

INDUSTRIAL PROMOTION AND DEVELOPMENT COMPANY
OF BANGLADESH LIMITED



ANNUAL REPORT 2011



Annual Report 2011

Industrial Promotion and Development Company of Bangladesh Limited

www.ipdcbd.com

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Notice of the 30th Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting of the shareholders of Industrial Promotion and Development Company of Bangladesh Limited will be held on May 03, 2012 (Thursday) at 11:00 a.m. in Conference Hall No. 3 of BRAC-CDM, Rajendrapur, Gazipur to transact the following proceedings:

1. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2011;
2. To declare Dividend for the year ended December 31, 2011;
3. To elect Directors;
4. To re-appoint Auditors and to fix their remuneration.
5. Others

By order of the Board



Mousumi Yasmin
Company Secretary

Dated: Dhaka
April 8, 2012

Notes:

- March 7, 2012 shall be considered as the Record Date for entitlement of the Dividend for the year ended December 31, 2011.
- Admission into the venue of AGM will be allowed on submission of the attendance slip.
- Only the Shareholders or their appointed proxies will be allowed to attend the meeting.
- A Shareholder, intending to appoint a Proxy, must deposit the duly stamped Proxy Form at the Company's registered office no later than 48 hours before the day of the AGM.
- Except Shareholders or valid proxies, no one will be authorized to complete registration process.

Corporate Information

REGISTERED NAME OF THE COMPANY

Industrial Promotion and Development Company of Bangladesh Limited.

LEGAL FORM

A public limited company incorporated in Bangladesh under the Companies Act 1913 (now the Companies Act 1994), listed with the Dhaka and Chittagong Stock Exchange Limited on December 3, 2006.

Licensed as Financial Institution under the Financial Institutions Act 1993 on February 7, 1995

Date of Incorporation:

November 28, 1981

Company Registration No.:

C- $\frac{9566}{392}$ of 1981-1982 dated 28.11.1981

Bangladesh Bank License No.:

BCD (Non Banking)/Dhaka/3/'95 dated 7.2.1995

Registered Office:

Hosna Centre (4th floor)
106 Gulshan Avenue, Dhaka 1212
PABX : (880 2) 9885533-8
Fax : (880 2) 9885532, 9885529
Email : email@ipdcbd.com
Web site : www.ipdcbd.com

Dhanmondi Branch:

Bikalpa Dental Clinic & Commercial Complex
(3rd floor), House # 74, Road # 5A
Satmasjid Road, Dhanmondi R/A, Dhaka-1207
Tel: (880 2) 9614734, 9614735, Fax: (880 2) 9614736

Chittagong Branch:

Avenue Tower (3rd floor)
115/134, Lalkhan Bazar
Chittagong-4100
Tel: (880 31) 2866892-4, Fax: (880 31) 2866895

Motijheel Branch:

Surma Tower (4th floor)
59/2 Purana Paltan, Dhaka-1000
Tel: (880 2) 9551704, 9570666, Fax: (880 2) 9564044

Sylhet Branch:

Khalil Trade Centre (3rd floor)
House No. 01, Block D, Main Road
Shahjalal Uposhahar, Sylhet-3100
Tel: (880 0821) 711112, 711128, Fax: (880 0821) 711177

Auditors:

Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban (8th floor)
7-9 Karwan Bazar Commercial Area
Dhaka-1215

Tax Consultants:

Rahman Rahman Huq
Chartered Accountants
9 Mohakhali C/A (11th-12th floors)
Dhaka-1212

Khandaker & Associates
Eastern Commercial Complex
Room No. 4/3 (4th floor)
73 Kakrail, Dhaka

Legal Advisors:

A Hossain & Associates
Dr. M. Zahir
A Rahman & Associates
Law & Remedy

Principal Bankers:

Standard Chartered Bank
Citibank N.A.
Prime Bank Limited
Dutch Bangla Bank Limited
AB Bank Limited
Commercial Bank of Ceylon
United Commercial Bank Limited

Chairman's Message



Bismillahir Rahmanir Rahim

Distinguished Shareholders,

Assalaamu A'laikum. It gives me immense pleasure to welcome you all to the 30th Annual General Meeting of your company. I would like to convey my heartfelt gratitude and appreciation for your continued patronage, trust and confidence in the Board and the management of IPDC.

Against a backdrop of a challenging financial climate, IPDC has managed to forge ahead and deliver positive results on many fronts in the year 2011. Although we had targeted for even higher growth rates, the difficult economic environment has meant that it would be more prudent to consolidate in several areas and build a stronger balance sheet. We have thus emerged much stronger and as the economy stabilizes your company, is well positioned to take advantage of the opportunities for future growth and increased profits, Inshallah.

Being the Chairman of this esteemed organization I feel an immense sense of pride in IPDC's achievements over the last three decades in supporting the industrial and commercial ventures of the country.

I want to take this opportunity to thank our valued customers who drive our progress with their continued support and loyalty, all our regulatory bodies for their kind cooperation, the Board of Directors for their vision and guidance, and the entire IPDC Team for their tremendous hard work, sincerity and dedication. Lastly, I want to thank you, our shareholders, for your patronage and the unwavering confidence you have placed in IPDC.

I wish IPDC every success in the approaching year and beyond.

A handwritten signature in dark ink, appearing to read 'Sulaiman'.

Sulaiman Ajanee
Chairman

Managing Director's Message



We are not proud of our achievements in 2011 - particularly of the financial results. After several years of hard work in strengthening the Balance Sheet through non-performing loan recovery and provisioning, eliminating the dependency on bank borrowing through building steady retail deposit base and abstaining from entering into the risky capital market operations, IPDC was poised for a better financial results in 2011 vis-à-vis its peer group when money market tightened up and the capital market went through bearish trend. However, the decision to acquire the license for Primary Dealership (PD) of Government Securities at the end of 2009 proved costly for the company in a period witnessing brisk interest rate rise. Having a small Balance Sheet, it remained difficult for the company to absorb the setback from the PD operation in an adverse market condition which has resulted in lower than targeted growth in core business and shrinkage in profit for the year 2011. We are grateful to Bangladesh Bank for their support to IPDC in this difficult situation.

Having said so, the company has also made progress in several areas during the year 2011. The new credit disbursement, growth in retail deposit and non-performing loan portfolio, all have witnessed positive movement in 2011 vis-à-vis the previous year. IPDC has also opened two new branches - one in Motijheel and another in Sylhet during the year which will help us to reach the newer markets. IPDC has also strengthened the SME finance operation as a strategic area of business during the year.

We expect the business environment in year 2012 to remain a challenging one although more predictable than the past year. Focusing on the basics e.g. liquidity management, cost containment, prudent lending and improving asset quality would be our strategy for the year in this environment. We intend to introduce channel financing to small and medium enterprises as a strategic initiative during the year. Devising an effective retail business model for the acquisition of lower cost funds will be the core challenge for 2012.

On behalf of the management, I would like to express my sincere appreciation and gratitude to our loyal shareholders for their continued confidence in the bright future of IPDC, the members of the Board of Directors for their invaluable guidance and direction, our regulators for their constant support and cooperation, our valued customers and well wishers who affirm the very essence of the name we strive to create and nurture, and the entire IPDC Team for their outstanding commitment, enthusiasm and hard work during 2011.

I thank you and wish you all a successful year ahead.

Mominul Islam
Managing Director & CEO

Directors' Report to the Shareholders

Dear Shareholders

The Board of Directors of IPDC is pleased to present before you the Directors' Report comprising of economic overview, market status, operational performance, future outlook and other matters together with the Audited Financial Statements of your Company as at and for the year ended December 31, 2011. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

Economy and Market Review 2011

From subprime mortgages in 2007 to the downgraded US debt status in 2011, the current global recession does not show signs of slowing down. The problems stalking the world economy are multiple and interrelated. The most difficult challenges lie in addressing the continued job crisis and declining prospects for economic growth, particularly in developed countries. The rapidly cooling world economy is both a cause and an effect of the sovereign debt crisis in the Euro zone and of fiscal problems elsewhere - thus aggravating weaknesses in the banking sector, shaking business confidence and contributing to the fragility of the financial sector. In addition, the fiscally severe measures taken in response have further weakened growth and employment prospects.

Developing countries were more resilient to the crisis and in 2011 they led the recovery of external demand by contributing to half of world import growth, compared with an average of 43% in the three years prior to the crisis. As such, developing countries and economies in transition are expected to continue to fuel the engine of the world economy - albeit their growth in 2012 and 2013 will be less than that achieved in 2010 and 2011.

Though Bangladesh persevered in the face of the global economic slowdown, the challenges faced by the country in 2011 were manifold with soaring inflation, deteriorating balance of trade, rising budget deficit and increasing government borrowing, declining foreign aid and loans and depreciating local currency. This has led to somewhat instability in macroeconomic indicators and augmentation of tighter monetary policy. Nevertheless, real GDP growth increased to 6.7% in FY 2010-11 from 5.8% in FY 2009-10. The GDP growth for FY2011-12, budgeted at 7.0%, may not be achievable due to the challenges faced in internal and external sectors; however, this is still expected to remain strong at over 6.5%.

The Banks and Financial Institutions faced severe challenges in 2011 due to tight money market and bearish capital market. With the windfall profit made from the capital market in the previous couple of years being evaporated and due to the steep increase in cost of fund, the Financial Institution sector has been affected most.

The Capital Market of the country which witnessed a collapse at the end of 2010, continued its bearish run throughout 2011 despite several boost-up efforts promulgated by the regulators. The benchmark DSE General Index closed at 5258 points at the end of 2011, a 37% decrease from the previous year's closing level. The market capitalization decreased by 25% during the year and stood at BDT 2,616.73 billion at the year end. The average daily turnover has also fallen sharply during the year.

IPDC's Performance

IPDC has passed through a very challenging period during the year 2011. Although the company started the year with comfortable liquidity situation, within the passage of three months it faced severe liquidity crunch as all its liquidity was outlaid to purchase of Government Treasury Bills and Bonds which were devolved on IPDC as a Primary Dealer. The situation became unbearable by the second quarter with the IPDC's holding of government securities nearly reaching Taka two billion. The holdings of the government securities in a sharply increasing interest rate regime caused significant loss to IPDC in terms of interest loss, marking-to-market loss and loss on sale. Moreover, this caused serious dent on IPDC's effort to grow its core lending business. However, with the support extended by Bangladesh Bank, the situation eased up in the second half of the year with the holding of government securities coming down to Tk. 587.6 million at the end of the year.

Despite having the challenge faced during the year, the company has made significant progress in several fronts. IPDC made total new disbursement of Tk. 1,979.2 million during the year representing 24% growth over previous year. The gross loan, advance and lease portfolio has increased from Tk. 4,151 million to Tk. 4,325 million while the gross classified portfolio has decreased from Tk. 1,120 million to only Tk. 563.8 million with a staggering reduction by 49.7%. The net classified loan, advance and lease portfolio is now only Tk. 80.7 million or 1.87% which is a testimony of company's stronger balance sheet. On the other hand customer deposit has increased from Tk. 3,180.9 million in 2010 to Tk. 3,798.2 million in 2011 with 19.41% growth during a tight market liquidity situation. IPDC now fully relies on its own fund for financing its lending portfolio without having any dependency on inter-bank borrowing giving it the strength to better withstand the volatility in the money market. IPDC has also opened two new branches - one in Motijheel and another in Sylhet - to have better market reach particularly in retail segment.

The stronger Balance Sheet position has not been translated into better financial results during the year due to the set back received from the Primary Dealer business. Total operating income in 2011 reached at Tk. 265.68 million down from Tk. 348.20 million of 2010 primarily due to significant increase in interest paid on deposits and borrowings to maintain the large holdings of government securities as well as absence of one off income which pushed up prior year's operating income substantially. On the other hand, operational expenses have experienced a modest increase of 13.30% in 2011 compared to 2010 mainly due to the opening two new branches and cost associated with raising the Authorized Capital. As a result, profit before provision has decreased to Tk. 132.10 million in 2011 vis-à-vis Tk. 230.30 million in the previous year. After making provisions for loans, leases, investments etc. and corporate tax, IPDC's net profit during 2011 stood at Tk. 111.67 million as opposed to Tk. 176.2 million (restated) of the previous year.

The return on average investment was 6.06 % and earning per share (EPS) stood at Tk. 1.18 during 2011.

In 2011, as per directive of Bangladesh Bank, the company has changed its accounting policy regarding calculation of deferred tax (detail provided in Notes to the financial statements No. 3.17) whereby the company's retained earnings has been negatively restated by Tk. 235.2 million and last year's net profit positively restated by Tk. 43.3 million.

In 2011 IPDC has increased the authorized capital of the company to Tk. 4,000 million from Tk. 1,000 million keeping in view of the regulatory requirement as well as long term business plan.

Appropriations (Recommended)

	Million Taka
Retained Earnings Brought Forward (Restated)	482.74
Net Profit After Tax	111.67
Profit Available for Appropriation	594.41
Appropriations:	
Transferred to Statutory Reserve (20% of Net Profit After Tax)	22.33
Proposed Stock Dividend @ 10%	94.85
Retained Earnings as at December 31, 2011	477.23

Statutory Payments

The Directors are satisfied that to the best of their knowledge and belief all statutory payments to all authorities have been made on a regular basis.

Capital Expenditure

A sum of BDT 15.63 million has been incurred on acquisition of office furniture and office equipment during the year 2011. This amount is reflected in the Fixed Assets Schedule in the Notes to the Financial Statements.

Going Concern

After making appropriate enquiries including review of budgets and available facilities, the Directors have reasonable expectations that the Company has adequate resources to continue its operational existence for the foreseeable future. Hence, the Directors continue to adopt the going concern concept in preparing financial statements.

Shareholding Pattern as at December 31, 2011

Shareholdings of Parent/Subsidiary/Associated Companies and other parties:

Sl. No	Name of the shareholders	Number of shares	% of holdings
1	Government of the People's Republic of Bangladesh (GOB)	20,753,610	21.88
2	Aga Khan Fund for Economic Development (AKFED)	48,424,970	51.05

Shareholdings of the Directors, CEO, Company Secretary, CFO, Head of Internal Audit and their spouses and children:

Sl. No	Names & Designation	Number of shares	% of holdings*
1	Mr. Sulaiman Ajanee, Director	10	-
2	Mr. Altaf Hussain, Director	10	-
3	Ms. Ashraf Ali, Director	10	-
4	Mr. Alauddin A. Majid, Independent Director	600	-

*rounded to nearest integer.

Shareholdings of Executives: Nil

10% and above Shareholdings of the Company:

Sl. No	Name of the shareholders	Number of shares	% of holdings
1	Government of the People's Republic of Bangladesh (GOB)	20,753,610	21.88
2	Aga Khan Fund for Economic Development (AKFED)	48,424,970	51.05

Statistics of Board Meetings

During the year 2011, 8 (eight) Meetings of the Board of Directors were held. The attendance in the said Board meetings by each Director is shown below:

Sl. No	Name of the Directors	Meetings Held	Meetings Attended*
1.	Mr. Sulaiman Ajanee	8	8
2.	Mr. K H Masud Siddiqui	8	2
3.	Mr. Syed Monjurul Islam	8	6
4.	Mr. Shahid Mahmood Loan	8	5
5.	Mr. Alauddin A Majid	8	8
6.	Mr. Altaf Hussain	8	6
7.	Mr. Mansoor Ali Halari	8	6
8.	Mr. Amin H. Manekia	8	5
9.	Mr. Altaf Ramzi	8	6
10.	Ms. Ashraf Ali	8	8

*Leave of absence was granted in all cases of non attendance.

Status of Compliance

The Board of Directors has confirmed the compliance of the following:

- The financial statements prepared by the management of IPDC presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound and has been effectively implemented and monitored.

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006/158/Admin/02-08 dated February 20, 2006 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969 is enclosed under Corporate Governance Compliance Report.

Outlook 2012

Global rating agency Standard & Poor's has retained its BB-sovereign credit rating for Bangladesh for the second consecutive year due to strong growth prospects, adequate external liquidity and substantial donor commitment to improve its debt ratios. In addition, Moody's Investors Service, another international rating agency has reassessed Bangladesh affirming its rating at Ba3 which will certainly assist the country in floating its first ever sovereign bonds and provide some relief from the challenges faced by the under-pressure economy. Moreover, these ratings reflect Bangladesh's strong growth prospects and ongoing donor support, which ensures low-cost and long maturity external debt that minimizes refinancing risk.

Having said so, the financial sector as a whole is expected to experience some strain in 2012 while most of them try to

consolidate the position from an accelerated growth phase during last few years. Particularly banks/FIs having larger exposure to capital market and real estate sector may face difficulty in tightened liquidity situation.

IPDC remains a long-term partner for private sector development in Bangladesh and will continue to finance economically, socially and environmentally sustainable projects of the country in 2012 and beyond. IPDC is determined to accelerate the momentum of business growth in 2012 by diversification of its products and improving operational efficiency while keeping a cautious eye on the development in the market to safeguard the interest of its stakeholders.

Acknowledgements

The Board of Directors would like to express its gratitude and extend thanks to our valued shareholders, clients, bankers and other stakeholders for their continued support and co-operation. The Board offers thanks to Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, the National Board of Revenue, the Ministry of Finance and other Government Agencies for their co-operation. As we build on the foundation we have laid, the Board has a special note of thanks for the management and employees for their outstanding commitment and tremendous hard work during 2011; our customers and clients for giving us the opportunity to serve their needs; and our shareholders for your continued faith in the bright future of your company.

For and on behalf of the Board of Directors,



Sulaiman Ajanee
Chairman

পরিচালকমন্ডলীর প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ

আইপিডিসির পরিচালকমন্ডলী কোম্পানীর বার্ষিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করতে পেরে আনন্দিত। এই প্রতিবেদনে আপনাদের কোম্পানীর ৩১ শে ডিসেম্বর ২০১১ তারিখে সমাপ্ত বছরের নিরীক্ষিত হিসাবসহ দেশের অর্থনৈতিক পর্যালোচনা, আর্থিক খাতের অবস্থা এবং কোম্পানীর পরিচালনা কার্যক্রমসহ ভবিষ্যত দৃশ্যপটের সার্বিক আলোচনা প্রতিফলিত হয়েছে। প্রতিবেদনটি কোম্পানী আইন ১৯৯৪ এর ১৮৪ ধারা এবং বিভিন্ন নীতি নির্ধারক প্রতিষ্ঠান কর্তৃক নির্ধারিত অবশ্য পালনীয় নীতিমালা অনুসরণ করে প্রস্তুত করা হয়েছে।

অর্থনীতি ও বাজার সমীক্ষা ২০১১

২০০৭ সালের সাব প্রাইম মর্টগেজ বিপর্যয় থেকে শুরু করে ২০১১ এ মার্কিন ঋণমানের অবনতি- এ পর্যন্ত বিশ্বব্যাপী চলমান মন্দা পরিস্থিতির তেমন কোন উন্নতি দৃশ্যমান হচ্ছে না। বিশ্ব অর্থনীতির বহুমুখী এবং পরস্পর সম্পর্কযুক্ত সমস্যাসমূহের মধ্যে সবচেয়ে বড় চ্যালেঞ্জ হয়ে উঠেছে চলমান কর্ম সংকট মোকাবেলা এবং হ্রাসমান অর্থনৈতিক প্রবৃদ্ধির আশংকা। বিশেষ করে উন্নত বিশ্বের দেশসমূহকে এ ধরনের সমস্যা মোকাবেলা করতে হচ্ছে বেশীমাত্রায়। বিশ্ব অর্থনীতির মন্ত্র গতি বিশেষ করে ইউরো এলাকার দেশসমূহের সার্বভৌম ঋণমান পতনের ক্ষেত্রে এবং অন্যান্য এলাকায় আর্থিক সমস্যা সৃষ্টিতে একই সাথে কারণ এবং ফলাফল হিসাবে কাজ করেছে। আর এসব কারণে ব্যাংকিং খাতের দুর্বল অবস্থানের আরও অবনতি হয়েছে, ব্যবসায়ের ক্ষেত্রে মনোবল নষ্ট হয়েছে এবং সার্বিকভাবে আর্থিক খাতের ভঙ্গুরতা বৃদ্ধি পেয়েছে। উপরন্তু, এগুলির মোকাবেলায় গৃহীত বিভিন্ন ধরনের আর্থিক নীতি প্রবৃদ্ধি এবং বেকারত্বের ক্ষেত্রে আরও নেতিবাচক ভূমিকা রেখেছে।

উন্নয়নশীল দেশগুলি মন্দার মুখে বেশ দৃঢ়তা দেখিয়েছে। ২০১১ সালে তারা বাইরের চাহিদা পুনরুদ্ধারে বেশ ভূমিকা রেখেছে। এসময় উন্নয়নশীল দেশগুলির আমদানির পরিমাণ ছিল বিশ্বের মোট আমদানির অর্ধেক যা মন্দা পূর্ববর্তী তিন বছরে ছিল গড়ে ৪৩ শতাংশ। সুতরাং উন্নয়নশীল এবং পরিবর্তনের মুখে থাকা দেশগুলি আগামীতে বিশ্ব অর্থনীতির চালিকা শক্তি হিসাবে কাজ করবে যদিও ২০১২ এবং ২০১৩ সালে এদের নিজেদের প্রবৃদ্ধি ২০১০ এবং ২০১১ সালের তুলনায় কমই থাকবে।

বৈশ্বিক অর্থনৈতিক মন্দার মুখে বাংলাদেশ যথেষ্ট দৃঢ়তার পরিচয় দিলেও উর্দ্ধমুখী মুদ্রাস্ফীতি, বাণিজ্য ভারসম্যের অবনতি, সরকারী ঋণের বৃদ্ধি, বৈদেশিক ঋণ এবং সাহায্যের ঘাটতি এবং মুদ্রার অবমূল্যায়নসহ ২০১১ সালের চ্যালেঞ্জগুলি ছিল অনেক কঠিন। এ কারণে ব্যাপ্তিক অর্থনৈতিক সূচকসমূহে কিছুটা অস্থিতিশীলতা তৈরী হয়েছে যার ফলে সংকোচনমূলক মুদ্রানীতি প্রয়োগ করতে হয়েছে। তারপরও ২০০৯-১০ অর্থ বছরের ৫.৮ শতাংশ থেকে বৃদ্ধি পেয়ে ২০১০-১১ অর্থ বছরে ৬.৭ শতাংশ প্রকৃত জাতীয় আয়ের প্রবৃদ্ধি অর্জিত হয়েছে। আভ্যন্তরীণ এবং বহিঃ সমস্যার কারণে ২০১১-২০১২ অর্থবছরে প্রবৃদ্ধির ৭ শতাংশ লক্ষ্যমাত্রা অর্জিত নাও হতে পারে। তবে তা ৬.৫ শতাংশের উপর থাকবে বলে প্রত্যাশা করা হচ্ছে।

কঠিন মুদ্রা বাজার এবং বিপর্যস্ত পুঁজিবাজারের কারণে ২০১১ সাল ছিল ব্যাংক এবং আর্থিক প্রতিষ্ঠানসমূহের জন্য সংকটময় একটি বছর। পুঁজিবাজার থেকে অর্জিত পূর্ববর্তী বছর দুয়েকের মুনাফা হারানো এবং উচ্চ তহবিল খরচের কারণে আর্থিক প্রতিষ্ঠানগুলি সবচেয়ে বেশী ক্ষতিগ্রস্ত হয়েছে।

নিয়ন্ত্রক সংস্থাসমূহের বেশ কয়েকটি পদক্ষেপ সত্ত্বেও দেশের পুঁজিবাজার ২০১০ সালের শেষভাগের পতনের পর থেকে মন্দা অবস্থাই বজায় রেখেছে। ২০১১ সালের শেষ দিনে দেশের প্রধান পুঁজিবাজারের মূল সূচক ডিএসই জেনারেল ইনডেক্স ছিল ৫,২৫৮ পয়েন্ট যা আগের বছরের শেষ দিনের তুলনায় ৩৭ শতাংশ কম। ২০১১ সালের মোট বাজার মূলধন ২৫ শতাংশ কমে বছর শেষে ২,৬১৬.৭৩ বিলিয়ন টাকায় পৌঁছায়।

আইপিডিসির কর্মকাণ্ড

২০১১ সালটি ছিল আইপিডিসির জন্য কঠিন একটি বছর। তারল্যের সুবিধাজনক অবস্থান থেকেই ২০১১ সালের যাত্রা শুরু করেও প্রাইমারী ডিলার হিসাবে ট্রেজারী বিল এবং বন্ড কিনতে বাধ্য হওয়ায় মাত্র তিন মাসের মধ্যে কোম্পানী কঠিন তারল্য সংকটে পড়ে। বছরের প্রথমার্ধের শেষ নাগাদ আইপিডিসির সরকারী সিকিউরিটিজের পরিমাণ প্রায় দুইশত কোটি টাকায় পৌঁছালে অবস্থা প্রায় অসহনীয় হয়ে ওঠে। সুদের হারের উর্দ্ধগতির সময় সরকারী সিকিউরিটিজের মজুদের কারণে সুদের ক্ষতি, মার্কেট-টু-মার্কেট ক্ষতি এবং বিক্রয়জনিত ক্ষতি মিলিয়ে আইপিডিসির প্রচুর লোকসান হয়। তবে শেষ পর্যন্ত বাংলাদেশ ব্যাংকের সহযোগিতার কারণে বছরের শেষভাগে পরিস্থিতির বেশ উন্নতি হয় এবং বছর শেষে সরকারী সিকিউরিটিজের মজুদ দাঁড়ায় ৫৮৭.৬০ মিলিয়ন টাকায়।

গত বছরের বিভিন্ন সমস্যার মধ্যেও কোম্পানী বেশ কয়েকটি খাতে উল্লেখযোগ্য উন্নতি করেছে। আইপিডিসি গত বছর মোট ১,৯৭৯.২০ মিলিয়ন টাকা নতুন ঋণ বিতরণ করে যা ছিল আগের বছরের তুলনায় ২৪ শতাংশ বেশী। মোট ঋণ ও লীজ পোর্টফোলিও ৪,১৫১ মিলিয়ন টাকা থেকে বেড়ে দাঁড়িয়েছে ৪,৩২৫ মিলিয়ন টাকায়। মোট মন্দ শ্রেণীকৃত ও ঝুঁকিপূর্ণ ঋণ ও লীজ পোর্টফোলিও ১,১২০ মিলিয়ন টাকা থেকে ৪৯.৭ শতাংশ কমে দাঁড়িয়েছে ৫৬৩.৮০ মিলিয়ন টাকায়। নীট শ্রেণীকৃত ঋণ ও লীজ পোর্টফোলিও এখন ৮০.৮০ মিলিয়ন টাকা বা মোট পোর্টফোলিওর মাত্র ১.৮৭ শতাংশ যা কোম্পানীর সুদৃঢ় ব্যালেন্স শিটের স্বাক্ষর। অন্যদিকে মুদ্রাবাজারে তারল্য

সংকটের মাঝেও আইপিডিসির মোট গ্রাহক আমানত ২০১০ সালের ৩,১৮০.৯০ মিলিয়ন টাকা থেকে ১৯.৪১ শতাংশ বৃদ্ধি পেয়ে ২০১১ সালের শেষে ৩,৭৯৮.২০ মিলিয়ন টাকায় পৌঁছায়। আইপিডিসির ঋণ ও লীজ পোর্টফলিও এখন পুরোপুরি গ্রাহক আমানত নির্ভর হওয়ায় এবং আন্তঃব্যাক মুদ্রা বাজারের উপর নির্ভর করতে না হওয়ায় কোম্পানিটি এখন মুদ্রাবাজারের যেকোন অস্থির অবস্থা মোকাবেলায় আগের তুলনায় অনেক বেশী সক্ষম। আইপিডিসি গত বছর দুইটি নতুন শাখারও উদ্বোধন করে। এর একটি মতিঝিলে এবং অন্যটি সিলেটে অবস্থিত।

কোম্পানীর সুদৃঢ় ব্যালেন্স শীট বছরের জন্য আশানুরূপ ধনাত্মক আর্থিক ফলাফল আনতে সক্ষম হয়নি মূলত প্রাইমারী ডিলার ব্যবসায়ের কারনে। এই সময়ে মোট পরিচালনগত আয় ২০১০ সালের ৩৪৮.২০ মিলিয়ন টাকা থেকে কমে ২০১১ সালে ২৬৫.৬৮ মিলিয়ন টাকায় দাঁড়িয়েছে। এর মূল কারণ ছিল আমানতের উচ্চ সুদহার, সরকারী সিকিউরিটিজের মজুদ রক্ষার জন্য বেশী আমানত নিতে বাধ্য হওয়া এবং এককালীন মুনাফার অনুপস্থিতি যা আগের বছরের পরিচালনগত আয়ের এক বড় অংশ ছিল। অন্যদিকে এ বছর পরিচালনগত ব্যয় বৃদ্ধি পেয়েছে মাঝারি মাত্রায় ১৩.৩০ শতাংশ হারে যার প্রধান কারণ নতুন দুইটি শাখা চালু করা এবং কোম্পানীর অনুমোদিত মূলধন বৃদ্ধির সাথে সংশ্লিষ্ট ব্যয়। ফলে, আইপিডিসির সঞ্চিতি পূর্ববর্তী আয় ২০১০ সালের ২৩০.৩০ মিলিয়ন টাকা থেকে কমে ২০১১ সালে হয়েছে ১৩২.১০ মিলিয়ন টাকা। ঋণ, লীজ, অন্যান্য বিনিয়োগ এবং কর সঞ্চিতি রাখার পর আইপিডিসির নীট মুনাফা হয়েছে ১১১.৬৭ মিলিয়ন টাকা যা ২০১০ সালে ছিল ১৭৬.২০ মিলিয়ন টাকা (Restated)।

২০১১ সালে কোম্পানীর রিটার্ন অন ইকুইটি ছিল ৬.০৬% এবং শেয়ার প্রতি আয় ছিল ১.১৮ টাকা।

২০১১ সালে বাংলাদেশ ব্যাংকের নির্দেশনা অনুযায়ী কোম্পানী ডেফার্ড ট্যাক্স হিসাব সম্পর্কিত একাউন্টিং নীতি পরিবর্তন করেছে (হিসাব বিবরণীর নোট নং ৩.১৭ এ বিস্তারিত দ্রষ্টব্য) যার কারণে কোম্পানীর অবস্টনকৃত মুনাফা ঋণাত্মক ২৩৫.২০ মিলিয়ন টাকা দ্বারা এবং গত বছরের নীট মুনাফা ধনাত্মক ৪৩.২০ মিলিয়ন টাকা দ্বারা পূর্ণমূল্যায়িত হয়েছে।

আইনগত বাধ্যবাধকতার পরিপালন এবং দীর্ঘমেয়াদি ব্যবসায়ের পরিকল্পনা থেকে আইপিডিসি ২০১১ সালে অনুমোদিত মূলধন ১,০০০ মিলিয়ন টাকা থেকে বৃদ্ধি করে ৪,০০০ মিলিয়ন টাকায় উন্নীত করেছে।

প্রস্তাবিত লভ্যাংশ এবং ফলাফল বন্টন

(মিলিয়ন টাকা)

পূর্ববর্তী বছরের অবস্টনকৃত মুনাফা (Restated)	৪৮২.৭৪
চলতি বছরের কর পরবর্তী মুনাফা	১১১.৬৭
মোট বন্টনযোগ্য মুনাফা	৫৯৪.৪১
বন্টন:	
সংবিধিবদ্ধ সঞ্চিতিতে স্থানান্তর (কর পরবর্তী মুনাফার ২০%)	২২.৩৩
প্রস্তাবিত বোনাস শেয়ার (১০%)	৯৪.৮৫
৩১শে ডিসেম্বর ২০১১ তারিখে অবস্টনকৃত মুনাফার স্থিতি	৪৭৭.২৩

বিধিবদ্ধ পাওনা পরিশোধ

পরিচালকবৃন্দ সন্তুষ্টির সাথে বিশ্বাস করেন যে তাঁদের জানামতে বিধিবদ্ধ পাওনাসমূহ নিয়মিত পরিশোধ করা হয়েছে।

মূলধন ব্যয়

২০১১ সালে আসবাবপত্র ও অফিসের প্রয়োজনীয় পরিসম্পদ ক্রয়ের জন্য মোট ১৫.৬৩ মিলিয়ন টাকা ব্যয় হয়েছে যা হিসাব বিবরণীর টাকায় উল্লিখিত স্থায়ী সম্পত্তির তফসীলে উল্লেখ করা হয়েছে।

চলমান সত্ত্বা

বাজেট এবং বিদ্যমান সুযোগ সুবিধার বিশ্লেষণসহ যথাযথ তদন্তের পর পরিচালকবৃন্দ যথেষ্ট আস্থাবান যে, কোম্পানী দীর্ঘমেয়াদে ব্যবসায়িক কর্মকাণ্ড চালিয়ে যেতে সক্ষম। আর এ কারণে পরিচালকবৃন্দ আর্থিক হিসাবপত্র তৈরীর ক্ষেত্রে চলমান ব্যবসায় (Going Concern) ধারণার প্রয়োগ করেছেন।

৩১ শে ডিসেম্বর ২০১১ তারিখে মালিকানার বিন্যাস

প্যারেন্ট/সাবসিডিয়ারি/সম্পৃক্ত পক্ষের মালিকানা

ক্রমিক নং	শেয়ারহোল্ডারের নাম	শেয়ারের সংখ্যা	শতকরা হার
১	গণপ্রজাতন্ত্রী বাংলাদেশ সরকার (GOB)	২০,৭৫৩,৬১০	২১.৮৮
২	আগা খান ফান্ড ফর ইকোনমিক ডেভেলপমেন্ট (AKFED)	৪৮,৪২৪,৯৭০	৫১.০৫

পরিচালক, প্রধান নির্বাহী, কোম্পানী সেক্রেটারী, প্রধান অর্থ কর্মকর্তা, প্রধান আভ্যন্তরীণ নিরীক্ষক ও তাঁদের স্বামী-স্ত্রী ও পুত্র-কন্যার মালিকানা

ক্রমিক নং	শেয়ারহোল্ডারের নাম ও পদবী	শেয়ারের সংখ্যা	শতকরা হার*
১	জনাব সুলাইমান আজানী, পরিচালক	১০	-
২	জনাব আলতাফ হুসেইন, পরিচালক	১০	-
৩	মিসেস আশরাফ আলী, পরিচালক	১০	-
৪	জনাব আলাউদ্দীন এ. মজিদ, স্বতন্ত্র পরিচালক	৬০০	-

* নিকটতম পূর্ণসংখ্যায় প্রকাশিত।

নির্বাহী/কর্মকর্তাবৃন্দের মালিকানাঃ শূন্য

কোম্পানীর শতকরা ১০ ভাগ ও তদুর্দ্ধ শেয়ারহোল্ডারবৃন্দ

ক্রমিক নং	শেয়ারহোল্ডারের নাম	শেয়ারের সংখ্যা	শতকরা হার
১	গণপ্রজাতন্ত্রী বাংলাদেশ সরকার (GOB)	২০,৭৫৩,৬১০	২১.৮৮
২	আগা খান ফাউন্ড ফর ইকোনমিক ডেভেলপমেন্ট (AKFED)	৪৮,৪২৪,৯৭০	৫১.০৫

পরিচালনা পর্ষদের সভার পরিসংখ্যান

২০১১ অর্থ বছরে পরিচালনা পর্ষদের ৮টি সভা অনুষ্ঠিত হয়। পরিচালনা পর্ষদের সভায় পরিচালকবৃন্দের উপস্থিতি ছিল নিম্নরূপঃ

ক্রমিক নং	পরিচালকের নাম	অনুষ্ঠিত সভার সংখ্যা	উপস্থিত সভার সংখ্যা*
১	জনাব সুলাইমান আজানী	৮	৮
২	জনাব কে. এইচ মাসুদ সিদ্দিকী	৮	২
৩	জনাব সৈয়দ মন্জুরুল ইসলাম	৮	৬
৪	জনাব শহিদ মাহমুদ লোন	৮	৫
৫	জনাব আলাউদ্দীন এ. মজিদ	৮	৮
৬	জনাব আলতাফ হুসেইন	৮	৬
৭	জনাব মনসুর আলী হালারী	৮	৬
৮	জনাব আমিন এইচ. মানিকিয়া	৮	৫
৯	জনাব আলতাফ রামজী	৮	৬
১০	মিসেস আশরাফ আলী	৮	৮

*সকল অনুপস্থিতির ক্ষেত্রে অনুপস্থিতিজনিত ছুটি অনুমোদন করা হয়েছে।

পরিপালন পরিস্থিতি

পরিচালনা পর্ষদ নিম্নলিখিত বিষয়াবলীর পরিপালন নিশ্চিত করেছেনঃ

- আইপিডিসির ম্যানেজমেন্ট কর্তৃক প্রস্তুতকৃত হিসাব বিবরণীতে সন্তোষজনকভাবে কোম্পানীর কর্মকাণ্ড, পরিচালনা ফলাফল, অর্থ প্রবাহ এবং ইকুইটি পরিবর্তন প্রতিফলিত হয়েছে।
- যথাযথভাবে হিসাব বইসমূহ সংরক্ষিত হয়েছে।
- হিসাব বিবরণী প্রস্তুতের ক্ষেত্রে হিসাব নীতিমালাসমূহ যথাযথভাবে অনুসরণ করা হয়েছে এবং হিসাব প্রাক্কলনসমূহ যুক্তি এবং প্রজ্ঞাসহকারে করা হয়েছে।
- হিসাব বিবরণী প্রস্তুতের ক্ষেত্রে হিসাবরক্ষণের যে সমস্ত আন্তর্জাতিক মান বাংলাদেশের ক্ষেত্রে প্রযোজ্য সেগুলো যথাযথভাবে অনুসরণ করা হয়েছে।
- আভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা সন্তোষজনক যা যথাযথভাবে প্রয়োগ করা হয়েছে এবং নিয়মিত পর্যবেক্ষণ করা হয়েছে।

সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশন অধ্যাদেশ ১৯৬৯ এর ২সিসি ধারার আওতায় ২০শে ফেব্রুয়ারী ২০০৬ তারিখের সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশন নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/এডমিন/০২-০৮ অনুযায়ী পরিপালনের চিত্র প্রাতিষ্ঠানিক সুশাসন পরিপালন প্রতিবেদনে সংযুক্ত করা হয়েছে।

দৃশ্যপট ২০১২

দৃঢ় প্রবৃদ্ধির সম্ভাবনা, পর্যাপ্ত বহিস্থ তারল্য এবং ঋণ হারের উন্নতির লক্ষ্যে দাতাদের উল্লেখযোগ্য প্রতিশ্রুতির কারণে আন্তর্জাতিক রেটিং এজেন্সি ‘স্ট্যান্ডার্ড এন্ড পুয়োর’ পরপর দুই বছর বাংলাদেশের BB Sovereign Credit Rating অপরিবর্তিত রেখেছে। এছাড়াও খ্যাতিসম্পন্ন অপর আন্তর্জাতিক রেটিং এজেন্সি ‘মুডিস ইনভেস্টমেন্ট সার্ভিসেস’ বাংলাদেশকে পুনঃমূল্যায়ন করে Ba3 রেটিং নিশ্চিত করেছে। এটা নিশ্চিতভাবেই দেশের প্রথম সার্বভৌম বন্ড ইস্যুর ক্ষেত্র সহায়ক হবে এবং চলমান অর্থনৈতিক সংকটজনিত সমস্যাবলী মোকাবেলায় বেশ কিছুটা স্বস্তির কারণ হবে। এইসব রেটিং বাংলাদেশের দৃঢ় প্রবৃদ্ধির সম্ভাবনা এবং দাতাদের চলমান সহায়তার প্রতিফলন যা স্বল্প সুদে দীর্ঘ মেয়াদী ঋণের জন্য অনুকূল।

তবে সার্বিকভাবে আর্থিকখাত ২০১২ সালে কিছুটা তিক্ত অভিজ্ঞতার মুখোমুখি হবে যদিও বেশীরভাগ প্রতিষ্ঠানই গত কয়েক বছরে তরান্বিত প্রবৃদ্ধি থেকে তাদের অবস্থান সুসমন্নত করার প্রচেষ্টা চালাচ্ছে। বিশেষ করে ব্যাংক এবং আর্থিক প্রতিষ্ঠানসমূহ পুঁজিবাজার এবং রিয়েল ইষ্টেট খাতে ব্যাপক বিনিয়োগের কারণে বিরূপ তারল্য পরিস্থিতিতে সমস্যার মুখোমুখি হতে পারে।

আইপিডিসি বরাবরই দেশের ব্যক্তিখাতের উন্নতিতে দীর্ঘ মেয়াদী সহযোগী হিসাবে কাজ করেছে। ২০১২ সাল এবং আরও সামনের দিনগুলিতেও এই কোম্পানী অর্থনৈতিক, সামাজিক এবং পরিবেশগতভাবে টেকসই প্রকল্পে অর্থায়ন অব্যাহত রাখবে। ২০১২ সালে আইপিডিসি বাজার পরিস্থিতির দিকে সতর্ক নজর রেখে বহুমুখী সেবার মাধ্যমে ব্যবসায়ের প্রবৃদ্ধি অর্জনে তথা এর অংশীদারবৃন্দের স্বার্থ রক্ষায় দৃঢ় প্রতিজ্ঞ।

কৃতজ্ঞতা স্বীকার

পরিচালনা পর্ষদ সম্মানিত শেয়ারহোল্ডার, গ্রাহক, ব্যাংকার এবং সংশ্লিষ্ট সবাইকে আইপিডিসির প্রতি তাঁদের অব্যাহত সমর্থনের জন্য ধন্যবাদ জ্ঞাপন করছে। পর্ষদ বাংলাদেশ ব্যাংক, সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ, চট্টগ্রাম স্টক এক্সচেঞ্জ, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানীজ এ্যান্ড ফার্মস, জাতীয় রাজস্ব বোর্ড এবং অন্যান্য সকল সরকারী প্রতিষ্ঠানকে তাঁদের সহযোগিতার জন্য ধন্যবাদ জ্ঞাপন করছে। পর্ষদ আইপিডিসির ম্যানেজমেন্ট এবং কর্মকর্তা কর্মচারীবৃন্দকে ২০১১ সালে তাঁদের সুদৃঢ় প্রত্যয় ও কঠোর পরিশ্রমের জন্য বিশেষ ধন্যবাদ জ্ঞাপন করছে।

পরিচালনা পর্ষদের পক্ষে,



সুলাইমান আজানী
চেয়ারম্যান

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969:

Condition No.	Title	Compliance Status		Explanation for non Compliance
		Complied	Not Complied	
1.1	Board's Size	Yes		
1.2	Appointment of Independent Director	Yes		
1.3	Chairman of the Board and CEO	Yes		
1.4	Directors' Report to Shareholders to include declarations on:	Yes		
1.4(a)	Fairness of Financial Statements	Yes		
1.4(b)	Proper Books of Account	Yes		
1.4(c)	Accounting Policies	Yes		
1.4(d)	IAS as Applicable in Bangladesh	Yes		
1.4(e)	System of Internal Control	Yes		
1.4(f)	Going Concern	Yes		
1.4(g)	Deviations from Last Year's Operating Results	Yes		
1.4(h)	Key Operating & Financial Data	Yes		
1.4(i)	Declaration of Dividend	Yes		
1.4(j)	Number of Board Meeting	Yes		
1.4(k)	Pattern of Shareholding	Yes		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary	Yes		
2.2	Board Meetings Attendance	Yes		
3.00	Audit Committee	Yes		
3.1(i)	Composition of Audit Committee	Yes		
3.1(ii)	Appointment of Audit Committee Members	Yes		
3.1(iii)	Service & Tenure of Audit Committee Members	Yes		
3.2(i)	Chairman of the Audit Committee	Yes		
3.2(ii)	Qualification of the Chairman of the Audit Committee	Yes		
3.3.1 (i)	Reporting of Audit Committee	Yes		
3.3.1 (ii) (a)	Report on conflict of interest			No such incidence
3.3.1 (ii) (b)	Defect in the Internal Control System			No such incidence
3.3.1 (ii) (c)	Suspected Infringement of Laws			No such incidence
3.3.1 (ii) (d)	Any Other Matter			No such incidence
3.3.2	Reporting to Authorities			No such incidence
3.4	Reporting to Shareholders and General Investors			No such incidence
4.00(i)	Appraisal or Valuation Services	Yes		
4.00(ii)	Financial Information System	Yes		
4.00(iii)	Book keeping or Other Services	Yes		
4.00(iv)	Broker-Dealer Services	Yes		
4.00(v)	Actuarial Services	Yes		
4.00(vi)	Internal Audit Services	Yes		
4.00(vii)	Any Other Services	Yes		

Auditors' Report to the Shareholders of

Industrial Promotion and Development Company of Bangladesh Limited

We have audited the accompanying financial statements of Industrial Promotion and Development Company of Bangladesh Limited (IPDC) which comprises the balance sheet as at 31 December 2011 and profit and loss account, statement of changes in equity, cash flow statement and liquidity 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 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 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 about 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 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 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 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 at 31 December 2011 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.

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 IPDC 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 IPDC's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 47 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purpose of IPDC's business;
- (v) the financial position of IPDC as on 31 December 2011 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 loan, leases 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) IPDC has no overseas branches;
- (xi) 80% of the risk-weighted assets have been audited; and
- (xii) we have spent approximately 650 man hours for the audit of books and accounts of IPDC.

Dhaka, 26 Feb 2012


Chartered Accountants

Industrial Promotion and Development Company of Bangladesh Limited
Balance Sheet
as at 31 December 2011

	<u>Note</u>	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u> <u>Restated</u>
Property and assets			
Cash	5		
In hand (including foreign currencies)	5.1	40,200	35,000
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	5.2	79,521,979	65,704,881
		79,562,179	65,739,881
Balance with other banks and financial institutions	6		
In Bangladesh	6.1	742,592,747	570,183,365
Outside Bangladesh		-	-
		742,592,747	570,183,365
Money at call and short notice	7	120,000,000	-
Investments	8		
Government	8.2	587,600,000	480,984,599
Others	8.3	572,578,558	619,678,558
		1,160,178,558	1,100,663,157
Loans, advances and leases	9		
Loans, leases, cash credits, overdrafts, etc.		4,325,023,676	4,150,956,768
Bills purchased and discounted		-	-
		4,325,023,676	4,150,956,768
Fixed assets including premises, furniture and fixtures	10	81,022,559	80,687,233
Other assets	11	252,709,608	273,678,385
Non financial institutional assets		-	-
Total assets		6,761,089,327	6,241,908,789
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	104,023,088	123,836,457
Deposits and other accounts	13		
Current accounts and other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Term deposits		3,798,236,467	3,180,862,931
Bearer certificate of deposits		-	-
Other deposits		-	-
		3,798,236,467	3,180,862,931
Other liabilities	14	960,106,874	1,150,160,782
Total liabilities		4,862,366,429	4,454,860,170
Shareholders' equity			
Paid up capital	15	948,538,500	862,307,800
Share premium	16	167,014,000	167,014,000
Statutory reserve	17	197,501,563	175,166,707
Assets revaluation reserve	18	13,585,980	13,585,980
Retained earnings	19	572,082,855	568,974,133
Total shareholders' equity		1,898,722,898	1,787,048,620
Total liabilities and shareholders' equity		6,761,089,327	6,241,908,789

Industrial Promotion and Development Company of Bangladesh Limited
Balance Sheet
as at 31 December 2011

	<u>Note</u>	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u>
Off-balance sheet items			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee	20	15,590,000	5,590,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		<u>15,590,000</u>	<u>5,590,000</u>
Other commitments			
Documentary credits and 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		<u>15,590,000</u>	<u>5,590,000</u>

The annexed notes 1 to 47 form an integral part of these financial statements.



Managing Director & CEO

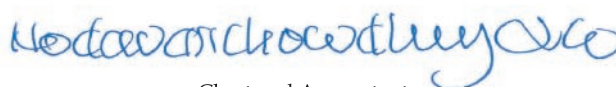


Company Secretary



Chairman

Auditors' Report to the shareholders
See annexed report to date



Chartered Accountants

Dhaka, 26 Feb 2012

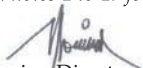
Industrial Promotion and Development Company of Bangladesh Limited

Profit and Loss Account

for the year ended 31 December 2011

Particulars	Note	2011 Taka	2010 Taka Restated
Interest income	22	554,452,041	465,262,655
Interest paid on deposits and borrowings etc.	23	431,518,260	298,528,357
Net interest income		122,933,781	166,734,298
Investment income	24	138,131,999	101,977,328
Commission, exchange and brokerage	25	3,136,483	4,449,240
Other operating income	26	1,481,278	75,039,374
Total operating income		265,683,541	348,200,240
Salary and allowances	28	60,916,274	52,803,668
Rent, taxes, insurance, electricity, etc.	29	9,986,175	6,680,460
Legal expenses	30	7,269,258	9,066,513
Postage, stamp, telecommunications, etc.	31	2,113,416	1,529,791
Stationery, printings, advertisements, etc.	32	8,398,882	8,120,359
Managing Director's salary and allowances	33	8,721,757	9,300,000
Directors' fees	34	3,762,471	2,809,339
Auditors' fees	35	350,000	350,000
Charges on loan loss		-	-
Depreciation and repair of Company's assets	36	19,419,419	17,529,112
Other expenses	37	12,645,237	9,713,328
Total operating expenses		133,582,889	117,902,570
Profit before provision		132,100,652	230,297,670
Provision for loans, advances and leases	38		
Provision for loans and leases		(31,176,146)	65,044,520
Provision for diminution in value of investments		5,522,369	(55,451,500)
Other provisions		18,156,069	14,497,852
Total provision		(7,497,708)	24,090,872
Profit before tax		139,598,360	206,206,798
Provision for corporate tax			
Current tax	14.4	26,175,525	32,000,000
Deferred tax	39	1,748,557	(1,992,340)
		27,924,082	30,007,660
Net profit after tax		111,674,278	176,199,138
Appropriations			
Statutory reserve	17	22,334,856	26,580,238
General reserve		-	-
Proposed stock dividend		-	86,230,700
		22,334,856	112,810,938
Retained surplus		89,339,422	63,388,200
Earnings per share (EPS)	40	1.18	1.86

The annexed notes 1 to 47 form an integral part of these financial statements.


Managing Director & CEO


Company Secretary


Chairman

Auditors' Report to the shareholders
See annexed report to date

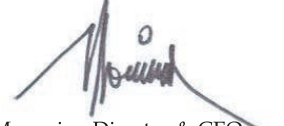

Chartered Accountants

Dhaka, 26 Feb 2012

Industrial Promotion and Development Company of Bangladesh Limited
Cash Flow Statement
for the year ended 31 December 2011

	Note	2011 Taka	2010 Taka
A) Cash flows from operating activities			
Interest receipts in cash		581,842,629	433,281,067
Interest payments in cash		(378,521,738)	(250,809,950)
Dividend receipts in cash		48,901,245	36,552,623
Fee and commission receipts in cash		3,806,054	3,699,601
Recoveries of loan previously written off		221,000	73,778,366
Cash payments to employees		(68,846,120)	(59,140,164)
Cash payments to suppliers		(51,193,026)	(39,229,486)
Income taxes paid		(17,017,404)	(24,608,109)
Receipts from other operating activities	41	99,777,784	51,099,984
Payments for other operating activities		-	-
<i>Cash generated from operating activities before changes in operating assets and liabilities</i>		<u>218,970,424</u>	<u>224,623,932</u>
Increase/decrease in operating assets and liabilities			
Statutory deposits		-	-
Purchase /sale of trading securities		(370,358,189)	(426,620,330)
Loans, advances and leases to other banks		2,667,515	91,285,216
Loans, advances and leases to customers		(176,734,423)	206,709,774
Other assets		4,937,323	(194,157,649)
Deposits from other banks and financial institutions		-	(10,000,000)
Deposits from customers		617,373,536	861,459,451
Other liability accounts of customers		-	-
Trading liabilities		(32,744,025)	100,000,000
Other liabilities	42	(3,254,827)	67,496,468
<i>Net cash from operating activities</i>		<u>41,886,910</u>	<u>696,172,930</u>
		<u>260,857,334</u>	<u>920,796,862</u>
B) Cash flows from investing activities			
Proceeds from sale of securities		147,000,000	99,179,200
Payments for purchase of securities		(99,900,000)	(352,184,864)
Purchase of property, plant and equipment		(15,400,551)	(19,461,614)
Sale proceeds of property, plant and equipment		1,250,014	-
Sale of non financial institutional assets		-	27,500,000
Cash payments or proceeds from purchase or sale of subsidiaries		-	-
<i>Net cash used in investing activities</i>		<u>32,949,463</u>	<u>(244,967,278)</u>
C) Cash flows from financing activities			
Receipts from issue of loan and debt securities		-	-
Payments for redemption of loan and debt securities		-	-
Receipts from issue of ordinary share		-	-
Receipts/(payments) of long term loan		12,930,656	(218,813,650)
Dividends paid in cash		(505,773)	(621,555)
<i>Net cash from financing activities</i>		<u>12,424,883</u>	<u>(219,435,205)</u>
D) Net (decrease) / increase in cash (A+B+C)		306,231,680	456,394,379
E) Cash and cash-equivalents at beginning of year		635,923,246	179,528,867
F) Cash and cash-equivalents at end of year (D+E)	43	<u>942,154,926</u>	<u>635,923,246</u>

The annexed notes 1 to 47 form an integral part of these financial statements.


Managing Director & CEO


Company Secretary


Chairman

Industrial Promotion and Development Company of Bangladesh Limited

Statement of Changes in Equity
for the year ended 31 December 2011

	Paid up share capital Taka	Share premium Taka	Statutory reserve Taka	Asset revaluation reserve Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2011	862,307,800	167,014,000	175,166,707	13,585,980	568,974,133	1,787,048,620
Changes in accounting policy	-	-	-	-	-	-
Restated balance	862,307,800	167,014,000	175,166,707	13,585,980	568,974,133	1,787,048,620
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2011	-	-	-	-	111,674,278	111,674,278
Payment of dividend	-	-	-	-	-	-
Issuance of bonus share	86,230,700	-	-	-	(86,230,700)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the year	-	-	22,334,856	-	(22,334,856)	-
Balance at 31 December 2011	948,538,500	167,014,000	197,501,563	13,585,980	572,082,855	1,898,722,898
Balance at 1 January 2010	783,916,200	167,014,000	148,586,469	13,585,980	732,951,992	1,846,054,641
Changes in accounting policy	-	-	-	-	(235,205,159)	(235,205,159)
Restated balance	783,916,200	167,014,000	148,586,469	13,585,980	497,746,833	1,610,849,482
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-
Net profit for the year 2010	-	-	-	-	176,199,138	176,199,138
Payment of dividend	-	-	-	-	-	-
Issuance of bonus share	78,391,600	-	-	-	(78,391,600)	-
Issuance of share capital	-	-	-	-	-	-
Appropriation during the year	-	-	26,580,238	-	(26,580,238)	-
Balance at 31 December 2010 (Restated)	862,307,800	167,014,000	175,166,707	13,585,980	568,974,133	1,787,048,620

Prior year(s) "Retained Earnings" has been retrospectively restated due to changes in Accounting Policy for recognition of "Deferred Tax Asset" on specific provision maintained against classified loans, leases and advances in compliance with Bangladesh Bank circular number DFIM 07 dated 31 July 2011. Details are stated in Note No. 3.17.

The annexed notes 1 to 47 form an integral part of these financial statements.

Industrial Promotion and Development Company of Bangladesh Limited

Liquidity Statement (Assets and liabilities maturity analysis) as at 31 December 2011

Figures in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	79,562,179	-	-	-	-	79,562,179
Balance with other banks and financial institutions	536,869,470	155,723,278	50,000,000	-	-	742,592,747
Money at call and short notice	120,000,000	-	-	-	-	120,000,000
Investments	23,200,000	72,000,000	80,300,000	371,600,000	613,078,558	1,160,178,558
Loans, advances and leases	157,320,178	366,761,620	1,010,142,095	1,911,940,139	878,859,644	4,325,023,676
Property, plant and equipment	1,215,338	2,430,677	10,938,046	58,336,243	8,102,256	81,022,559
Other assets	7,745,011	7,568,186	117,801,074	59,962,597	59,632,739	252,709,608
Non financial institutional assets	-	-	-	-	-	-
Total assets	925,912,176	604,483,761	1,269,181,214	2,401,838,979	1,559,673,197	6,761,089,327
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	67,255,975	1,689,542	5,378,870	29,698,701	-	104,023,088
Deposits	163,825,697	391,053,045	1,049,238,571	1,887,602,487	306,516,667	3,798,236,467
Other accounts	-	-	-	-	-	-
Provision and other liabilities	77,696,038	135,625,305	165,028,348	341,126,254	240,630,929	960,106,874
Total liabilities	308,777,710	528,367,892	1,219,645,789	2,258,427,442	547,147,596	4,862,366,429
Net liquidity gap	617,134,466	76,115,869	49,535,425	143,411,537	1,012,525,601	1,898,722,898

Industrial Promotion and Development Company of Bangladesh Limited

Notes to the financial statements for the year ended 31 December 2011

1. Reporting entity

1.1 Company profile

With a mandate to promote economic growth in the country, Industrial Promotion and Development Company of Bangladesh Limited (IPDC) was incorporated in Bangladesh in 1981 as the premier private sector long term lending institution with the Registrar of Joint Stock Companies and Firms, Dhaka. The company also registered itself as a financial institution under the Financial Institutions Act 1993 on 7 February 1995. The registered office of the company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The company became a listed company on 3 December 2006 with the Dhaka and the Chittagong Stock Exchanges in Bangladesh. The company has four branch offices located at Dhaka, Chittagong and Sylhet.

1.2 Nature of business of the Company

IPDC specializes in providing long term and short term financing, project financing, lease financing, equity participation, syndication finance, work order finance, mortgage finance, channel finance, SME & medium market enterprise finance, asset backed securitisation through issuance of zero-coupon bond and related consultancies to both local and foreign private investments in Bangladesh.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except in the circumstances where local regulations differ, and with other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated at revalued amount.

2.3 Date of authorization

The Board of Directors has authorized these financial statements for public issue on 26 February 2012.

2.4 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency, which is the company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

a)	Note- 11.1.2	deferred tax assets
b)	Note- 14.9	deferred tax liabilities
c)	Note- 14.1	cumulative provision for loans, leases and investments
d)	Note-14.3	measurement of defined benefit obligation (provision for gratuity)
e)	Note- 14.4	provision for corporate tax
f)	Note- 14.8	provision for expenses
g)	Note- 20	letters of guarantee (contingent liabilities)

2.6 Branch accounting

The company has four branches, with no overseas branch as at 31 December 2011. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.7 Reporting period

The financial period of the company has been determined from 1 January to 31 December each year and is followed consistently. These financial statements cover one year from 1 January 2011 to 31 December 2011.

3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Accounting for leases

The transactions for leasing operation have been recorded under finance method of accounting since all the risks and rewards associated with ownership of the assets leased to lessee under agreements are transferred substantially other than the legal title, to the lessee and all leases are full payout leases.

The aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition costs including interest during the period of acquiring the lease asset, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

The unearned lease income is usually amortised to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealised income is suspended where necessary in compliance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.2 Accounting for direct finance

Direct finance operation consists of short-term finance and long-term finance, accounts for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance, and unrealised principal for long-term finance are accounted for as direct finance assets of the company. Interest earnings are recognised as operational revenue periodically.

3.3 Accounting for investment

Investment comprises of investment in equity and government securities. Investment in equity is classified broadly in three categories and investment in government securities classified into held for trading and held to maturity which are accounted for as under:

3.3.1 Investment in equity

3.3.1.1 Unlisted shares

Equity finance operation consists of equity participation in the form of unlisted ordinary shares reported at cost, full provision for diminution in value of shares is taken into consideration, if required.

3.3.1.2 Listed shares

Investments in marketable ordinary securities held for trading or held for dividend income are shown under current assets. These are reported at cost and adequate provision is made for excess of cost over market value of the shares. Unrealised gains are not recognised in the profit and loss account.

3.3.1.3 Preference shares

Investment in preference shares has been reported at cost and dividend income is recognised in the profit and loss account on accrual basis and considered as operational revenue.

3.3.2 Investment in Government securities

All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts are accredited using the effective yield method and are taken to the income account.

3.3.2.1 Held to maturity

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity (HTM)' other than those that meet the definition of 'held at amortized cost - others' are classified as held to maturity.

3.3.2.2 Held for trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short term trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any changes in fair value is recognized in the profit and loss account for the period in which it arises. These investments are revalued at current market price in a continuous basis and revaluation gain has been shown in revaluation reserve account and revaluation loss has been charged to the profit and loss account.

3.4 Revenue recognition

3.4.1 General

As per Bangladesh Accounting Standard (BAS) 18: *Revenue*, revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.4.2 Lease income

The excess of aggregate rentals receivable over the cost of the leased asset constitutes the total unearned lease income. The unearned lease income is recognized as revenue on accrual basis over the terms of the lease. However, lease income against classified and Special Mentioned Account (SMA) is not recognised as revenue but transferred to interest suspense account as per Bangladesh Bank directives.

3.4.3 Dividend income

3.4.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognised when the shareholders' legal right to receive payments has been established i.e. during the period in which dividend is declared in the Annual General Meeting.

3.4.3.2 Preference shares

Dividend income on preference shares is recognised on accrual basis.

3.4.3.3 Gain on sale of shares

Capital gain on sale of shares listed in the stock exchanges is recognised only when such gain is realised through the shares selling in the market.

3.4.4 Interest on term finance and short term finance

Interest on term finance and short term finance is recognized as revenue on accrual basis. However, interest income on Special Mention Account (SMA) and classified finance is not recognized as income but credited to interest suspense account as per Bangladesh Bank guidelines.

3.4.5 Interest on secured lending

Interest on secured lending is recognised as revenue on accrual basis .

3.4.6 Fee based revenue

Fee based revenue is recognised as income on cash basis.

3.5 Interest suspense

Lease income and interest income on term finance, short term finance, auto loan etc. under category of classified and Special Mention Account (SMA) are not recognized as revenue but credited to interest suspense account.

3.6 Property, plant and equipment

3.6.1 Own assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes as per Bangladesh Accounting Standard (BAS) 16: *Property, Plant and Equipment*.

3.6.2 Subsequent expenditure on property, plant and equipments

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets. All other expenditures are recognised as expense as and when they are incurred.

3.6.3 Depreciation on property, plant and equipment

Depreciation is provided to allocate the cost of the assets after commissioning, over the period of their expected useful life, in accordance with the provisions of Bangladesh Accounting Standard (BAS) 16: *Property, Plant and Equipment*. Full month's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Depreciation is calculated on the cost of assets in order to write off such cost over the estimated useful life of such asset. Depreciation has been provided at the following rates on straight line basis:

	<u>2011</u> Useful life (years)	<u>2010</u> Useful life (years)
Office premises	20	20
<u>Motor Vehicles:</u>		
New	5	5
Reconditioned	3	3
Furniture and fixtures	8	8
Equipments and appliances	5	5

3.6.4 Impairment

The carrying amount of the entity's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment existed at the reporting date.

3.6.5 Disposal of property, plant and equipment

On disposal of item of property, plant and equipment, gain or loss on such disposal is reflected in the profit and loss account as non-operating income or loss.

3.6.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Such assets are measured at the lower of their carrying amount and fair value less cost to sell, as per Bangladesh Financial Reporting Standard (BFRS) 5: *Non-current Assets Held for Sale and Discontinued Operations*.

3.7 Intangible asset

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company over a period of time and the cost of the asset can be measured reliably as per Bangladesh Accounting Standard (BAS) 38: *Intangible Assets*. Accordingly, these assets are stated in the balance sheet at cost less accumulated amortisation.

3.7.1 Subsequent expenditure on intangible asset

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefit from the assets. All other expenditure are recognised as expense as and when they are incurred.

3.7.2 Amortisation of intangible asset

Intangible assets are amortised on straight line basis to the profit and loss account from the date when the asset is available for use over its estimated useful life. Intangible asset i.e. acquisition cost of the accounting software is amortised within two years of acquisition.

3.8 Borrowing costs

All borrowing costs are recognized as expense in the period in which they are incurred in accordance with the Bangladesh Accounting Standard (BAS) 23: *Borrowing Costs*.

3.9 Foreign currency translation

Transactions in foreign currencies are translated to BDT at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the end of the year. Resulting exchange differences are recognised in the profit and loss account.

3.10 Income tax expenses

Income tax expenses comprises current and deferred tax.

3.10.1 Current tax

Provision for current tax has been made on the basis of the profit of the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984. The company's current tax liability is calculated using tax rate that is applicable on the reporting date, and any adjustments to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax is provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine the deferred tax.

3.11 Provision for doubtful loans, leases and investments

Provision for loans, leases and investments is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on two principles (1) Bangladesh Accounting Standard (BAS) 37: *Provision, contingent liabilities and contingent assets* and (2) Bangladesh Bank Guidelines. The methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular no. 08 dated 3 August 2002 and FID circular no. 03 dated 3 May 2006 as the bases for calculating the provision for investment and advances.

3.12 Employee benefits

3.12.1 Defined contribution plan

The company operates a contributory provident fund scheme for its permanent employees. Provident Fund is administered by a Board of Trustees and is funded by contributions equally from the permanent employees and from the company @ 10% of basic salary of the employees. The contributions are invested to ensure optimum return to the employees.

3.12.2 Defined benefit plan

The company operates an unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service with the company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service. The company provided the same in the accounts accordingly.

3.12.3 Short-term benefit

Short-term employee benefit (salary, bonus etc.) obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.13 Accrued expenses, provisions and payables

Liabilities are recognised for goods and services received, whether paid or not, for those goods and services. Payables are not interest bearing and are stated at their actual value.

Provisions and accrued expenses are recognised in the financial statements when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash at bank and term deposits that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.