES TO THE FINANCIAL STATEMENTS

Ref.		Amounts in Taka	
		Year 2010	Year 2009
12.a.1	Finance Loss Reserve:		
	Movement of Specific provision on classified Loans & Advances:		
	Opening Balance	92,499,341	-
	Less: Provision fully provided loans & advances written-off during the year	(39,073,975)	-
	Add: Recoveries from previously written-off loans & advances	-	-
	Add: Specific provision provided during the year	101,103,570	-
	Less: Recoveries & Provision no longer required	39,073,975	-
	Add: Net charge to Profit and Loss Account	-	-
	Closing Balance	193,602,911	-
	Movement of General provision on unclassified Loans & Advances:		
	Opening Balance	73,206,227	-
	Add: General provision provided during the year	19,793,783	-
	Closing Balance	93,000,010	-
	Total	286,602,921	-
IAS 1.79	13 Share Capital:		
IAS 1.79(a)(ii)	Authorized Capital		
	(10,000,000 shares of Tk. 100 each)	1,000,000,000	1,000,000,000
IAS 1.79(a)(ii)	Subscribed & Paid up Capital :		
	(3,287,800 shares (Year 2009 3,287,800 shares) of Tk. 100 each, fully paid up)	328,780,000	328,780,000
IAS 1.79(a)(ii)	Paid up share capital as on 31 December, 2010 comprises the followings:		
	Public Sector:		
	Name of Shareholders	No. of Shares	Value
	Sonali Bank Limited	227,700	22,770,000
	Janata Bank Limited	227,700	22,770,000
	Investment Corporation of Bangladesh	227,700	22,770,000
		683,100	68,310,000
	Private Sector:		
	AB Bank Ltd.	227,700	22,770,000
	Bank Asia Ltd.	227,700	22,770,000
	BRAC Bank Ltd.	227,700	22,770,000
	City Bank Ltd.	227,700	22,770,000
	Mutual Trust Bank Ltd.	227,700	22,770,000
	National Bank Ltd.	227,700	22,770,000
	ONE Bank Ltd.	227,700	22,770,000
	Southeast Bank Ltd.	227,700	22,770,000
	Eastland Insurance Co. Ltd.	227,700	22,770,000
	National Life Insurance Co. Ltd.	227,700	22,770,000
	Pragati Insurance Ltd.	227,700	22,770,000
	Mr. Md. Matiuil Islam	100,000	10,000,000
		2,604,700	260,470,000
		3,287,800	328,780,000
IAS 1.13(a)(ii)	13.1 Capital Adequacy Ratio (CAR):		
	The company is subject to the regulatory capital requirement as stipulated in DFIM circular no. 09 dated 04 November, 2009 of Bangladesh Bank. The capital requirement for Non- banking financial institution is neither ratio-based nor risk based. The regulatory authority requires a Non- banking Financial Institutions to have minimum paid up capital of Tk 500.00 million.		
	Paid up Capital	328,780,000	328,780,000
	Proposed Dividend (Bonus Share) for the year 2008 & 2009	131,512,000	131,512,000
		460,292,000	460,292,000
	Proposed Dividend (Bonus Share) for the year 2010	-	-
	Total Capital Maintained	460,292,000	460,292,000
	Required Capital	500,000,000	500,000,000
	Excess/(Shortage) capital	(39,708,000)	(39,708,000)

*Dividend for the year 2008 & 2009 has not yet been approved by the Securities and Exchange Commission (SEC) and hence it is not yet been transferred to respective shareholders of the Company.

13.2 In compliance with DFIM circular No. 09 Dated 04 November, 2009 and to meet minimum capital requirement of Basel -II accord the Board of Directors in its 127th meeting held on 03 January, 2011 approved Right Shares amounting to Tk 149.39 million to increase the paid up capital up to Tk 609.68 million.

NOTES TO THE FINANCIAL STATEMENTS

		Amounts in Taka	
		Year 2010	Year 2009
Ref IAS 1.77	14 Statutory Reserve:		
	Opening Balance	106,900,000	89,900,000
	Add: Addition during the year	95,000,000	17,000,000
	Closing Balance	201,900,000	106,900,000
The company has transferred 20% of net profit to statutory reserve as per the Financial Institutions Regulations, 1994.			
IAS 1.77	15 General Reserve:		
	Opening Balance	42,000,000	41,000,000
	Add: Addition during the year	1,000,000	1,000,000
	Closing Balance	43,000,000	42,000,000
	16 Other Reserve:		
	Opening Balance	-	-
	Add: Addition during the year	-	-
	Closing Balance	-	-
	17 Proposed Dividend:		
	Opening Balance	131,512,000	65,756,000
	Add: Addition during the year	-	65,756,000
	Closing Balance	131,512,000	131,512,000
IAS 1.77	18 Retained Earnings carried forward	374,577,072	3,910,190
	18.a Retained Earnings carried forward:		
	Profit available for appropriation	525,554,033	-
	Less: Transferred to Statutory Reserve	95,000,000	-
	Less: Transferred to General Reserve	1,000,000	-
	Less: Minority Interest (Note 18.a.1)	227,706	-
	Closing Balance	429,326,327	-
IAS 27A, 27	18.a.1 Minority Interest:		
	Share Capital (Minority)	200,000	-
	Profit Earned (Minority)	27,706	-
	Closing Balance	227,706	-
IAS 37.86	19 Contingent Liabilities & Capital Expenditure Commitments:		
	19.1 Letter of Guarantee:		
	Money for which the company is contingently liable in respect of guarantees given favoring:		
	Directors	-	-
	Government	-	-
	Banks and other Financial Institutions	-	-
	Others	373,862,506	17,269,476
	Sub Total	373,862,506	17,269,476
	Letter of Credit:		
	For import of equipments under Lease Finance	1,536,500	9,060,110
	Sub-total	1,536,500	9,060,110
	Total	375,399,006	26,329,586
	19.2 Capital Expenditure Commitments:		
There was no capital expenditure contracted but not incurred or provided for as on 31 December, 2010. There was no capital expenditures authorized by the Board but not contracted as on 31 December, 2010.			
IAS 1.57	20 Interest Income:		
	Interest income from balance with other Banks & Financial Institutions	82,032,844	60,596,156
	Interest income from Lease Finance	420,483,258	528,839,672
	Interest income from Direct/Term Finance	439,002,365	403,405,680
	Interest income from Secured Overdraft	4,642,618	5,059,204
	Interest income from Bills Discounted & Purchased	2,974,946	754,612
	Interest income from Margin Loan	299,950,632	91,453,002
	Total	1,249,086,663	1,090,108,326

NOTES TO THE FINANCIAL STATEMENTS

Ref.		Amounts in Taka	
		Year 2010	Year 2009
	20.a Interest Income:		
	Interest income from balance with other Banks & Financial Institutions	86,260,545	-
	Interest income from Lease Finance	420,483,258	-
	Interest income from Direct/ Term Finance	441,705,490	-
	Interest income from Secured Overdraft	4,642,618	-
	Interest income from Bills Discounted & Purchased	2,974,946	-
	Interest income from Margin Loan	367,805,066	-
	Total	1,323,871,923	-
IFIS 7.20	21 Interest paid on Deposits, Borrowings etc.:		
	Interest on Deposits:	243,167,570	441,250,740
	Fixed Deposits	193,902,815	310,706,496
	Short-term Deposits	49,104,595	129,672,861
	Other Deposits	160,160	871,383
	Interest on Borrowings:	660,756,785	459,978,662
	For Borrowings from other Banks, Financial Institutions & Agent IIDFC Ltd.	474,490,281	377,736,151
	IIDFC Brokerage Division	186,257,504	82,242,511
	Total	903,924,355	901,229,402
	21.a Interest paid on Deposits, Borrowings etc.:		
	Interest on Deposits:	243,167,570	-
	Fixed Deposits	193,902,815	-
	Short-term Deposits	49,104,595	-
	Other Deposits	160,160	-
	Interest on Borrowings:	701,275,849	-
	For Borrowings from other Banks, Financial Institutions & Agent IIDFC Ltd.	474,490,281	-
	IIDFC Capital Ltd.	40,507,914	-
	IIDFC Brokerage Division	186,268,654	-
	Total	944,443,419	-
IAS 18.35	22 Income from Investment:		
	Capital Gain	28,818,963	-
	Dividend Income	4,759,816	814
	Total	33,578,779	814
	22.a Income from Investment:		
	Capital Gain	34,429,195	-
	Dividend Income	4,759,816	-
	Total	39,189,011	-
IFIS 7.200	23 Commission, Exchange and Brokerage:		
	Commission on Securities trading	416,665,083	78,933,647
	Total	416,665,083	78,933,647
	23.a Commission, Exchange and Brokerage:		
	Commission on Securities trading	491,348,402	-
	Total	491,348,402	-
IAS 1.97	24 Other Operating Income:		
	Syndication Fee income	80,308,406	39,305,970
	Bank Guarantee Income	83,799	68,535
	Syndication Fees (Operation)	-	139,130
	Application & Processing Fees	2,720,578	2,289,045
	Transfer Fees	798,744	908,706
	Delinquent Interest	4,633,461	-
	LC Commission	-	116,613
	BO account opening fees & charges	2,387,750	729,600
	Income against CDBL Charges	5,935,728	-
	Notice pay received	343,685	168,538
	Profit from sale of car	-	134,800
	Sundry Receipts	77,500	-
	Cancellation charges	676,223	804,274
	Total	97,965,874	44,665,211

NOTES TO THE FINANCIAL STATEMENTS

Amounts in Taka

Ref		Year 2010	Year 2009
	24.a Other Operating Income:		
	Syndication Fee Income	80,308,406	-
	Bank Guarantee Income	83,799	-
	Application & Processing Fees	2,720,578	-
	Transfer Fees	798,744	-
	Delinquent Interest	4,633,461	-
	BO account opening fees & charges	2,387,750	-
	Income against CDBL Charges	5,935,728	-
	Notice pay received	343,685	-
	Sundry Receipts	77,500	-
	Cancellation charges	676,223	-
	Total	97,965,874	-
IAS 1.104	25 Salaries & Allowances:		
	Basic Salary	36,884,605	27,013,483
	Allowances	31,399,180	17,757,882
	Bonus	17,453,412	12,835,139
	Company's contribution Provident Fund	3,688,460	2,438,460
	Group Insurance	709,848	-
	Retirement benefits & Gratuity	626,681	1,313,367
	Total	90,762,186	61,358,331
	25.a Salaries & Allowances:		
	Basic Salary	40,421,335	-
	Allowances	33,556,394	-
	Bonus	18,259,083	-
	Company's contribution Provident Fund	3,688,460	-
	Group Insurance	709,848	-
	Retirement benefits & Gratuity	626,681	-
	Total	97,261,801	-
IAS 1.97	26 Rent, Taxes, Insurance, Electricity etc.:		
	Rent, Rate and Taxes	26,021,575	12,101,117
	Insurance	318,366	400,682
	Electricity, Gas and Water	2,924,319	2,774,776
	Total	29,264,260	15,276,575
	26.a Rent, Taxes, Insurance, Electricity etc.:		
	Rent, Rate and Taxes	29,518,636	-
	Insurance	405,129	-
	Electricity, Gas and Water	3,410,439	-
	Total	33,334,204	-
FRS 7.200	27 Legal Expenses:		
	Professional charges	981,098	1,180,286
	Legal Expenses	1,495,125	704,634
	Total	2,476,223	1,884,920
	27.a Legal Expenses:		
	Professional charges	1,262,802	-
	Legal Expenses	1,495,125	-
	Total	2,757,927	-
IAS 1.97	28 Postage, Stamp, Telecommunications etc.:		
	Postage and Courier	2,725,485	188,614
	Phone, Fax & Internet	2,942,597	2,808,753
	Total	5,668,082	2,997,367
	28.a Postage, Stamp, Telecommunications etc.:		
	Postage and Courier	2,908,187	-
	Phone, Fax & Internet	3,139,314	-
	Total	6,047,501	-
IAS 1.97	29 Stationery, Printing, Advertisement etc.:		
	Printing & Stationery	6,419,897	4,998,427
	Advertisement	3,650,809	6,518,624
	Total	10,070,706	11,517,051

NOTES TO THE FINANCIAL STATEMENTS

Ref.		Amounts in Taka	
		Year 2010	Year 2009
	29.a Stationery, Printing, Advertisement etc.:		
	Printing & Stationery	7,038,292	-
	Advertisement	3,650,809	-
	Total	10,689,101	-
WS 1.97	30 Managing Director's Salary and Fees:		
	Basic Salary	3,000,000	3,000,000
	Bonus	1,500,000	500,000
	House Rent Allowance	1,500,000	1,500,000
	Medical Allowance	150,000	150,000
	Entertainment Allowance	150,000	150,000
	Car Allowance	710,162	546,337
	Leave Fare Assistance	250,000	250,000
	Group Insurance	58,921	-
	Earned Leave	-	-
	House maintenance Allowance	-	-
	Total	7,319,083	6,096,337
WS 1.97	31 Directors' Fees		
	Directors' Fees	592,948	696,479
	Others Benefits	-	-
	Total	592,948	696,479
Directors' fees for attending each board meeting up to 23 February, 2010 was Tk. 4,000 (Four Thousand) as per Bangladesh Bank Circular. No. 04, dated 28 May, 2006 and for rest of the year was TK. 5,000.00 (Five Thousand) as per Bangladesh Bank Circular. No. 03, dated 24 February, 2010. Directors have not been paid any fees/remuneration for any special services rendered.			
	31.a Directors' Fees		
	Directors' Fees	626,429	-
	Others Benefits	-	-
	Total	626,429	-
WS 1.97	32 Auditor's Fees:	230,190	300,000
	32.a Auditor's Fees:	338,690	-
	33 Loans & Advances Written-off:		
	Loans & Advances written-off	39,073,975	-
	Interest waived	-	-
	Total	39,073,975	-
WS 1.104	34 Repair and Depreciation of Company's Assets:		
	Repair of Company's Assets:		
	Furniture & Fixtures	94,185	144,465
	Office Equipments	1,072,914	341,387
	Sub Total	1,167,099	485,852
	Depreciation of Company's Assets:		
	Own Assets	14,130,789	7,952,849
	Leased Assets	-	197,408
	Sub Total	14,130,789	8,150,257
	Total Repair and Depreciation of Company's Assets:	15,297,888	8,636,109
	34.a Repair and Depreciation of Company's Assets:		
	Repair of Company's Assets:		
	Furniture & Fixtures	94,185	-
	Office Equipments	1,072,914	-
	Sub Total	1,167,099	-
	Depreciation of Company's Assets:		
	Own Assets	15,596,018	-
	Leased Assets	-	-
	Sub Total	15,596,018	-
	Total Repair and Depreciation of Company's Assets:	16,763,117	-

NOTES TO THE FINANCIAL STATEMENTS

Ref		Amounts in Taka	
		Year 2010	Year 2009
IAS 1.97	35 Other Expenses:		
	Office Maintenance	2,961,221	1,213,580
	Traveling & Conveyance	4,009,830	3,077,936
	Meeting Expenses	1,098,104	2,364,486
	Entertainment	2,057,768	807,005
	Car Running & Maintenance Expenses	6,211,844	4,599,906
	Bank Charge & Excise Duty	640,827	475,984
	Interest for Lease Facility	729,394	2,467
	Training Expenses	565,458	362,680
	Membership Fees & Subscriptions	362,260	125,710
	Books & Periodicals	83,629	130,869
	Laga & Howla Charges	33,147,383	6,534,639
	CDBL Charges	938,013	323,864
	Reserve for Risk Fund	100,000	16,666
	Fees, License, Renewal & Registration	6,547,411	284,489
	Total	59,453,142	20,320,281
	35.a Other Expenses:		
	Office Maintenance	3,094,324	-
	Traveling & Conveyance	4,020,403	-
	Meeting Expenses	1,134,354	-
	Entertainment	2,489,934	-
	Car Running & Maintenance Expenses	6,563,297	-
	Bank Charge & Excise Duty	640,827	-
	Interest for Lease Facility	729,394	-
	Training Expenses	575,458	-
	Amortization of Pre-operating Expenses	838,095	-
	Membership Fees & Subscriptions	362,260	-
	Books & Periodicals	83,629	-
	Laga & Howla Charges	33,147,383	-
	CDBL Charges	3,934,272	-
	Reserve for Risk Fund	100,000	-
	Fees, License, Renewal & Registration	6,597,411	-
	Total	64,311,041	-
IAS 37.84	36 Provision for Loans & Advances:		
	Provision for classified Loans & Advances	62,029,595	54,553,282
	Provision for unclassified Loans & Advances	12,895,492	8,889,546
	Provision for diminution in value of Investments	724,958	-
	Provision for Off-balance Sheet Items	-	-
	Total	75,650,045	63,442,828
	36.a Provision for Loans & Advances:		
	Provision for classified Loans & Advances	62,029,595	-
	Provision for unclassified Loans & Advances	19,068,825	-
	Provision for diminution in value of Investments	724,958	-
	Provision for Off-balance Sheet Items	-	-
	Total	81,823,378	-
IAS 37.84	37 Provision for Tax:		
	Provision for Current Tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof. The current tax rate for the Company is 42.50% on taxable income.		
	Provision for Current Tax:		
	Opening Balance	95,061,879	59,061,879
	Add: Provision made during the year	90,846,434	36,000,000
	Less: Settlement during the year	-	-
	Closing Balance	185,908,313	95,061,879
	37.a Opening Balance	95,061,879	-
	Add: Provision made during the year	125,941,701	-
	Less: Settlement during the year	-	-
	Closing Balance	221,003,580	-

NOTES TO THE FINANCIAL STATEMENTS

Ref.
IAS 33.70

38 Earnings Per Share (EPS):

Earnings Per Share (EPS) as shown in the face of Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standards (BAS) No. 33 "Earnings Per Share".

Basic Earnings Per Share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)

Number of ordinary shares outstanding during the year

Basic Earnings Per Share (in Taka)

Amounts in Taka	
Year 2010	Year 2009
466,666,882	83,952,318
3,287,800	3,287,800
141.94	25.53

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

38.a Earnings Per Share (EPS):

Earnings Per Share (EPS) as shown in the face of Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standards (BAS) No. 33 "Earnings Per Share".

Basic Earnings Per Share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)

Number of ordinary shares outstanding during the year

Basic Earnings Per Share (in Taka)

521,643,843	-
3,287,800	-
158.66	-

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

39 Operating Segment Report:

Segment Profit & Loss	For the year, 2010		
	Core Business	Brokerage Division	Total
Net Interest Income	220,029,368	125,132,940	345,162,308
Income from Investment	4,747,566	28,831,213	33,578,779
Commission, Exchange & Brokerage	-	416,665,083	416,665,083
Other Operating Income	89,307,878	8,657,996	97,965,874
Total Segment Revenue	314,084,812	579,287,232	893,372,044
Operating Expenses	162,035,884	98,172,799	260,208,683
Provision for Loans & Advances	37,196,140	38,453,905	75,650,045
Provision for Tax	70,294,179	20,552,255	90,846,434
Total Segment Expenses	269,526,203	157,178,959	426,705,162
Total Reportable Segment Profit	44,558,609	422,108,273	466,666,882

Segment Profit & Loss	For the year, 2009		
	Core Business	Brokerage Service Division	Total
Net Interest Income	177,410,652	11,468,272	188,878,924
Income from Investment	814	-	814
Commission, Exchange & Brokerage	-	78,933,647	78,933,647
Other Operating Income	43,935,611	729,600	44,665,211
Total Segment Revenue	221,347,077	91,131,519	312,478,596
Operating Expenses	101,770,754	27,312,696	129,083,450
Provision for Loans & Advances	63,442,828	-	63,442,828
Provision for Tax	36,000,000	-	36,000,000
Total Segment Expenses	201,213,582	27,312,696	228,526,278
Total Reportable Segment Profit	20,133,495	63,818,823	83,952,318

NOTES TO THE FINANCIAL STATEMENTS

Ref

39.a Consolidated Operating Segment Report:

Segment Profit & Loss	For the year, 2010			
	Core Business	Brokerage Service Division	IIDFC Capital Ltd.	Total
Net Interest Income	220,029,368	125,132,940	30,786,852	375,949,160
Income from Investment	4,747,566	28,831,213	5,610,232	39,189,011
Commission, Exchange & Brokerage	-	416,665,083	74,683,319	491,348,402
Other Operating Income	89,307,878	8,657,996	2,703,125	100,668,999
Total Segment Revenue	314,084,812	579,287,232	113,783,528	1,007,155,572
Operating Expenses	162,035,885	98,172,799	18,268,195	278,476,879
Provision for Loans & Advances	37,196,140	38,453,905	6,173,333	81,823,378
Provision for Tax	70,294,179	20,552,255	34,800,000	125,646,434
Total Segment Expenses	269,526,204	157,178,959	59,241,528	485,946,691
Total Reportable Segment Profit	44,558,608	422,108,273	54,542,000	521,208,881

W62417

40 Related Party Transactions:

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party, in making financial and operational decisions and include associated companies with or without common directors and key management positions. The Company has entered into transactions with other entities in the normal course of business that fall within the definition of related party as per Bangladesh Accounting Standards No. 24 'Related Party Disclosure'. Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time of comparable transactions with other customers of similar credentials and do not involve more than normal risk.

Amounts in Taka

Name of the parties	Nature of Loan/Lease	Nature of Transactions	Outstanding Balance-2010	Outstanding Balance-2009
			Taka	Taka
Southeast Bank Ltd.	Sponsor Shareholder	FDR Placement	55,781,668	5,350,872
Mutual Trust Bank Ltd.	Sponsor Shareholder	FDR Placement	52,020,000	-
Bank Asia Ltd	Sponsor Shareholder	Term Deposit	-	200,000,000
BRAC Bank Ltd	Sponsor Shareholder	Term Deposit	-	140,000,000
Janata Bank Ltd	Sponsor Shareholder	Term Deposit	100,000,000	100,000,000
Mutual Trust Bank Ltd	Sponsor Shareholder	Term Deposit	50,000,000	160,000,000
National Bank Ltd	Sponsor Shareholder	Term Deposit	25,650,000	122,500,000
Sonali Bank Ltd.	Sponsor Shareholder	Term Deposit	300,000,000	200,000,000
The City Bank Ltd .	Sponsor Shareholder	Term Deposit	140,000,000	140,000,000
National Life Insurance Co. Ltd.	Sponsor Shareholder	Term Deposit	220,800,000	230,000,000
Eastland Insurance Co. Ltd.	Sponsor Shareholder	Term Deposit	5,727,416	10,681,700
Pragati Insurance Company Ltd	Sponsor Shareholder	Term Deposit	1,000,000	2,000,000
Bank Asia Ltd.	Sponsor Shareholder	Borrowings	83,333,333	125,000,000
National Bank Ltd.	Sponsor Shareholder	Borrowings	80,176,084	131,311,587
BRAC Bank Ltd.	Sponsor Shareholder	Borrowings	122,239,860	192,500,000
Janata Bank Ltd.	Sponsor Shareholder	Borrowings	-	9,999,992
Mutual Trust Bank Ltd.	Sponsor Shareholder	Borrowings	372,076,522	177,254,267
			1,608,804,883	1,946,598,418

41 Board Meetings:

During the period total 12 (Twelve) board meetings were held.

42 Others:

W632837686

42.1 Contingent Liability:

There is no contingent liability other than "Letter of Credit" outstanding for import of lease equipment amounting to Tk. 21,698,317 (USD 312,206). There was no acknowledged claim as debt as on the balance sheet date.

42.2 Unacknowledged Debt:

The Company has no claim against it which has not been acknowledged as debt at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

Ref.

42.3 Employees' Information:

A total number of 147 employees were employed in IIDFC as of 31 December, 2010. All the employees received salary more than Tk. 36,000 p.a. during the year 2010.

IAS 1.98 (d)

42.4 Written-off of Accounts:

During the period under review, an amount of Tk. 39,073,975 has been written-off from the books of accounts of the company and Tk. 13,030,040 was written-off in the corresponding previous years.

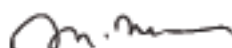
42.5 Subsequent Events:

The Board of Directors in its 133rd meeting held on 01 June, 2011 has recommended stock dividend @ 50% i.e. one bonus shares for every two full paid shares (1 : 2) of Tk. 100 each (amounting to Tk. 164,390,000). This will be considered for approval by the shareholders at the 10th Annual General Meeting (AGM) to be held on June 27, 2011.

43 General:

43.1 The figures appearing in these financial statements have been rounded off to the nearest integer.

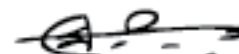
43.2 2 Last year's figures have been rearranged wherever it is found necessary to conform the current year's presentation.



Md. Matlul Islam
Chairman



Md. Asaduzzaman Khan
Managing Director



Md. Shamim Ahamed
Company Secretary

Ref. Property, Plant & Equipment - Own Finance

MS 1629

Serial No.	Particulars	C O S T			D E P R E C I A T I O N				Net Book Value	
		Opening	Additions	Sale/Transfer	Closing	Rate	Opening	Charges	Adjustment	Closing
1	Motor Vehicles	17,963,706	-	-	17,963,706	20%	8,257,407	4,230,935	-	12,488,342
2	Furniture & Fixtures	7,173,598	5,177,635	202,125	12,149,108	10%	1,340,473	1,216,933	20,212	2,537,194
3	Office Equipments	22,644,961	29,803,424	-	52,448,385	18%	6,242,115	9,440,710	-	15,682,825
4	Computer Softwares	1,264,168	2,666,052	-	3,930,220	18%	378,541	707,440	-	1,085,981
	Total	49,046,433	37,647,111	202,125	86,491,419		16,218,536	15,596,018	20,212	31,794,342
	As on 31 December, 2009	24,562,672	23,096,604	1,942,000	45,717,276		8,381,591	7,952,849	776,800	15,557,640
										30,159,636

Property, Plant & Equipment - Lease Finance

Serial No.	Particulars	C O S T			D E P R E C I A T I O N				Net Book Value	
		Opening	Additions	Sale	Closing	Opening	Charges	Adjustment	Closing	Value
1	Motor Vehicles	-	-	-	-	-	-	-	-	-
2	Office Equipments	-	-	-	-	-	-	-	-	-
3	Computer Softwares	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	As on 31 December, 2009	7,115,862	-	-	7,115,862	6,918,454	197,408	-	7,115,862	-

ANNEXURE- 1

Ref. Property, Plant & Equipment - Own Finance

MS 603

Serial No.	Particulars	C O S T			DEPRECIATION				Figures in Taka	
		Opening	Additions	Sale/Transfer	Closing	Rate	Opening	Charges	Adjustment	Closing
1	Motor Vehicles	14,881,279	-	-	14,881,279	20%	7,640,522	3,614,447	-	11,255,369
2	Furniture & Fixtures	7,173,598	3,761,864	202,125	10,733,337	10%	1,340,473	1,075,355	20,212	2,395,616
3	Office Equipments	22,358,231	26,121,463	-	48,519,694	18%	6,197,704	8,733,547	-	14,931,251
4	Computer Softwares	1,264,168	2,666,052	-	3,930,220	18%	378,541	707,440	-	1,085,981
	Total	45,717,276	32,549,379	202,125	78,064,530		15,557,640	14,130,789	20,212	29,668,217
	As on 31 December, 2009	24,562,672	23,096,604	1,942,000	45,717,276		8,381,591	7,952,849	776,800	15,557,640
										30,159,636

Property, Plant & Equipment - Lease Finance

Serial No.	Particulars	C O S T			DEPRECIATION				Figures in Taka	
		Opening	Additions	Sale	Closing	Opening	Charges	Adjustment	Closing	Net Book Value
1	Motor Vehicles	-	-	-	-	-	-	-	-	-
2	Office Equipments	-	-	-	-	-	-	-	-	-
3	Computer Softwares	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	As on 31 December, 2009	7,115,862	-	-	7,115,862	6,918,454	197,408	-	7,115,862	-

ANNEXURE-2

Amounts in Taka

Sl. No.	Particulars	2010	2009
1.	Paid-up Capital	328,780,000	328,780,000
2.	Total Capital	1,116,595,749	686,308,417
3.	Capital Surplus	124,682,000	(39,708,000)
4.	Total Assets	11,769,150,914	9,803,676,699
5.	Total Deposits	3,414,417,816	3,882,807,737
6.	Total Leases, Loans and Advances	8,718,858,107	8,336,159,271
7.	Total Contingent Liabilities and Commitments	375,399,006	26,329,586
8.	Credit Deposit Ratio	255.35%	214.69%
9.	% of Classified Loans Against Total Loans and Advances	4.74%	3.61%
10.	Profit After Tax and Provision	466,666,882	83,952,318
11.	Amount of Classified Loans During Current Year	134,338,000	190,636,000
12.	Provisions Kept Against Classified Loans	193,602,911	92,499,341
13.	Provision Surplus Against Classified Loans	30,217,669	156,502
14.	Cost of Fund	12.91%	14.11%
15.	Interest Earnings Assets	10,270,929,207	9,210,251,511
16.	Non- Interest Earnings Assets	1,498,221,707	593,425,188
17.	Return on Investment (ROI)	5.87%	2.17%
18.	Return on Assets (ROA)	5.38%	1.87%
19.	Income from Investment	1,282,665,462	1,090,109,140
20.	Earnings per Share	141.94	25.33
21.	Net Income per Share	141.94	25.33
22.	Price Earnings Ratio	N/A	N/A

Auditors' Report
to the Shareholders
of

IIDFC Capital Limited



Md. Anwar Hossain, Chief Executive Officer

AUDITORS' REPORT

Auditors' Report to the Shareholders of IIDFC Capital Limited

We have audited the accompanying financial statements of IIDFC Capital Limited (the Company) namely, Statement of Financial Position (Balance Sheet) as on December 31, 2010, Statement of Comprehensive Income (Income Statement), Statement of Cash Flows, Statement of Changes in Equity and notes thereto for the year then ended as prepared and produced to us by the management of the Company for our examination in due conformance with generally accepted accounting principles and procedures and Bangladesh Accounting Standards as applicable to the Company. Preparation of these financial statements including notes thereto is the responsibility of 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. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs on December 31, 2010 and comply with the requirements of Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996 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) our examination and checking of relevant financial records, books of account, schedules and details were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the said financial statements;
- (iii) proper books of account as required by law have been kept by the management of the Company so far as it appeared from our examination of those books;
- (iv) the Company's financial statements dealt with by the report are in agreement with the books of account maintained by the Company; and
- (v) the expenditure incurred and payments made were for the purposes of the Company's business during the year.

March 29, 2011


S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (Balance Sheet)

IIDFC Capital Limited Statement of Financial Position (Balance Sheet) as on December 31, 2010

		Amounts in Taka	
	Notes	At 31 Dec 2010	At 31 Dec 2009
Non-Current Assets			
Property plant and equipment	3	6,300,764	2,668,260
Intangible asset	4	30,196,209	30,196,209
Pre-operating expenses	5	1,676,195	2,514,292
Total non- current assets		38,173,168	35,378,761
Current Assets			
Investment in quoted securities	6	20,645,486	3,457,622
Margin loans	7	617,333,269	-
Advances and receivables	8	30,233,325	7,112,813
Other receivables	9	6,433,441	-
Loan to IIDFC Limited	10	-	78,000,000
Receivable from brokerage houses		225,573,251	-
Cash and cash equivalents	11	17,737,077	1,023,208
Total current assets		917,955,850	89,593,643
Total assets		956,129,018	124,972,404
Equity and Liabilities			
Share capital	12	200,000,000	100,000,000
Retained earnings	13	54,542,000	-
Shareholders' equity		254,542,000	100,000,000
Non-Current Liability			
Term loan	14	380,000,000	-
Total non-current liability		380,000,000	-
Current Liabilities			
Accruals and provisions	15	5,216,927	1,146,359
Payable to IIDFC Limited	16	33,467,490	23,826,045
Provision for taxation	17	34,800,000	-
General provision on outstanding loans	18	6,173,333	-
Customers' deposits	19	216,071,656	-
Accounts payable		25,857,613	-
Total current liabilities		321,587,019	24,972,404
Total liabilities		701,587,019	24,972,404
Total equity and liabilities		956,129,018	124,972,404

See Annexed Notes

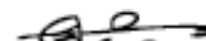
for IIDFC Capital Limited



Md. Matul Islam
Chairman



Md. Anwar Hossain
Chief Executive Officer



Md. Shamim Ahmed
Company Secretary

Signed in terms of our report of even date annexed

March 29, 2011



S. F. AHMED CO
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME (Income Statement)

IIDFC Capital Limited Statement of Comprehensive Income (Income Statement) for the year ended December 31, 2010

	Notes	Amounts in Taka
Interest income	20	67,854,434
Interest expense	21	(40,507,914)
Net interest income		27,346,520
Fee and commission income	22	151,178,703
Fee and commission expense	23	(76,495,384)
Net fee and commission income		74,683,319
Income from investment in securities	24	5,610,232
Other operating income	25	2,703,125
Total operating income		110,343,197
Operating expenses	26	(15,964,862)
Depreciation		(1,465,229)
Amortisation		(838,097)
Operating profit		92,075,009
Finance income	27	3,478,743
Finance costs	28	(38,420)
Net finance income		3,440,323
Profit before provision		95,515,332
General provision on outstanding loans		(6,173,333)
Profit before income tax		89,342,000
Provision for corporate income tax		(34,800,000)
Profit after tax		54,542,000
Total comprehensive income for the year		54,542,000

See Annexed Notes

for IIDFC Capital Limited


Md. Matiul Islam
Chairman


Md. Anwar Hossain
Chief Executive Officer


Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

March 29, 2011


S. F. AHMED CO
Chartered Accountants

STATEMENT OF CASH FLOWS

IIDFC Capital Limited Statement of Cash Flows for the year ended December 31, 2010

Amounts in Taka

	Year Ended 31 Dec 2010	Year Ended 31 Dec 2009
A. Cash Flows from Operating Activities		
Interest and commission receipts	67,854,434	-
Fee and commission income	74,683,320	-
Other income	5,358,658	-
Customers' deposits	216,071,656	-
Payment to employees	(6,499,615)	-
Payment of operating expenses	(7,803,207)	-
Payment to suppliers and others	(1,146,359)	-
Interest paid	(36,991,446)	-
Pre-operating expenses	-	(1,447,036)
Advances	(23,120,512)	(7,112,813)
Current account with IIDFC Limited	9,641,445	23,826,045
Loan to clients	(817,048,908)	-
Loan to/ refunded by IIDFC Limited	78,000,000	(78,000,000)
Net cash used in operating activities	(441,000,535)	(62,733,804)
B. Cash Flows from Investing Activities		
Investment in shares, etc	(17,187,865)	(3,457,622)
License fee	-	(30,196,209)
Acquisition of property, plant and equipment	(5,097,732)	(2,589,157)
Net cash used in investing activities	(22,285,597)	(36,242,988)
C. Cash Flows from Financing Activities		
Share capital	100,000,000	100,000,000
Term loan	380,000,000	-
Net cash from financing activities	480,000,000	100,000,000
Net increase in cash and cash equivalents (A+B+C)	16,713,869	1,023,208
Cash and cash equivalents at beginning of the year	1,023,208	-
Cash and cash equivalents at end of the year	17,737,077	1,023,208

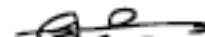
for IIDFC Capital Limited



Md. Matul Islam
Chairman



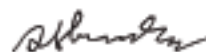
Md. Anwar Hossain
Chief Executive Officer



Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

March 29, 2011



S. F. AHMED CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

IIDFC Capital Limited Statement of Changes in Equity for the year ended December 31, 2010a

Particulars	Amounts in Taka		
	Share capital	Retained earnings	Total
Year ended 31 December 2010:			
Balance at 01 January 2010	100,000,000	-	100,000,000
New Issue of shares	100,000,000	-	100,000,000
Net profit for the year 2010	-	54,542,000	54,542,000
Balance at 31 December 2010	200,000,000	54,542,000	254,542,000
Year ended 31 December 2009:			
Balance at 01 January 2009	-	-	-
New Issue of shares	100,000,000	-	100,000,000
Net profit for the year 2009	-	-	-
Balance at 31 December 2009	100,000,000	-	100,000,000

for IIDFC Capital Limited


Md. Matiul Islam
Chairman


Md. Anwar Hossain
Chief Executive Officer


Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

March 29, 2011


S. F. AHMED CO
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

1. Background

IIDFC Capital Limited (the Company) is a private company, limited by shares, was incorporated in Bangladesh on 30 November 1995 vide certificate of incorporation no. C-H.C 2097 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance Company Limited (IIDFC), a non-banking financial institution on 10 December 2009 and renamed as IIDFC Capital Limited. The principal activities of the Company for which it was established include the business of issue management, portfolio management, corporate counselling, investment counselling, capital structuring, etc.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements of the Company under reporting have been prepared under historical cost convention in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

2.2 Property, plant and equipment

These are stated at cost less accumulated depreciation. Cost includes amounts paid to the vendors along with all incidental expenses to install or construct the items of property, plant and equipment.

Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full year's depreciation is charged on items in the year of their acquisition and no depreciation is charged in the year of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

Category of asset	Rate of depreciation (%)
Motor vehicles	20
Furniture and fixtures	10
Office equipment	18

2.3 Statement of cash flows

This has been prepared using direct method.

NOTES TO THE FINANCIAL STATEMENTS

	Amounts in Taka	
	At 31 Dec 2010	At 31 Dec 2009
3. Property, Plant and Equipment		
Cost:		
Opening balance	3,329,157	-
Add : Additions	5,097,732	3,329,156
Closing balance (A)	8,426,889	3,329,156
Depreciation:		
Opening balance	660,896	-
Add : Charge for the year	1,465,229	660,896
Closing balance (B)	2,126,125	660,896
Written down value (A-B)	6,300,764	2,668,260
Details are shown in Annex 1.		
4. Intangible Asset		
Cost of license	30,196,209	30,196,209
5. Pre-operating expenses		
Opening balance	2,514,292	-
Add: Additions	-	2,514,292
Closing balance (A)	2,514,292	2,514,292
Amortisation:		
Opening balance	-	-
Add : Amortised during the year (*)	838,097	-
Closing balance (B)	838,097	-
Written down value (A-B)	1,676,195	2,514,292
(*) This represents amortisation of pre-operating expenses of Taka 2,514,292 which is being amortised over three years beginning from 2010 as decided by the Board of Directors of IIDFC Capital Limited in its 8th meeting dated 30 December 2010.		
6. Investment in Quoted Securities	20,645,486	3,457,622
This represents investment made in shares, etc by the Company which has been measured and recognised at fair value being lower of cost and market price as per BAS 39 Financial Instruments: Recognition and Measurement.		
7. Margin Loans	617,333,269	-

The portfolio management department extends margin loan facilities to customers trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The loan ratio was fixed based on directives issued time to time by the Securities and Exchange Commission.

NOTES TO THE FINANCIAL STATEMENTS

	Amounts in Taka	
	At 31 Dec 2010	At 31 Dec 2009
8. Advances and Receivables		
Advances against/to		
Office rent	2,502,500	5,232,500
Furniture supplies	2,500,000	1,500,000
Software	1,125,000	-
Consultant	-	100,000
Income tax	17,000,000	-
Receivable from/against		
Sale of quoted securities	4,310,313	-
IIDFC Securities Ltd	2,559,712	280,313
Security deposit to CDBL	200,000	-
Other deposit	35,800	-
	30,233,325	7,112,813
9. Other Receivables		
Profit on sale of quoted securities	3,730,316	-
Interest on loan to IIDFC Limited	2,703,125	-
	6,433,441	-
10. Loan to IIDFC Limited		
Opening balance	78,000,000	-
Add: Disbursement	808,000,000	78,000,000
Less: Refund	886,000,000	-
Closing balance	-	78,000,000
11. Cash and Cash Equivalents		
Cash in hand	29,660	-
Bank Balance with:		
Southeast Bank Limited	7,031,414	1,023,208
ONE Bank Limited	10,676,003	-
	17,737,077	1,023,208
12. Share Capital		
Authorised capital:		
5,000,000 ordinary shares of Taka 100 each	500,000,000	500,000,000
Subscribed and paid up capital:		
2,000,000 ordinary shares of Taka 100 each	200,000,000	100,000,000

Paid up capital at 31 December 2010 comprises of the following:

Name of shareholder	No. of shares	Face value per share	% of share holding	Value/ Taka
Industrial and Infrastructure Development Finance Company Limited	1,999,000	100	99.95%	199,900,000
Mr. M. Matiuil Islam	1,000	100	0.05%	100,000
	2,000,000		100%	200,000,000

NOTES TO THE FINANCIAL STATEMENTS

	Amounts in Taka	
	At 31 Dec 2010	At 31 Dec 2009
13. Retained Earnings		
Opening balance	-	-
Add: Net profit for the year	54,542,000	-
Closing balance	54,542,000	-

Stock dividend @ 20% was proposed for the year 2010, which required to be approved by the shareholders of the Company in the ensuing Annual General Meeting.

14. Term Loan		
IIDFC Limited	180,000,000	-
Standard Bank Limited	200,000,000	-
	380,000,000	-

The above loan was taken from IIDFC Limited with an interest rate of 12.5% per annum. Interest on such loan is being paid quarterly whereas principal amount will be paid at a time.

15. Accruals and Provisions		
Financial charges	3,516,467	-
CDBL charges	1,054,375	-
Office rent	240,850	240,850
Vehicle	124,800	740,000
Withholding VAT	104,048	102,075
Withholding income tax	42,065	32,684
Utilities	31,861	-
Audit fee	62,500	28,750
Others	39,961	2,000
	5,216,927	1,146,359

16. Payable to IIDFC Limited		
Opening balance	23,826,045	-
Add: Additions	9,641,445	23,826,045
Closing balance	33,467,490	23,826,045

17. Provision for Corporate Income Tax		
Current tax	34,770,534	-
Deferred tax	29,466	-
	34,800,000	-

18. General Provision on Outstanding Loans	6,173,333	-
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This represents 1% general provision made on outstanding loans to clients as prescribed by Securities and Exchange Commission vide its circular no. SEC/CMRRCD/2006-159/Administration/01-29 dated 11 October 2007.

19. Customers' Deposit		
Deposits	216,071,656	-

Customer deposits represent uninvested funds lying with Company's account at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

	Amounts in Taka
20. Interest Income	
Interest on margin loan	67,854,434
The Company charges quarterly interest on margin loan utilised on each portfolio account at the rates ranging from 13.25% to 14% based on the amount of deposit made in each portfolio account.	
21. Interest Expense	
Term Loan	32,516,584
Demand loan	7,991,330
	40,507,914
22. Fee and Commission Income	
Management fee (note 22.1)	10,583,414
Settlement fee (note 22.2)	140,358,289
Documentation fee	237,000
	151,178,703
22.1 Management fee	
Self-margin discretionary account (SMDA)	10,299,710
Non-margin discretionary account (NMDA)	283,704
	10,583,414
Management fee is charged on SMDA and NMDA accounts for rendering various services, like receipt and delivery of shares, custody of shares, etc. The fee is charged at various rates as per policy of the Company.	
22.2 Settlement fee	
Self-margin discretionary account (SMDA)	135,959,880
Non-margin discretionary account (NMDA)	4,398,409
	140,358,289
This represents transaction fee realised by the Company on the total trading turnover of portfolio customers. The fee ranges from 0.30% to 0.40% depending on agreement with respective brokerage houses where transactions are initiated.	
23. Fees and Commission Expenses	
SMDA	74,948,571
NMDA	1,546,813
	76,495,384
This represents transaction fee paid by the Company to its designated brokerage houses on the value of transactions done through the stock exchange. The rate of fee varies according to the agreement made with each brokerage house by the Company.	
24. Income from Investment in Securities	
Income from sale of quoted securities	5,610,232
	5,610,232
25. Other Operating Income	
Interest on loan to IIDFC	2,703,125
	2,703,125

NOTES TO THE FINANCIAL STATEMENTS

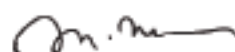
	Amounts in Taka
26. Operating Expenses	
Salary and allowances	6,499,615
Office rent	3,497,061
CDBL charges and registration fee	2,996,259
Printing and stationery	618,395
Office utilities	486,120
Entertainment	432,166
Fuel - vehicle	323,468
Professional fees	281,704
Internet expenses	196,717
Postage, stamps, telecommunication, etc	182,702
Insurance premium	86,763
Audit fee	62,500
Registration fee of merchant banking license	50,000
Security service expenses	45,500
Directors' fees	33,481
Uniform and liveries	31,890
Repairs and maintenance - vehicle	27,985
Corporate day out expenses	27,280
Office maintenance	23,337
Newspapers, magazines, books and periodicals	13,391
Conveyance	10,573
Training expenses	10,000
Launching ceremony expenses	8,970
Miscellaneous	18,985
	15,964,862
27. Finance Income	
Bank interest	3,478,743
28. Finance Cost	
Bank charge and commission	38,420
29. Others	

29.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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

29.3 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

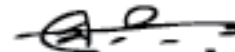
for IIDFC Capital Limited



Md. Matiul Islam
Chairman



Md. Anwar Hossain
Chief Executive Officer



Md. Shamim Ahamed
Company Secretary

March 29, 2011

Details of property, plant and equipment:

Category of asset	Cost				Depreciation					Written down value at 31 Dec 2010
	Balance at 01 Jan 2010	Additions	Sale/ disposal	Total at 31 Dec 2010	Rate (%)	To 01 Jan 2010	Charge for the year	Adjustment	Total to 31 Dec 2010	
Motor vehicle	3,082,427	-	-	3,082,427	20	616,485	616,488	-	1,232,973	1,849,454
Furniture and fixture	-	1,415,771	-	1,415,771	10	-	141,578	-	141,578	1,274,193
Office equipment	246,730	3,681,961	-	3,928,691	18	44,411	707,163	-	751,574	3,177,117
Total: 2010	3,329,157	5,097,732	-	8,426,889		660,896	1,465,229	-	2,126,125	6,300,764
Total: 2009	-	3,329,157	-	3,329,157		-	660,897	-	660,897	2,668,260

Auditors' Report
to the Shareholders
of

IIDFC Securities Limited



Mrs. Ashrafun Nessa
Chief Operating Officer

AUDITORS' REPORT

Auditors' Report to the Shareholders of IIDFC Securities Limited

We have audited the accompanying financial statements of IIDFC Securities Limited (the Company), namely, Statement of Financial Position (Balance Sheet) as on December 31, 2010 and the related Statement of Comprehensive Income (Income Statement), Statement of Cash Flows, Statement of Changes in Equity and notes thereto for the period then ended.

The preparation of these financial statements and notes thereto, in due conformance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) so far adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standard (BFRS) is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs as on December 31, 2010 and the results of its operations and its cash flows for the year then ended and comply with requirements of Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the management of the Company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business during the year.

April 28, 2011


S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (Balance Sheet)

IIDFC Securities Limited Statement of Financial Position (Balance Sheet) as on December 31, 2010

	Notes	Amounts in Taka
Non-Current Assets:		
Preliminary expenses	3	4,571,010
Current Assets:		
Bank balance	4	707,491
Inter-company current account	5	95,418,990
Advance against corporate income tax		78,738
		96,205,219
Less: Current Liabilities		
Provision for expenses		46,000
Provision for taxation	6	295,267
		341,267
Net Current Assets		95,863,952
Net Assets		100,434,962
Financed by:		
Share capital	7	100,000,000
Retained earnings		434,962
		100,434,962

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

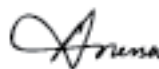
for IIDFC Securities Limited



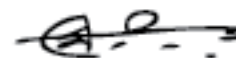
Md. Matlul Islam
Chairman



Md. Asaduzzam Khan
Director



Ms. Ashrafun Nessa
Chief Operating Officer



Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

April 28, 2011



S. F. AHMED & CO
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME (Income Statement)

IIDFC Securities Limited Statement of Comprehensive Income (Income Statement) for the Period from March 28, 2010 to December 31, 2010

	Notes	Amounts in Taka
Revenue		
Interest on bank deposit		787,379
		<u>787,379</u>
Less : Finance cost		11,150
Net interest income		<u>776,229</u>
Less: Admin and other expenses		
Audit fees		46,000
Profit before income tax		<u>730,229</u>
Provision for taxation		
Current tax	6	295,267
Deferred tax		-
		<u>295,267</u>
Profit after tax for the year		<u>434,962</u>

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

for IIDFC Securities Limited



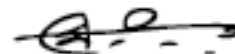
Md. Matiul Islam
Chairman



Md. Asaduzzam Khan
Director



Ms. Ashrafun Nessa
Chief Operating Officer



Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

April 28, 2011



S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CASH FLOWS

IIDFC Securities Limited Statement of Cash Flows for the Period from March 28, 2010 to December 31, 2010

	Amounts in Taka
A. Cash Flows from Operating Activities	
Net profit during the period	434,962
Adjustment for non-cash items:	
Provision for income tax	295,267
Provision for expenses	46,000
	776,229
Changes in working capital components:	
Increase in Inter-company current account	95,418,990
Increase in advance income tax	78,738
	95,497,728
Net cash used in operating activities	(94,721,499)
B. Cash Flows from Investing Activities	
Incorporation expenses	(4,571,010)
Net cash used in investing activities	(4,571,010)
C. Cash Flows from Financing Activities	
Issue of share capital	100,000,000
Net cash from financing activities	100,000,000
Net increase in cash (A+B+C)	707,491
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	707,491

for IIDFC Securities Limited



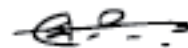
Md. Matiuul Islam
Chairman



Md. Asaduzzam Khan
Director



Ms. Ashrafun Nessa
Chief Operating Officer



Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed

April 28, 2011



S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

IIDFC Securities Limited Statement of Changes in Equity as on December 31, 2010

Particulars	Share capital capital	Retained earnings	Amounts in Taka Total
Issued during the year	100,000,000	-	100,000,000
Net profit for the year 2010	-	434,962	434,962
Balance at 31 December 2010	100,000,000	434,962	100,434,962


Md. Matiul Islam
Chairman


Md. Asaduzzam Khan
Director

for IIDFC Securities Limited

Ms. Ashrafun Nessa
Chief Operating Officer


Md. Shamim Ahamed
Company Secretary

Signed in terms of our report of even date annexed


S. F. AHMED & CO
Chartered Accountants

April 28, 2011



NOTES TO THE FINANCIAL STATEMENTS

1. Background

IIDFC Securities Limited (the Company), a fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC) was incorporated in Bangladesh as a private limited company on 28 March 2010 bearing certificate of incorporation no. C-83521/10 under the Companies Act 1994 having its registered office at Eunoos Trade Centre (Level 7), 52-53 Dilkusha Commercial Area, Dhaka. The main objectives of the Company for which it was established are to carry out the business of securities management and stock brokerage, custodian services, investment and asset management, portfolio management, capital market operations and other non-banking financial services including advisory services, mergers and acquisitions, equity investment, joint venture sourcing, corporate finance and restructuring, financial and socio economic consultancy, corporate research and project studies, privatization and other related services.

The Company has not started its operations as of 31 December 2010 in its name since it has not obtained permissions from Securities and Exchange Commission, etc as on that date.

2. Significant Accounting Policies

2.1 Basis of accounting

The financial statements of the Company are prepared on a going concern basis under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), following Bangladesh Financial Reporting Standards (BFRS)/Bangladesh Accounting Standards (BAS). Wherever appropriate, such principles are explained in succeeding notes.

2.2 Components of Financial Statements

- (i) Statement of Financial Position (Balance Sheet);
- (ii) Statement of Comprehensive Income (Income Statement);
- (iii) Statement of Cash Flows;
- (iv) Statement of Changes in Equity; and
- (v) Accounting policies and explanatory notes.

2.3 Statement of Cash Flows

This is prepared following indirect method where net profit is adjusted with non-cash items, etc.

3. Preliminary Expenses

Company's incorporation fees, etc
Stamp duty

Amounts in Taka

2,274,225

2,296,785

4,571,010

4. Bank Asia Ltd, Principal Branch in STD account

707,491

NOTES TO THE FINANCIAL STATEMENTS

5. Inter-company Current Account

Payable to IIDFC Ltd.
Receivable from IIDFC Ltd.

Amounts in Taka

(4,581,010)
100,000,000
95,418,990

6 Provision for Corporate Income Tax

Provision for corporate income tax is made on interest earned on bank deposit at applicable tax rate of 37.5% as per income tax laws.

7. Share Capital

7.1 Authorised capital:

50,000,000 ordinary shares of Taka 100 each

5,000,000,000

7.2 Issued, subscribed and paid-up capital:

1,000,000 ordinary shares of Taka 100 each fully paid-up

100,000,000

Shareholding position of the Company at 31 December 2010 was as under:

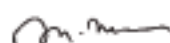
Name of shareholder	Number of shares	% of holding	Value/Taka
IIDFC Limited	999,000	99.90%	99,900,000
Md. Matiul Islam	1,000	0.10%	100,000
	1,000,000	100%	100,000,000

8. Others

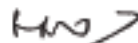
8.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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

for IIDFC Securities Limited



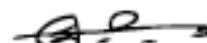
Md. Matiul Islam
Chairman



Md. Asaduzzam Khan
Director



Ms. Ashrafun Nessa
Chief Operating Officer



Md. Shamim Ahamed
Company Secretary

April 28, 2011

Events



Mr. M. Matiul Islam, Chairman IIDFC, receiving prestigious DHL-Daily Star Business Award, 2010 as Life time Achievement from Honorable Commerce Minister Mr. Faruk Khan in recognition of outstanding leadership quality and a role model of corporate business.



The Board of Directors of IIDFC warmly congratulated the Chairman, Mr. M. Matiul Islam, with flower bouquet for being awarded the prestigious DHL-Daily Star Business Award, 2010.

Events



Mr. Dilip Borua, Honorable Industries Minister inaugurating brokerage operations in IIDFC Chittagong Branch.



Award giving ceremony of HSBC-Daily Star Climate Award 2010.



IIDFC Soccer Team with 5-A Side Ascent Runner-up Trophy.

Signing Ceremonies



Term Sheet Signing Ceremony for Summit Meghnaghat Power Company Limited, Date: 27th January 2011



Signing Ceremony for Syndicated Term & Working Capital Facility for Sinha Power Generation Compa
Date: 2nd December 2010

Signing Ceremonies



Signing Ceremony for Conversion of Syndicated Term Loan Facility into Cumulative Redeemable Preference Shares (Summit Uttaranchal & Purbanchal Power Co Ltd.), Date: 12th December 2010.



Signing Ceremony for Syndicated Term Loan Facility for Anwara Mannan Textiles Limited, Date: 2nd December 2010.



Signing Ceremony for Syndicated Term Loan Facility (USD & BDT) for Rahimafrooz Power Company Ltd. Date: 24th February 2010.

Corporate Dayout



IIDFC FINANCED PROJECTS

Corporate Finance



Eight Color Printing Machine:
Arbab Poly Pack Ltd.



Multilayer Machine:
Arbab Poly Pack Ltd.



Finisher Card Machine:
Fatima Alyaf Tala-E Jute
Industries Ltd.

SME Finance



**Elastic Manufacturing Setup:
Apparel Accessories**



**Knitting Machineries:
Red & Green Textile**



**Flexible Packaging Production:
Macca Multilayer Ltd.**



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Chamber Building (6th & 7th Floor), 122-124 Motijheel Commercial Area, Dhaka - 1000, Bangladesh
Tel: +88-02-9559311-12, 9553387, 9553254, 95533090, 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.....
or failing him/her.....of.....
as proxy to attend and vote for me/us and on my/our behalf in the 10th Annual General Meeting of the Company to be held on Monday, 27th June 2011 at 8.00 p.m. at the Mutual Trust Bank, Head Office, MTB Centre, Sun Floor, Level-5, 26 Gulshan Avenue, Plot-5, Block SE(D), Gulshan-1, Dhaka-1212, Bangladesh and any adjournment thereof.

As witness my/our hand this.....day of.....2011

.....
Signature of Shareholder

.....
Signature of Proxy

Revenue
Stamp of
Tk. 8.00



NOTES

INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY (IIDFC) LTD.

HEAD OFFICE:

Chamber Building (6th & 7th Floor), 122-124 Motijheel C/A, Dhaka-1000
Phone: +880-2-9559311, Fax: +880-2-9568987, Email: info@iidfc.com

IIDFC CAPITAL LIMITED:

Eunoos Trade Center, Level 7, 52-53 Dilkusha C/A, Dhaka-1000
Phone: +880-2-9514640, Fax: +880-2-9514641, Email: icl@iidfc.com

IIDFC SECURITIES LIMITED:

Eunoos Trade Center, Level 7, 52-53 Dikusha C/A, Dhaka-1000
Phone: +880-2-9560526, Fax: +880-2-9570756, Email: securitiesa@iidfc.com

CHITTAGONG BRANCH:

C&F Tower (4th Floor), 1222 Sheikh Mujib Road, Agrabad C/A, Chittagong
Phone: +880-31-2516693, Fax: +880-31-2516694