



annual report 2007



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Industrial Promotion and Development Company of Bangladesh Limited

A Proud Legacy



For the last two and a half decades
the name IPDC
has been synonymous with excellence,
quality, integrity, innovation and
a pioneering spirit.
It is a reputation that we
at IPDC
continuously aspire
to live up to.
As a company
that has inherited
a rich legacy
of technical know how,
engineering expertise,
managerial and financial acumen,
and, above all,
the goodwill and loyalty
of employees, shareholders,
business associates and
hundreds of customers,
we continue
to build our business
on the ethics and values innate in IPDC.

IPDC

- Incorporation of the Company	:	1981
- Commencement of operation	:	1983
- Sponsoring the establishment of the first leasing company (IDLC)	:	1984
- First institutional funding to private sector education (Scholastica School)	:	1998
- Financing the first private sector cellular telecom company in Bangladesh (Citycell)	:	1998
- Issuance of Cumulative Redeemable Preference Share- Pioneer among the Financial Institutions	:	2001
- Financing the first theme park in Bangladesh (Fantasy Kingdom)	:	2002
- Issuance of Zero Coupon Bond through Asset Backed Securitization	:	2004
- Introduction of Retail Deposit Products	:	2006
- Public issue of shares	:	2006
- Trading of shares on Dhaka Stock Exchange	:	2006
- Opening of First Branch in Dhanmondi	:	2007

The Company in 1981 became the first private sector development finance institution in Bangladesh. IPDC takes pride in being recognised today as a premier development finance institution providing high quality financial services to its clients for their investment needs.

IPDC was established by a distinguished multilateral team of shareholders. The founding shareholders are:

Government of the People's Republic of Bangladesh (GOB).



The Aga Khan Fund for Economic Development (AKFED).



Commonwealth Development Corporation (CDC) of the United Kingdom.



German Investment and Development Company (DEG) of Germany.



International Finance Corporation (IFC) - an affiliate of the World Bank.



Milestones

IPDC

Landmark Projects

IPDC has been a partner in a number of milestone projects that were the first of its kind in Bangladesh.



IDLC, the first leasing company in Bangladesh



Citycell, the pioneer private telecom firm in Bangladesh



Holcim-Bangladesh, subsidiary of Holcim, one of the world's largest cement manufacturer



GMG, the market leader in private aviation in Bangladesh



Fantasy Kingdom, the country's first theme park



Independent Power Producer (IPP)



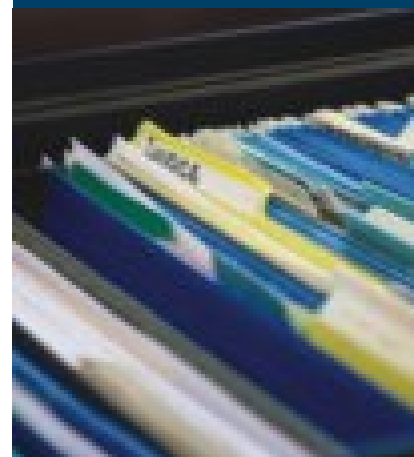
Scholastica, first institutional funding to private sector education



National Housing and Finance Company, pioneer in house mortgage financing. and many more.....

IPDC

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Notice of the 26th Annual General Meeting



Notice is hereby given that the 26th Annual General Meeting of the shareholders of Industrial Promotion and Development Company of Bangladesh Limited will be held at BDR Darbar Hall, Dhaka on Thursday, 22 May, 2008 at 10:30 a.m. to transact the following proceedings:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December, 2007
2. To declare Dividend for 2007
3. To elect/re-elect Directors
4. To appoint the Auditors of the Company for the year 2008 and fix their remuneration.

By Order of the Board

Mousumi Yasmin
Company Secretary

Dated : Dhaka
28 April, 2008

Notes :

1. A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk. 8.00 and submitted to the Registered Office of the Company not later than 48 hours before the day of the Annual General Meeting.
2. 24 April, 2008 is the Record Date.
3. The shareholders whose name appear in the Register of Members of the Company on the Record Date shall be entitled to dividend.
4. Change of address, if any, should be notified to the related Depository Participant on or before 24 April, 2008.

Our Vision

To be the most respected and innovative financial institution of the country

Our Mission

To be the brand of quality and integrity for delivering innovative and tailored financial solutions to a diverse client base

Objectives

To ensure maximum return on investment

Profitability is the key to achieving superior returns, building our capital, and motivating and retaining our best people.

To ensure steady sustainable growth in business

Our increasing corporate profits since inception has been manifestation of our steady growth. Amidst a competitive environment, our goal is to take the organization forward with excellence in all our operations. We shall harness and use our distinctive competencies to ensure a long term competitive advantage.

To improve the quality of services

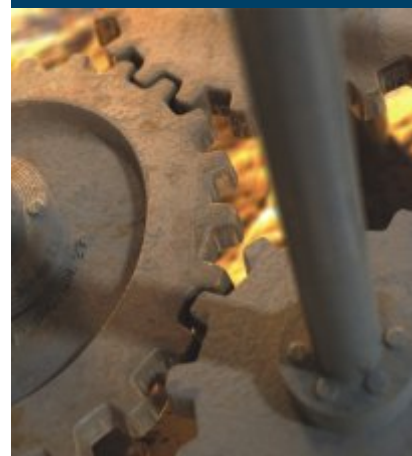
Our strength is not in the volume but in the quality of services that we provide. Our clients' interests always come first. We relentlessly strive to anticipate the changing needs of our clients and to develop better solutions to those needs. Our experience tells that if we serve our clients to the best of our ability, our own success follows.

To create innovative product and services

Creativeness and imagination is encouraged in everything we undertake. We pride ourselves on having pioneered many products and services that have become standard in the industry.

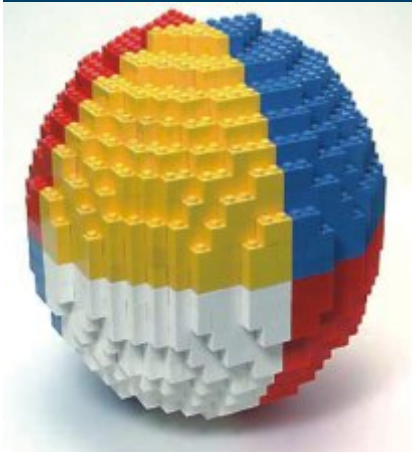
To maintain highest level of ethical standards

We are dedicated to full compliance to the spirit of laws, rules and ethical principles that govern us. Our continued success depends upon unwavering adherence to this standard.



Our Vision, Mission and Objectives

Our Core Values



We address to client needs promptly, impartially and with utmost importance.

We take great pride in our dedicated team of staff members and will continue to develop their potential and skills at all levels within our organization by rewarding outstanding performance and promoting from within to develop a climate of high expectation and achievement.

We remain quality-minded and devoted to uphold our corporate culture.

We will retain our position of leadership in this field through our commitment to quality, compliances, services and values.

We will continue personal and corporate involvement in activities benefiting the society and nation.

We uphold the values of the communities we are privileged to serve by honoring their traditions and preserving the environment.

We pledge to remain alert to economic changes which affect our businesses and to respond to ever-changing market demands.

We will continue to confront all challenges through planning, balanced diversification and orderly growth.

We take our responsibility towards our shareholders very seriously and are committed to be a model for others to follow.

Name :

Industrial Promotion and Development Company of Bangladesh Limited

Date Of Incorporation :

28 November, 1981

Legal Form :

A public limited company incorporated in Bangladesh under the Companies Act 1913 (Now the Companies Act 1994). Listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Registered Office :

Hosna Centre (4th floor), 106 Gulshan Avenue, Dhaka - 1212, Bangladesh

Contacts :

PABX : (+880 2) 9885533-8, Fax : (+880 2) 9885532, 9885529

E-mail : email@ipdcdbd.com, Website : http://www.ipdcdbd.com

Branch Office :

Royal Court Concord (4th Floor), Plot # 275/G

Road # 27, Dhanmondi R/A, Dhaka - 1205

Contacts :

Telephone : (+880 2) 9122900, 9123011, Fax : (+880 2) 9131886

Email : email@ipdcdbd.com, Website : www.ipdcdbd.com

Auditor :

SF Ahmed & Co

Chartered Accountants

Legal Advisors :

A Hossain & Associates

Lee Khan & Partners

A Rahman & Associates

Muhammad Sakhawat Hossain

Principal Bankers :

Standard Chartered Bank

Citibank NA

Arab Bangladesh Bank

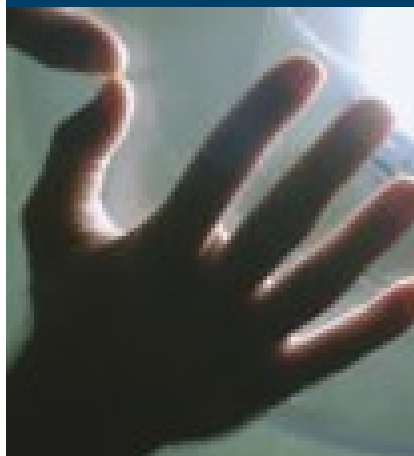
Commercial Bank of Ceylon

Prime Bank Limited

Uttara Bank Limited

Basic Bank Limited

Corporate Structure



Chairman

Dr. Md. Nurul Amin
Secretary, Ministry of Industries
*(Nominated by Government of the People's
Republic of Bangladesh)*

Directors

M. Mahbubur Rahman
*(Nominated by Government of the People's
Republic of Bangladesh)*
Shabbir Hashmi, Independent Director
(Nominated by ACTIS)
Shabir Kassam
Shahid Mahmood Loan
Altaf Hussain
Sulaiman Ajanee
Kamaluddin A Aziz
Xavier Lucas
Ashraf Ali
*(Nominated by Aga Khan Fund for
Economic Development)*

Managing Director & CEO (Current Charge)

Mominul Islam

Company Secretary

Mousumi Yasmin

AUDIT COMMITTEE

Chairman

Xavier Lucas

Members

Shabir Kassam
Kamaluddin A Aziz
Shabbir Hashmi
Shahid Mahmood Loan
Altaf Hussain
M. Mahbubur Rahman

CREDIT COMMITTEE

Chairman

Altaf Hussain

Members

M. Mahbubur Rahman
Sulaiman Ajanee
Shabir Kassam
Shahid Mahmood Loan
Mominul Islam

HUMAN RESOURCE COMMITTEE

Chairman

Md Nurul Amin

Members

Sulaiman Ajanee
Ashraf Ali
Altaf Hussain
Shahid Mahmood Loan



Mominul Islam
Managing Director & CEO
Current Charge

Mohammad Ruknuzzaman
Corporate Investment - In Charge

Khaled Afzal Rahim
Retail Business - In Charge

Md. Mahmudul Haque
Head of Special Asset Management

Dilip Kumar Mandal
Finance & Accounts - In Charge

Mousumi Yasmin
Head of Legal Affairs
& Company Secretary

Pallabi Sarker
Risk Management - In Charge

Omiya Ferdous Kabir
Executive - HR & Corporate Communications

Mostafa Kamal
Head of Internal Audit



Management Committee





In order to serve the diverse needs of our clients, we offer a range of products and services to individual clients, small businesses & institutions and corporations, organizing the total activities into two business segments - Corporate Project Finance & Retail Business.

Corporate and Project Finance

IPDC specializes in corporate and project financing. Financial engineering and investment solutions prescribed by IPDC are based on project needs. Various segments of the Corporate and Project Finance include -

Investment Products

- Lease Finance
- Term Loan
- Short Term Finance
- Work Order Finance
- Quasi Equity Investment
- Equity Investment

Corporate Services

- Project Finance Appraisal
- Project Loan Syndication
- Working Capital Arrangement
- Syndication Services
- Corporate Financial Advisory
- Securitization of Receivables

IPDC Retail Business

With the commencement of the Retail Business in July 2006, IPDC provides the wealth creation opportunity for individuals and investment prospects for institutions. This segment offers wide-ranging liability and asset products, for all classes of people.

The lifeblood of the retail segment is its customers and IPDC offers personal and individual services to its clients. IPDC continuously strive to recognize the clients by anticipating and responding to client needs offering various products according to client needs.

Term Deposit Schemes

- Annual Profit Scheme
- Quarterly Profit Scheme
- Monthly Profit Scheme
- Cumulative Profit Scheme
- Interest First Fixed Deposit Schemes

Wealth Builder Schemes

- Double Money Deposit Scheme
- Millionaire Deposit Scheme
- Installment Based Deposit Schemes

Loan Product

- Auto Loan



Fire drill for the employees



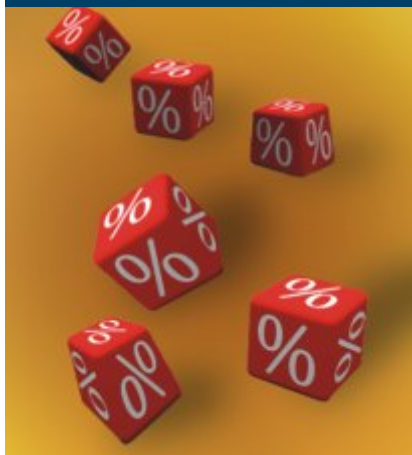
25th AGM



Branch Opening

Event Highlights

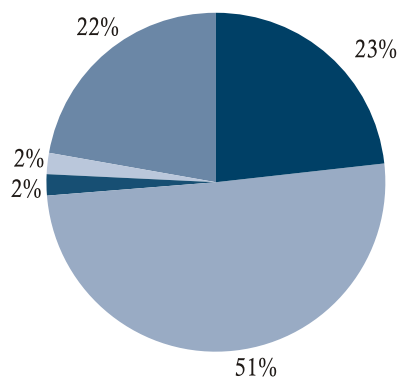
Capital and Shareholding Structure as on 31 December, 2007



Shareholding Structure:

	No	Amount	% of holding
Government of the People's Republic of Bangladesh -GOB	1,417,500	141,750,000	22
Aga Khan Fund for Economic Development -AKFED	3,307,491	330,749,100	51
Alliance Holdings Ltd.	147,073	14,707,300	2
Summit Industrial & Mercantile Corporation	147,073	14,707,300	2
General Public	1,459,502	145,950,200	23
Others	8	800	-
Total	6,478,647	647,864,700	100.00

Shareholding Structure of IPDC



- ◆ Government of the People's Republic of Bangladesh -GOB
- ◆ Aga Khan Fund for Economic Development -AKFED
- ◆ Alliance Holdings Ltd.
- ◆ Summit Industrial & Mercantile Corporation
- ◆ General Public

IPDC

Dear Shareholders, Assalamu Alaikum

It is a great pleasure and honor for me to welcome you to the 26th Annual General Meeting of your company. With heartfelt gratitude I express my thanks to all shareholders for shaping up this company and making it a significant contributor towards industrialization of Bangladesh.

The previous year was distinct for IPDC in many ways. IPDC has made significant increase in new investments vis-à-vis the previous year which should bring in increased revenue in the years ahead. The operating profit for the year has increased by 78% due to the new investment and better cost management. The net profit for the company, however, has decreased by 21.5% due to the absence of one-off non-operating income made in 2006 and higher level of reserve created against the loans and advances. With a higher level of reserve, the company's quality of assets has improved significantly and thus the future risks are now more covered than previous years. This ultimately means that your company is now better positioned for long term growth and profitability.

With a view to provide better service to the customers, the first branch of IPDC was inaugurated in July, 2007. In conducting the daily business IPDC remained focused on the prime objective of adding long term value to the company by doing more and more quality business through delivering superior level of products and services to the customers and managing the various risks associated with the financial institutions in a more prudent way than the competitors. Setting the highest compliance standard is seen as the basis for true competitive advantage at IPDC. We are also committed to the well-being of the society where we live in.

The Board of Directors and Management of your company is determined to create an environment congenial for its employees to turn them into more effective tool for attaining growth and sustainability.

As a Chairman of this esteemed organization, I am thankful to all valued shareholders for placing confidence in the company.


My special thanks are due to our customers who showed utmost loyalty to us over the years and to the fellow Directors of the Board for their professional support and cooperation. My special recognition goes for the dedicated employees, who have been the heart of the company.

I wish to see IPDC playing the dominant role and at the peak of the industry.



Dr. Md. Nurul Amin
Chairman

Message from the Managing Director



IPDC envisage to remain forerunner amongst the Financial Institution of the country by focusing on the long term growth and sustainability of the company rather than prioritizing merely short term profitability. With this long term goal in focus, IPDC has significantly allocated its resources for ensuring better control and compliance, developing robust risk management framework, building capacity of the management, creating a strong brand image and, most importantly, optimizing the quality and size of the Balance Sheet. I am pleased to state that IPDC has come a long way in materializing this organizational transformation in last couple of years and is now better positioned to grow its business in faster pace in the days ahead.

IPDC made new disbursement of Tk. 1,050 million in 2007 up from only Tk. 275 million in 2006. The new investment will help IPDC to increase its revenue in 2008 and beyond. IPDC has also launched its first ever branch in 2007 at Dhanmondi with an aim to expand the retail business.

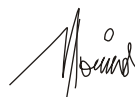
The gross revenue has decreased since 2006 by 17.45% due to divestment from some riskier portfolio and regular repayments by the borrowers. However, IPDC has managed to reduce the expenses in more rapid pace (29.19%) through optimization of its Balance Sheet and strict cost containment. As a result, the company's operating profit has reached to Tk. 183.9 million in 2007 from Tk. 103.5 million in 2006 with a robust 77.7% increase. The net profit in 2007 has decreased to Tk. 133.5 million down from Tk. 170.1 million in 2006 mainly due to a substantial capital gain in the previous year from the one-off sale of non-marketable shares. Also, IPDC has created significant reserve by increased provisions of Tk. 81.7 million (vis-à-vis 22.2 million in 2006) made against future potential losses. The increased level of provisions has improved the intrinsic strength of the company.

The company's IT System, MIS and processes have been strengthened in 2007 to bring in better control, efficiency and service quality. The better MIS is also helping the management to take correct business decisions in a timely manner.

IPDC reinforced its external relationship with the regulatory bodies, among the banks and financial institutions, general public and the sector it operates. Complying regulatory policies and guidelines, maintaining ethical standards are the key aspects in all the activities carried out which aim to meet the best interests all of its stakeholders. With the publicity in the year 2007 through print media and others, we have achieved satisfactory visibility and wide ranges of customers are being captivated to mobilize our products.

In 2008, with the strong foundation laid down, IPDC will look forward to generate new business in more rapid pace while ensuring the quality of the portfolio. Business diversification in multiple avenues and segments will be also explored into. Liquidity management and long term cost of fund reduction will be prioritized to support the business growth. Meanwhile, the focus on control and compliance and our pursuit to improve internal efficiency and foster innovation will be continued.

On behalf of the management team, I express my sincere appreciation and gratitude to our shareholders, customers, regulators, members of the Board of Directors, well-wishers and to my colleagues for their patronage, direction, support and cooperation.



Mominul Islam
Managing Director & CEO C.C.

IPDC

Dear Shareholders

The Board of Directors are pleased to present their Report together with the audited financial statements of the Company for the year ended December 31, 2007.

The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and requirements mandated by the regulatory bodies.

World Economy

Year 2007 has been a year of soaring prices of oil and commodities in the international market. The world economy continued to grow in 2007 supported by rapid growth in most emerging markets and developing countries, especially China and India. International Monetary Fund (IMF) has projected a 5.2% global output growth in 2007, down from the 5.4% registered in 2006, but this growth is still higher than the long term trend. The growth remained quite strong even after the downward trend of the advanced economies; thanks to the fast growing emerging and developing economies.

The crisis in subprime mortgage market in USA has negatively affected most of the leading financial institutions in USA and Europe and it is impacting other world economies. This could be in the shape of lower export volumes to USA and European markets due to their declining consumer spending and business investment. How far its impact will be on Bangladesh's exports to these countries is yet to be seen.

National Economy

Growth in Gross Domestic Product (GDP) in 2007 was 6.5%; a decrease from the previous years 6.7% rate. This was due to the recent domestic and global developments including natural calamities, temporary disruptions in domestic production, and adverse price developments in the international market.

Private sector credit disbursement decreased by 8.01% in the first 10 months of 2007 compared to 2006. Due to the uncertainty of the future political outlook, business society lacked confidence in investment despite different initiatives taken by the government to restore the same. The surplus liquidity amounted to Tk. 140 billion at the year end in the banks.

Export receipts of FY 2007 amounted to USD 12 billion which is higher by USD 1.64 billion or 15.76% compared to export receipts of FY 2006. Import payments in FY 2007 amounted to USD 15.5 billion which is higher by USD 2.2 billion or 16.62% as compared to FY 2006. In FY 2007 Ready Made Garments exports in total made up 76% of the country's total exports.

Expatriate workers, a key source of economic stability, sent home a record USD 6.56 billion in 2007, an amount USD 1.1 billion more than the last year's. The record remittance pushed up Bangladesh's foreign exchange reserves to USD 5.5 billion, equivalent to 3.5 months' import, the highest since the country gained independence in 1971.

The private commercial banks made substantial increases in operating profit in 2007 compared to 2006 despite a stagnant situation in the country's business



Directors' Report

sector. Considering this growth Bangladesh Bank has asked the private and foreign commercial banks to provide plans to reduce the interest rate spread, so that business and enterprises can have access to finance at cheaper rate.

The Dhaka Stock Exchange (DSE) General Index soared to 3017.21 at the end of year up from the 1583.09 at the beginning of the year and with a remarkable 139% rise in market capitalization which stood at BDT 742 billion at the end of year, the contribution of Capital Market to the country's GDP stood at around 16% at the end of 2007. The market absorbed 14 new issues, which raised a total of Tk. 10.05 billion through Initial Public Offering (IPO). With the probable entry of some big multinational companies, the Capital Market will see a further growth in near future.

The Financial Institution (FI) Sector

Total investment by the Financial Institutions (FI) up to June 2007 was Tk. 91.97 billion, which was 25.75% higher than that of the previous year (Tk. 73.14 billion as of June 2006). As of June 2007, classified loans and leases of the FIs in aggregate were 6.06%.

In 2007-2008 Budget the government has made a change in the tax rules of Finance Lease, putting FIs in a disadvantageous position in terms of tax benefit.

Year 2007 was a challenging period for the FIs as the economy stumbled with back to back natural calamities and uncertain business outlook and consequent lower investment. However, through diversification of their business in Capital Market, some of the FIs generated substantial revenue in 2007.

The numbers of FIs were 29 as of June 2007 and the competition continued to be intense. With increasing competition, more and more FIs are diversifying their product line by introducing consumer financing, merchant banking, brokerage services and SME financing. Commercial Banks have also penetrated in the aforesaid FI market segments in recent years.

IPDC Performance

2007 has continued to be a year of consolidation for IPDC both from an operational and financial point of view. From an operational point of view, the company has strengthened its procedures, controls, IT system and distribution channel. From a financial point of view, the company has made significant headway in ensuring company's long term sustainability and growth by improving portfolio quality and lowering dependency on bank borrowings. The company has created a substantial reserve in terms provisions to strengthen its position.

IPDC made new disbursement of Tk. 1,050 million in 2007 in comparison to Tk. 275 million in 2006 - a growth of 282%.

Total operating income in 2007 is Tk. 183.9 million compared to Tk. 103.6 million in 2006 with an incremental growth of 78%.

The total non-operating income is reduced to Tk. 4.7 million from Tk. 110 million in 2006 due to a substantial capital gain in the previous year from the one-off sale of non-marketable shares.

The Profit before Tax of Tk. 107.2 million as well as the Profit after Tax of Tk. 133.5 in 2007 is lower than 2006 by 43.1% and 21.5%, respectively, mainly due to the reduction in non-operating income and increased provisions of Tk. 81.7 million made against future potential losses.

The increased level of provisions has improved the intrinsic strength of the company.

The financial results of the company are summarized below:

	2007	2006*	2005*
Total Operating Revenue	777.5	941.9	951.6
Total Expenses	593.6	838.3	872.8
Total Operating Income	183.9	103.5	78.8
Total Non Operating Income	4.7	110.0	45.5
Provision	81.7	22.2	208.3
Profit before Tax	107.2	188.5	38.5
Provision for Tax	26.3	-18.5	95.6
Profit after Tax	133.5	170.1	134.1
Weighted Average Earning Per Share	20.6	26.25**	28.06
All amounts are BDT in Million			

* Previous years' figures have been rearranged, where necessary, to conform to current year's presentation (please see note 43 of the Notes to the Financial Statements)

**Earnings per share for 2006 was Tk. 34.74. While restating EPS of 2006 as per BAS 33, an adjustment has been given for 308,507 number of bonus shares in 2007.

Appropriations (Recommended)

Taking into consideration the profit earned during 2007 and other business and regulatory issues, the Board recommended the following appropriations:

(All amounts are BDT in Million)			
Retained Earning Brought Forward	622.91		
Net Profit after Tax - 2007	133.46		
Profit Available for Appropriation			756.38
Appropriations:			
Transferred to Statutory Reserve (20% of net profit after tax)		26.69	
Proposed Cash Dividend-@ Tk.5 per share	32.39		
Proposed Stock Dividend-@ 10% of Paid-up Capital	64.79		
		97.18	123.87
Balance Retained Earning			632.51

Plan for Utilization of Undistributed Profit

The undistributed profit will be invested into the business and to meet contingencies in future as authorized under Section 100 of the Schedule I of the Companies Act 1994.

Statutory Payments

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

Capital Expenditure

A sum of Tk. 31.94 million has been incurred on acquisition of land, office equipment and vehicle during the year 2007. The amount is reflected in the Fixed Assets Schedule in the Notes to the Financial Statements.

Human Resources

At IPDC we believe our employees are the driving force of the organization. Its team of professionals is the foundation for its development and growth. It is their dedication, commitment and innovative spirit that propels the organization to move forward. We identify specifically what each person does and should be doing and ensure that everyone knows how his or her efforts contribute to the organization's success. Moreover this positive attitude towards the work has enabled us to create a congenial environment at workplace with harmony in all aspects.

IPDC's recruitment policy is competitive and transparent and one of the best in the market. With this pride, IPDC has been able to continue to strengthen its pool of talented employees in the year 2007.

IPDC provides need based internal and external training to its staff to develop their skills and knowledge base and as well as to motivate them at the same time.

IPDC believes in equal employment opportunities to attract, retain, develop and promote the most qualified employees regardless of race, origin, religion, gender, age, disability or any other characteristic.

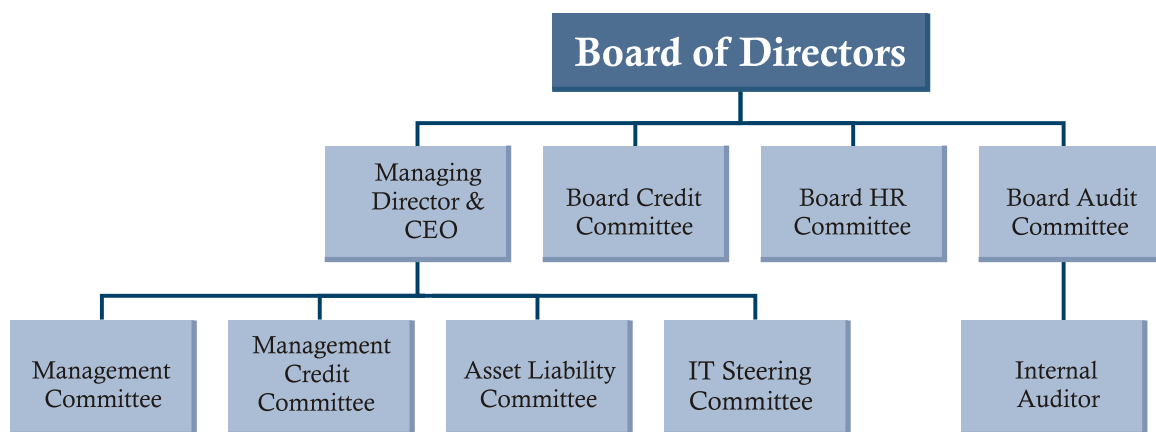
Information Technology

Being a financial institution IPDC needs to deal with large number of critical data. A fast and accurate availability of information is critical for quick and appropriate decision making & ensuring control & service. To achieve this feature IPDC has successfully implemented a new integrated Management Information System which is live since 1 January, 2007. The core processes have been reengineered to accomplish optimal level of quality, efficiency and productivity.

Risk management

Financial institutions are in the business of risk. As such effectively managing the different risks e.g. Credit Risk, Market Risk, Operational Risk and Liquidity Risks are of paramount importance for every financial institution. IPDC always strives to maximize its value through optimum trade-off between risk and return. Risk Management framework at IPDC encompasses the scope of risks to be managed, the processes/systems to manage these risks and the role and responsibility of individuals engaged in different activities. The main strength of this risk management framework comes from a Front-office/Back-office structure implemented at IPDC. IPDC has an effective organization structure and functional committees with well defined authority, responsibility and segregation of duties for management of risks.

The Board of Directors take long term strategic decisions, set delegated authorities for organization and ensure regulatory compliance issues.



IPDC

IPDC has an independent Credit Risk Management department to scrutinize projects from a risk point of view and assist the management in creating a quality portfolio and maximize return on investment.

Credit Risk is controlled through Credit Policy Manual which outlines the credit sanction criteria (e.g. single borrower exposure limit, group exposure limit and core security requirement), disbursement criteria, recovery and classification, and delegation of approval authority. The credit approval is sought for the following levels based on the amount of credit exposure:

- **Board of Directors**
- **Board Credit Committee**
- **Management Credit Committee**

Segregation of revenue generating functions from transaction processing and controlling functions is a key to mitigate Operational Risks in financial institutions. IPDC has separate Operations Department for the transaction processing and internal control. The overall Operational Risks are monitored by the Internal Auditors through the Audit Committee of the Board of Directors. The Internal Auditor undertakes a risk based audit approach for identifying risks inherent in the organization and reports to appropriate channels for mitigation. IPDC, through Asset Liability Committee (ALCO), reviews the maturity profile of assets and liabilities and takes steps to reduce any gap while also managing the interest rate and currency risks.

IPDC has formed a new committee in 2007 named IT Steering Committee to mitigate the risks arising out of handling of information technology.

Documented policies, standards and operating procedures are essential for minimizing risks in the midst of change in management. IPDC has made a significant headway in this area during year 2007.

Corporate Governance

The Corporate Governance is embedded in the underlying principles of fairness, transparency, responsibility and accountability ensuring minimum acceptable corporate behavior. IPDC considers compliances of all the rules, regulations and guidelines of Bangladesh Bank, Securities and Exchange Commission and other regulatory bodies with utmost priority.

The Board of Directors ensures that the activities of IPDC are conducted with highest ethical standards and in the best interest of all its stakeholders. These objectives are achieved through various committees including Board Audit Committee, Board Credit Committee, Management Committee and Asset Liability Committee (ALCO).

The Internal Auditor is independent of management reporting directly to the Board through the Board Audit Committee.

Corporate Social Responsibility

Since its inception IPDC has been playing a pivotal role in developing private sector industry in Bangladesh. IPDC has significant contribution in the development of the Health, Education and Agro-based Industries of the country.

Sustainable economic development maintaining ecological balance is key focus at IPDC. IPDC in general tries to avoid investing in projects which are hazardous to our environment. During the project appraisal the concerned personnel examines whether the project is viable and comply to the Environmental Conservation Act 1995 and Environmental Conservation Rules 1997. Several steps have also been taken at IPDC such as declaring the office premises as 'Smoking Free' area to maintain organizational health and safety.

In 2007, IPDC has contributed Tk. 1 million to Chief Adviser's fund to assist the hurricane Sidr affected areas.

Contribution to the National Exchequer

IPDC has been contributing to Government's revenue through paying different type of taxes at a regular basis. To comply with National Board of Revenue (NBR) requirements, IPDC deducts Income Taxes at source and VAT from various payments and services and ensures payment of taxes to the National Exchequer. This contribution is additional to the corporate taxes that IPDC pays to the Government.

Directors' Meetings

As per section 96 of the Companies Act, 1994 the Company must have one meeting in every three months. In other words, there shall be at least 4(four) meetings of Directors in a year. During the year 2007 the Board of Directors of IPDC had 4 meetings. Directors' attendance in the said Board meetings are given below:

Board Meeting No.	Date	No. of Directors Attended	Total No. of Directors
95	17.03.2007	8	11
96	21.07.2007	9	11
97	03.11.2007	8	11
98	10.12.2007	6	11

Going Concern

The Directors have taken the decision to continue the operation of the company based on the assessment they have made. They are convinced that the company has sufficient resources to continue its operation in the foreseeable future.

Substantial Shareholding

The following shareholders were holding 1% or more than 1% of the Company's ordinary share capital as on 31 December, 2007.

	No. of shares	Paid up Capital	Percentage
Government of Bangladesh (GOB)	1,417,500	141,750,000	22%
Aga Khan Fund for Economic Development (AKFED)	33,07,491	330,749,100	51%
Summit Industrial & Mercantile Corporation	147,073	14,707,300	2%
Alliance Holdings Ltd.	147,073	14,707,300	2%

In addition to the above the Public is holding 1,459,502 shares for an amount of TK. 145,950,200 (23% of the paid-up capital) and 8 nominated directors are holding one share each.

As per section 91(2) and Regulation 79 of 1st Schedules of the Companies Act 1994 and Article 100 & Article 101 of Articles of Association of IPDC one third of the total number of Directors of the company shall retire at every successive General Meeting. The director to retire at every General Meeting should be those most senior in office. However, the Managing Director shall not be subject to retirement by rotation (Regulation 73). The directors to retire will be eligible for re-election (regulation 81).

Total number of Directors of IPDC is 10 (excluding the Managing Director). Consequently 3 Directors are required to retire by seniority namely:

1. Mr. Altaf Hussain
2. Mr. Kamaluddin A Aziz
3. Mr. M Mahbubur Rahman

Recommendation of Appointment of Auditors

M/S SF Ahmed & Co. Chartered Accountants have completed 3 (three) consecutive years as Auditors of the company in year under review and as per Bangladesh Bank's FID Circular No. 03 dated 2 March, 1999, they are not eligible for re-appointment. The Board recommends Rahman Rahman Huq, Chartered Accountants as the new audit firm for the year 2008 and the final approval of the auditors and fixation of their remuneration will be given by the shareholders in the Annual General Meeting.

Status of Compliance

The Board of Directors confirm compliance of the followings

- The Financial Statements prepared by the Management of IPDC presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper Books of Accounts have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statement 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.
- The system of Internal Control is sound in design and has been effectively implemented and monitored.

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRDCD/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 2008

The continuous strengthening of the quality of the financial position of the company has now put IPDC to a position to grow its business in 2008 at a more rapid pace. IPDC will maintain its steady focus on its core business i.e. project financing, while actively searching for new ventures to enrich its product line. IPDC also plans to introduce consumer financing products in 2008.

To diversify its source of funds and mitigate liquidity risk, IPDC has introduced 10 deposit schemes for public and institutions, which will reduce the dependency on the bank credit lines and thereby reduce the risk of market volatility. Further to reduce the cost of fund and ensure long term funding source, IPDC is planning to avail long term credit facilities from alternative sources. These initiatives will diversify the sources of funds for IPDC to minimize the maturity gap risk and put it in a position to offer better products to the customers. IPDC wishes to expand its retail business on asset side by introducing Auto loan in the first quarter of the year and plans to introduce other retail financing products in the later part of the year. With the combination of corporate and retail products & services, IPDC will be able to reinforce its position further in the market as the Premier Financial Institution.

For the last 26 years IPDC had been the frontrunner in introducing new products in the financial industry of Bangladesh and the spirit of innovation will continue.

Acknowledgements

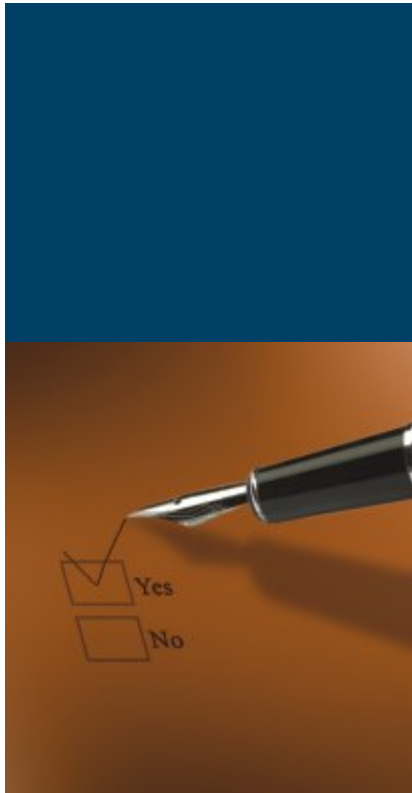
The Board of Directors express gratitude and extend thanks to the valued shareholders, clients, bankers and other stakeholders for their continued support and cooperation. The Board offers thanks to Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, the National Board of Revenue and other government agencies for their co-operation. The Board have special vote of thanks to the management and employees for their outstanding commitment and hard work during 2007.

For and on behalf of the Board of Directors



Dr. Md. Nurul Amin
Chairman

Corporate Governance Compliance Report



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

Condition No.	Title	Compliance Status	Explanation for non compliance
1.1	Board's Size	Yes	No Deviation
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 Accounts	Yes	
1.4(c)	Accounting Policies		
1.4(d)	IAS 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		
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 & Company Secretary	Yes	
2.2	Board Meetings Attendance	Yes	
3.00	Audit Committee:		
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	No such incidence
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		
3.3.1 (ii) (b)	Defect in the Internal Control System		
3.3.1 (ii) (c)	Suspected Infringement of Laws		
3.3.1 (ii) (d)	Any Other Matter		
3.3.2	Reporting to Authorities		
3.4	Reporting to Shareholders		
4.00	External/Statutory Auditors:		
4.00(i)	Appraisal or Valuation Services	Yes	No such incidence
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	

(BDT in million)

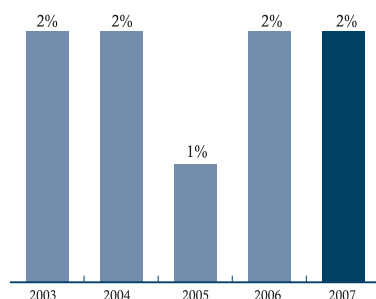
Year	2003	2004	2005	2006	2007
Operating Revenue	729	835	952	942	777
Operational Expenses	519	616	873	838	594
Financial Expenses	476	561	811	767	509
General and administrative expenses	43	55	62	62	71
Profit Before Tax	208	250	38	189	107
Provision for Taxes	18	25	(96)	18	(26)
Net Profit after tax	190	225	134	170	133
Total number of Shares (in million)	4.50	4.78	4.78	6.17	6.48
Total number of Shares	4,500,000	4,780,140	4,780,140	6,170,140	6,478,647
Shareholders equity	816	1,097	1,124	1,602	1,674
Total Assets	11,144	16,420	12,456	7,641	7,195
Current Assets	7,511	12,880	8,375	4,344	3,592
Current Liabilities	6,771	11,725	7,512	4,318	3,288
Total Debt	3,143	3,237	3,250	1,145	1,586
Ratios					
Net Asset Value Per share	181	230	235	260	258
Earning per share	42.32	49.30	28.06	26.25	20.60
Dividend per share	22.5	25	10	15	15
Profit Margin (Before Tax)	29%	30%	4%	20%	14%
Profit Margin (After Tax)	26%	27%	14%	18%	17%
Return on Equity	25%	24%	12%	12%	8%
Return on Assets	2%	2%	1%	2%	2%
Current Ratio	1.11	1.10	1.11	1.01	1.09
Debt Equity Ratio	3.85	2.95	2.89	0.71	0.95
Financial Expenses Coverage	1.44	1.45	1.05	1.26	1.24

* Previous year's figures have been rearranged, where necessary to conform to current year's presentation.

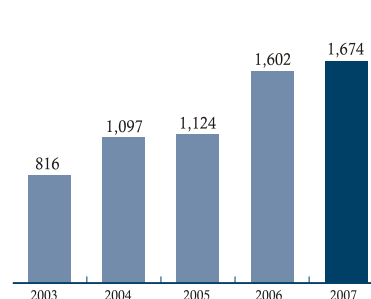


Financial Highlights

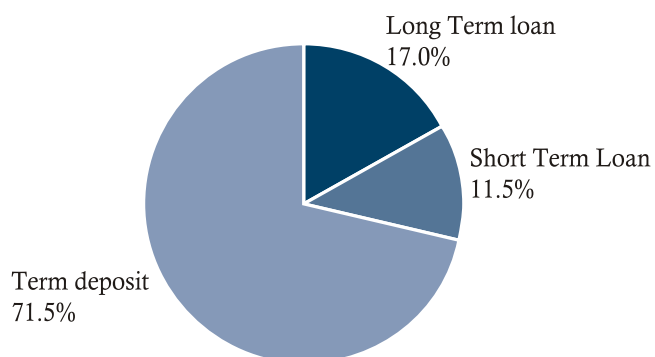
Return on Assets
Percentage



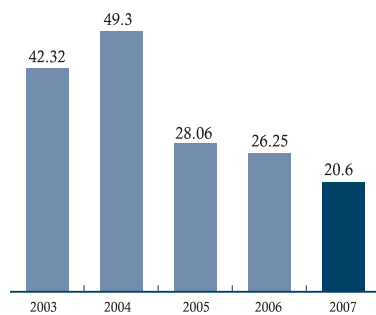
Shareholders' Equity
BDT in Million



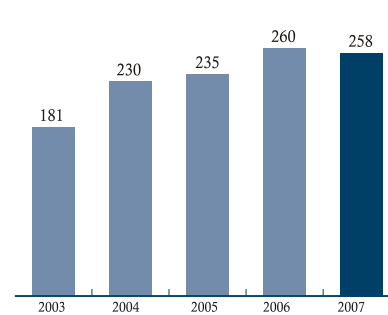
Borrowed Fund
Percentage



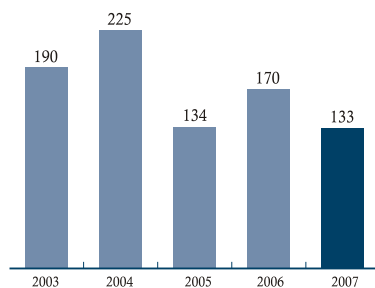
Earning Per Share
Times



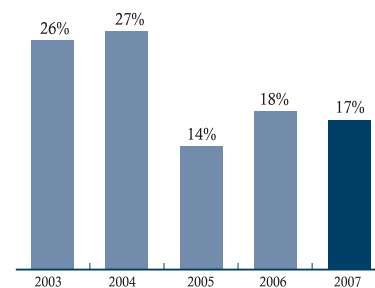
Book Value per share
BDT



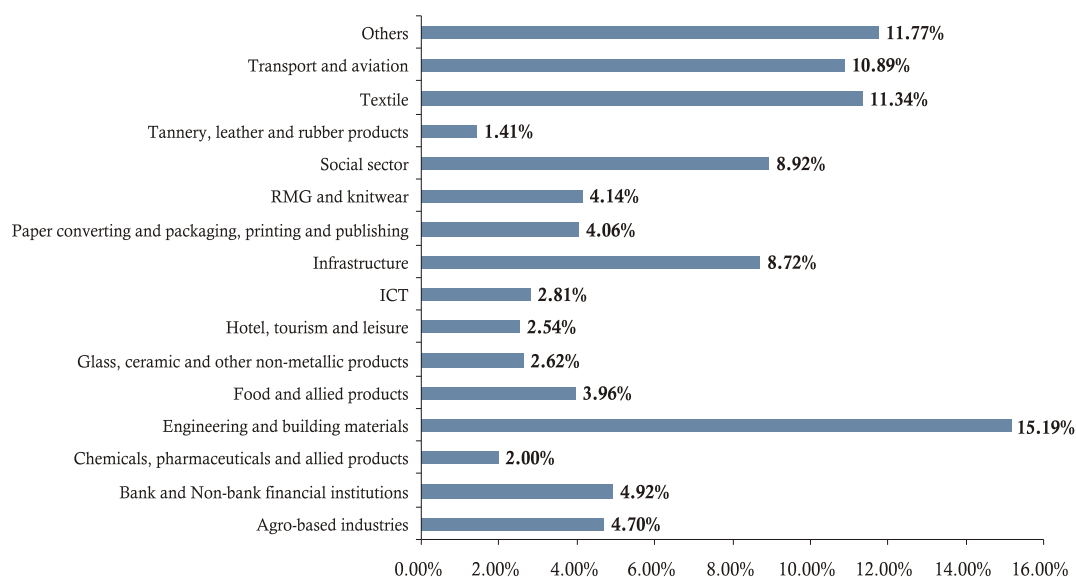
Net Profit after tax
BDT in Million



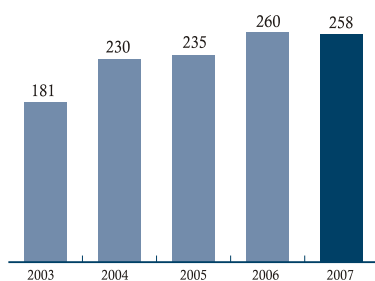
Profit Margin (After Tax)
Percentage



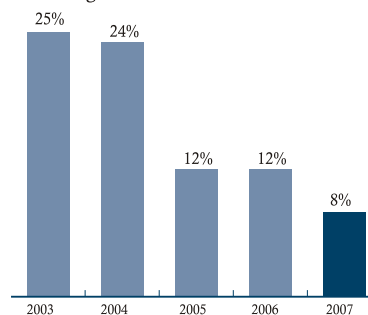
Sectoral Exposure as of 31 December, 2007



Net Asset Value Per Share
BDT



Return on Equity
Percentage



Plan for Utilization of Undistributed Profit



SCHEDULE

Plan for

Utilization of Undistributed Profit

(Pursuant to SEC Directive SEC/CFD-71/2001/Admin/02/05 dated 3 January, 2002)

The undistributed profit will be utilized to :

- Meet contingencies as authorized under Sec 100 of the Schedule I of the Companies Act 1994
- Disburse funds for additional financing.



IPDC has been rated "A" in the long term and High Grade - "ST-2" in short term by Credit Rating Information and Services Limited (CRISL), a famous rating house in Bangladesh. Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile.

ST-2, on the other hand, indicates high certainty of timely payment. Liquidity factors are strong, and supported by good fundamental protection factors. Risk factors are very small.

The rating has been done based on some fundamentals like profitability, liquidity, managements quality, IT infrastructure etc.



Recognition



Project Highlights



Hotel & Tourism



Engineering & Building Materials



Ceramic Industry



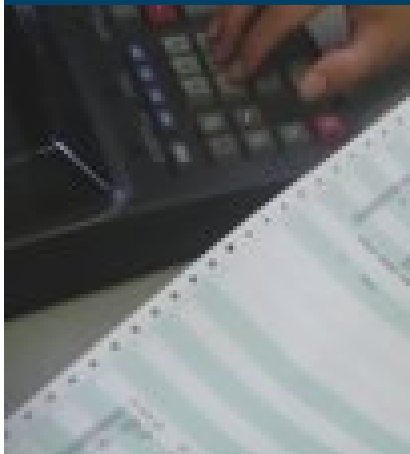
Shipping Line



Paper & Packaging

Transport

Auditors' Report to the Shareholders of Industrial Promotion and Development Company of Bangladesh Ltd.



We have audited the accompanying balance sheet of the Industrial Promotion and Development Company of Bangladesh Limited as 31 December 2007 and the related profit and loss Account, cash flow statement and statement of changes in shareholders' equity for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

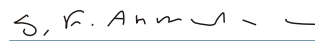
We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. 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 (BAS), give a true and fair view of the state of the company's affairs as of 31 December 2007 and of the results of its operations and its cash flows for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank, 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 company so far as it appeared from our examination of those books;
- (c) the financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Bangladesh;
- (d) the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- (e) the expenditure incurred and payments made were for the purpose of the company's business;
- (f) the information and explanations required by us have been received and found satisfactory;
- (g) adequate provision has been made for investment (Note No. 14);
- (h) the company has followed the instructions issued by Bangladesh Bank in matters of lease/advance classification, provisioning and suspension of interest;
- (i) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets; and
- (j) The company's balance sheet and company's profit & loss Account dealt with by the report are in agreement with the books of account.

Dated, Dhaka
17 March 2008


S. F. Ahmed & Co.
Chartered Accountants

Industrial Promotion and Development Company of Bangladesh Limited

Balance Sheet

as at 31 December 2007

		Amount in Taka	
	Notes	2007	2006
Source of fund			
Shareholders' equity:			
Share capital	3	647,864,700	617,014,000
Share premium	4	167,014,000	167,014,000
Statutory reserve	5	105,659,472	78,966,896
Revaluation reserve	10.2	23,627,792	23,627,792
Proposed cash dividend		32,393,235	61,701,400
Proposed stock dividend		64,786,470	30,850,700
Retained earnings		632,509,108	622,918,511
		1,673,854,777	1,602,093,299
Loan funds (unsecured):			
Long term loan - non current	6	255,102,644	1,113,906,349
Deferred interest	7	-	941,872
		255,102,644	1,114,848,221
Deferred liabilities	8	38,029,507	55,776,278
Term deposits - non current	9	1,330,409,436	18,153,000
Provision for investments and advances	14	609,622,282	532,075,927
	43	3,907,018,646	3,322,946,725
Application of fund			
Property, plant and equipment	10	120,374,804	101,371,130
Intangible assets	11	800,000	-
Deferred tax assets	12	200,538,624	163,142,857
Investments and advances - non current	13		
Investments in shares		671,870,869	618,198,668
Long term finance		1,523,855,366	1,638,402,644
Net lease receivables		1,086,361,389	776,194,095
		3,282,087,624	3,032,795,407

		Amount in Taka	
	Notes	2007	2006
Current assets:			
Investments and advances - current	13		
Investments in shares		242,096,158	229,462,380
Long term finance		700,489,562	818,440,391
Net lease receivables		317,800,850	354,917,888
Short term finance		677,263,478	1,145,737,437
Advances against lease finance		68,000,000	29,200,000
		2,005,650,048	2,577,758,096
Accounts receivable - projects	15	821,573,808	867,775,319
Receivable others	16	5,347,176	4,270,157
Advances, deposits and prepayments	17	159,844,754	170,499,221
Cash and cash equivalents	18	599,107,162	723,761,581
		1,585,872,900	1,766,306,278
		3,591,522,948	4,344,064,374
Current liabilities and provisions:			
Long term loan - current	6	469,585,964	995,087,430
Term deposits - current	9	1,714,757,000	2,405,298,589
Short term loan	19	487,549,335	310,138,854
Accounts payable	20	199,859,215	314,912,457
Interest suspense	21	349,614,084	237,148,483
Provision for corporate tax	22	66,939,756	55,841,230
		3,288,305,354	4,318,427,043
Net current assets		303,217,594	25,637,331
	43	3,907,018,646	3,322,946,725
Off balance sheet item			
Contingent liabilities	35	62,285,885	35,858,000

The annexed notes 1 to 43 form an integral part of these financial statements.

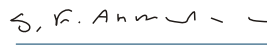

Company Secretary


Managing Director & CEO C.C.


Chairman

As per our annexed report of even date.

Dated, Dhaka
17 March, 2008


S. F. Ahmed & Co.
Chartered Accountants

Industrial Promotion and Development Company of Bangladesh Limited

Profit and Loss Account

for the year ended 31 December 2007

		Amount in Taka	
	Notes	2007	2006
Operational revenue:			
Interest income from lease finance		164,172,168	207,091,843
Interest income from term finance		324,333,249	367,334,570
Interest income from short term finance		207,013,745	207,895,666
Dividend income		73,990,175	144,473,739
Other operational income	23	7,975,736	15,056,561
		777,485,073	941,852,379
Operational expenses:			
General and administrative expenses	24	71,192,611	61,546,840
Depreciation on property, plant and equipment	10	12,932,403	9,938,306
Amortization of intangible assets	11	800,000	-
Financial expenses	25	508,639,735	766,783,379
		593,564,749	838,268,525
Income from operations		183,920,324	103,583,854
Non-operational income	26	4,655,825	109,977,186
Exchange gain/(loss)	27	295,699	(2,824,405)
		4,951,524	107,152,781
Profit before provision and tax		188,871,848	210,736,635
Provision for investments and advances	28	81,706,211	22,192,927
Net profit before tax		107,165,637	188,543,708
Tax expenses	29		
Current tax		11,098,526	31,978,853
Deferred tax		(37,395,767)	(13,521,105)
		(26,297,241)	18,457,748
Net profit after tax		133,462,878	170,085,960
Retained earnings brought forward		622,918,511	501,234,825
Prior years' adjustments		-	78,167,018
Profit available for appropriation		756,381,389	749,487,803

Industrial Promotion and Development Company of Bangladesh Limited

Profit and Loss Account

for the year ended 31 December 2007

		Amount in Taka	
	Notes	2007	2006
Appropriations:			
Statutory reserve		26,692,576	34,017,192
Proposed cash dividend @ 5% (2006: @ 10%)		32,393,235	61,701,400
Proposed stock dividend @ 10% (2006: @ 5%)		64,786,470	30,850,700
		123,872,281	126,569,292
Retained earnings carried forward		632,509,108	622,918,511
Earnings per share of Tk. 100 each (EPS)	30	20.60	26.25

The annexed notes 1 to 43 form an integral part of these financial statements.

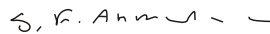

Company Secretary


Managing Director & CEO C.C.


Chairman

As per our annexed report of even date.

Dated, Dhaka
 17 March, 2008


S. F. Ahmed & Co.
 Chartered Accountants

Industrial Promotion and Development Company of Bangladesh Limited

Cash Flow Statement

for the year ended 31 December 2007

		Amount in Taka	
	Notes	2007	2006
Cash flows from operating activities			
Operational & non-operational revenue		782,436,597	1,049,005,160
Payments for operational expenses		(661,412,349)	(828,588,427)
Payments of corporate income tax		(10,546,960)	(33,881,822)
(Increase)/decrease in accounts receivables and advances		66,325,919	(78,929,384)
Increase/(decrease) in accrued expenses and payables		7,569,013	202,968,701
<i>Net cash from operating activities</i>		184,372,220	310,574,228
Cash flows from investing activities			
Acquisition of fixed assets		(33,536,080)	(14,111,044)
Disposal of fixed assets		400,000	26,910
Investments and advances made		(1,219,845,182)	(814,983,161)
Recovery of lease, long term and short term finance		1,525,014,825	2,019,306,385
Redemption of shares		83,694,021	434,653,901
<i>Net cash used in investing activities</i>		355,727,584	1,624,892,991
Cash flows from financing activities			
Receipts from issue of shares		-	139,000,000
Receipts from share premium		-	139,000,000
Receipts against lease		(17,872,979)	(17,289,580)
Receipts/(payments) from lines of credit		(1,384,305,172)	(1,768,689,469)
Receipts/(payments) from term deposits		621,714,847	(2,355,954,270)
(Payments)/receipts from call loan and overdraft		177,410,481	(1,330,209,603)
Payment of dividend		(61,701,400)	(47,801,400)
<i>Net cash flows from financing activities</i>		(664,754,223)	(5,241,944,322)
Net increase/(decrease) in cash and cash equivalents		(124,654,419)	(3,306,477,103)
Cash and cash equivalents at the beginning of the year		723,761,581	4,030,238,684
Cash and cash equivalents at the end of the year	18	599,107,162	723,761,581

Industrial Promotion and Development Company of Bangladesh Limited

Statement of Changes in Shareholders' Equity

for the year ended 31 December 2007

	Share capital	Share premium	Statutory reserve	Proposed Cash dividend	Proposed stock dividend	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2006	478,014,000	28,014,000	44,949,704	47,801,400	-	23,627,792	501,234,825	1,123,641,721
Changes during the year								
Shares issued during the year	139,000,000	139,000,000	-	-	-	-	-	278,000,000
Net profit after tax	-	-	-	-	-	-	170,085,960	170,085,960
Statutory reserve	-	-	34,017,192	-	-	-	(34,017,192)	-
Dividend payment	-	-	-	(47,801,400)	-	-	-	(47,801,400)
Proposed stock dividend	-	-	-	-	30,850,700	-	(30,850,700)	-
Proposed cash dividend	-	-	-	61,701,400	-	-	(61,701,400)	-
Prior years' adjustment	-	-	-	-	-	-	78,167,018	78,167,018
Balance at 31 December 2006	617,014,000	167,014,000	78,966,896	61,701,400	30,850,700	23,627,792	622,918,511	1,602,093,299
Balance at 1 January 2007	617,014,000	167,014,000	78,966,896	61,701,400	30,850,700	23,627,792	622,918,511	1,602,093,299
Changes during the year								
Shares issued during the year	30,850,700	-	-	-	(30,850,700)	-	-	-
Net profit after tax	-	-	-	-	-	-	133,462,878	133,462,878
Statutory reserve	-	-	26,692,576	-	-	-	(26,692,576)	-
Dividend payment	-	-	-	(61,701,400)	-	-	-	(61,701,400)
Proposed stock dividend	-	-	-	-	64,786,470	-	(64,786,470)	-
Proposed cash dividend	-	-	-	32,393,235	-	-	(32,393,235)	-
Balance at 31 December 2007	647,864,700	167,014,000	105,659,472	32,393,235	64,786,470	23,627,792	632,509,108	1,673,854,777

Amount in Taka





1. Background and objectives of the company

1.1 Legal status

Established 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, Dhaka. The Company also registered itself as a financial institution under the Financial Institutions Act 1993. The registered office of the company is situated at Hosna Center (4th Floor), 106 Gulshan Avenue, Dhaka, Bangladesh. The Company became a listed Company in December 03 , 2006 in both the Stock Exchanges in Bangladesh. The Company opened a branch on July 19, 2007 at Dhanmondi, Dhaka.

1.2 Nature of business

IPDC mainly specializes in providing long term and short term investment financing, project financing, lease financing, equity participation, syndication finance, asset backed securitization through zero-coupon bond and related consultancies to both local and foreign private investments in Bangladesh. In 2006, the Company also started retail business to increase its activities in the retail market.

2. Significant accounting policies

2.1 Measurement bases used in preparing the financial statements

The elements of financial statements have been measured on historical cost basis on generally accepted accounting principles in Bangladesh, including Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).

2.2 Basis of accounting

The Financial Statements have been prepared under historical cost convention following accrual basis of accounting in compliance with the provisions of the Companies Act 1994, Bangladesh Accounting Standards (BAS) , Securities and Exchange Rules, 1987 and Financial Institutions Act, 1993 and other applicable laws and regulations.

2.3 Accounting for leases

As per Bangladesh Accounting Standard (BAS) 17, the books of accounts for leasing operation has been prepared under financing method of accounting since assets leased to customers under agreements transfer substantially all the risk and rewards associated with ownership, other than legal title, to the customers and all leases are full payout leases.

In accordance with BAS 17, 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 cost including interest during the period of acquiring the lease equipment, constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the year in which such cost are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized 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.

2.4 Accounting for direct finance

Direct finance operation consists of short-term finance and long-term finance, books of account for which are maintained based on accrual method of accounting. Outstanding loans for short-term finance, and unrealized principal for long-term finance are accounted for as direct finance assets of the Company. Interest earnings are recognized as operational revenue periodically.

2.5 Accounting for Investment in shares

Investment in shares are classified broadly in three categories and accounted for as under:

2.5.1 Unlisted shares

According to BAS 25: "Accounting for Investment" equity finance operation consists of equity participation in the form of unlisted ordinary shares, books of account for which are maintained based on the cost method of accounting and reported at cost, necessary adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted equity finance. Dividend income is recognized as operational revenue on cash basis.

2.5.2 Listed shares

According to the Bangladesh Accounting Standard (BAS) 25: "Accounting for Investment" 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 as per BAS 25. Unrealized gains are not recognized in the income statement.

2.5.3 Preference shares

Investment in preference shares has been reported at cost and dividend income is recognized in the income statement on accrual basis and considered as operational revenue.

2.6 Revenue recognition

2.6.1 General

As per BAS 18: 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.

2.6.2 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 SMA is not recognized as revenue but transferred the same to interest suspense account as per Bangladesh Bank directives.

2.6.3 Dividend income

2.6.3.1 Listed and unlisted shares

Dividend income against listed and unlisted equity investment is recognized 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.

2.6.3.2 Preference shares

Dividend income on preference shares are recognized on accrual basis.

2.6.3.3 Gain on sale of securities

Capital gain on sale of securities listed in the stock exchanges is recognized only when the securities are sold in the market.

2.6.4 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 SMA and classified finance is not recognized as income but transferred to interest suspense account as per Bangladesh Bank guidelines.

2.6.5 Interest on secured lending

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

2.6.6 Fee based income

Fee based revenue is recognized as income on cash basis

2.7 Interest suspense account

2.7.1 Facility is five years or less than five years tenure

Lease income and interest on term finance overdue beyond 90 days are not recognized as revenue but credited the same to interest suspense account.

2.7.2 Facility is more than five years tenure

Lease income and interest on term finance overdue beyond 180 days are not recognized as revenue but credited the same to interest suspense account.

2.8 Property, plant and equipments and depreciation

2.8.1 Own assets

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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.

2.8.2 Assets acquired under finance lease

Leasehold assets are accounted for as finance lease and capitalized at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payment whichever is lower as per Bangladesh Accounting Standard (BAS) 17: Leases. The corresponding principal amount payable to the lessor is shown as liability.

2.8.3 Subsequent expenditure on property, plant and equipment

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

2.8.4 Depreciation on property, plant and equipment

Depreciation is provided to amortize 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 has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is calculated on the cost of assets in order to write off such amount over the estimated useful life of such assets. Depreciation is provided at the following rates on straight line basis:

	Rates
Land and building	5%
Motor Vehicles:	
New	20%
Reconditioned	33.33%
Furniture and fixtures	12.50%
Equipment and appliances	20%

2.8.5 Disposal of property, plant and equipment

On disposal of fixed Assets, gain or loss on such disposal is reflected in the income statement as non-operating income or loss.

2.9 Intangible assets

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 amortization.

2.9.1 Subsequent expenditure on intangible assets

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

2.9.2 Amortization of intangible assets

Intangible assets are amortized on straight line basis to the income statement from the date when the asset is available for use over its best estimated economic life. Intangible assets i.e. acquisition cost of the Accounting Software will be amortized within two years.

2.10 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.

2.11 Foreign currency translation

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets and liabilities are reported at the rates prevailing on the Balance Sheet date. Exchange gain or loss arising out of the said conversions are recognized as income or expense for the year.

2.12 Taxation

2.12.1 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 Balance Sheet date.

2.12.2 Deferred taxation

The Company accounted for deferred tax as per Bangladesh Accounting Standard (BAS) 12: Income Taxes. Deferred tax is provided using the liability method for all temporary timing 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 deferred tax.

2.13 Provision for doubtful investment

Provision for investments portfolio 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 August 03, 2002 and FID circular no. 03 dated May 03, 2006 are the bases for calculating the provision for investment and advances.

2.14 Securitization of loans and leases

During 2004, an aggregating Tk 314,155,141 of term finance and lease finance have been securitized and transferred out from the books of accounts to IPDC Securitization Trust 2004-A, the Special Purpose Vehicle (SPV) created for securitization and issue of Zero Coupon Bonds.

IPDC will continue to service the loans and leases on behalf of SPV and it will receive servicing fee @ 0.25 % per annum on outstanding face value of the bonds.

2.15 Employees benefits

2.15.1 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.

2.15.2 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 in 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. No actuarial valuation has been carried out for the Company's gratuity liabilities.

2.15.3 Other employees benefit obligations

The Company operates a Group Insurance Scheme for its permanent employees.

2.16 Accrued expenses, provisions and payables

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

Provisions and accrued expenses are recognized 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.

2.17 Related party transactions

As per Bangladesh Accounting Standard (BAS) 24: Related Party Disclosures transaction, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related Party disclosures have been given in Note 31.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise 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.

2.19 Cash flow statement

The cash flow statement is prepared using the direct method in accordance with Bangladesh Accounting Standard (BAS) 07: Cash Flow Statement.

2.20 Earnings per share -EPS

The Company calculates earnings per share (EPS) in accordance with Bangladesh Accounting Standard (BAS) 33: Earnings Per Share has been shown on the face of Income Statement and computation of EPS is stated in note 30.

2.20.1 Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

2.20.2 Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

2.20.3 Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

2.20.4 Diluted earnings per share

Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

2.21 Litigation

The Company is not a party to any material law suits except those arising in the normal course of business. The company has been filed necessary law suits against the default clients for non-performance in loan/lease repayment. The Company, however, provides adequate provision against such doubtful finance.

2.22 Guarantee, commitments and contingencies

Corporate guarantee represents irrevocable assurance that the Company will make payments in the event that a client cannot meet its obligation to third parties.

2.23 Proposed dividend

The Board of Directors in its meeting held on March 07, 2008 has recommended @ 5% cash dividend i.e. Tk 32,393,235 and @ 10 % stock dividend i.e. Tk. 64,786,470 of paid up share capital subject to approval in the next Annual General Meeting of the shareholders' to be held on May 22, 2008 for the year ended December 31, 2007.

BAS 1: Presentation of financial statements, also requires the dividend proposed after the Balance Sheet date but before the Financial Statements are authorized for issue, be disclosed either on the face of the Balance Sheet as a separate component of equity or in the notes to the Financial Statement. Accordingly, the Company has disclosed the same on the face of Balance Sheet. The dividend details are disclosed in the note no. 34 of the Financial Statements.

2.24 Statutory reserve

As per Financial Institutions Regulations 1994, NBFIs are required to transfer 20% of its post tax profit to statutory reserve before declaration of dividend. This requirement has been properly complied with by IPDC.

2.25 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with Bangladesh Accounting Standard requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets, liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual results reported could differ from those estimates.

In accordance with the guidelines as prescribed by Bangladesh Accounting Standard (BAS) 37: Provisions, contingent liabilities and contingent assets, provisions are recognized in the following situations:

When the Company has an obligation as a result of past events;

When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

Reliable estimate can be made of the amount of the obligation.

2.26 Off balance sheet items

Off balance sheet items have been disclosed under "Contingent liabilities" under note no. 35.

2.27 Events after the balance sheet date

All material events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in note no. 34.

2.28 Reporting currency

The financial statements are expressed in Bangladeshi Taka currency.

3. Share capital

	Amount in Taka	
	2007	2006
Authorized:		
10,000,000 Ordinary shares of Tk 100 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up:		
6,478,647 (2006: 6,170,140) Ordinary shares of Tk 100 each	647,864,700	617,014,000
	647,864,700	617,014,000

Paid up capital is made up of 2,570,140 shares paid up in cash and 3,908,507 shares through issuance of bonus shares.

3.1 Paid up capital of the Company is held as follows:

Foreign		
Aga Khan Fund for Economic Development - AKFED	330,749,100	314,999,200
Others	500	500
Domestic		
Government of the People's Republic of Bangladesh - GOB	141,750,000	135,000,000
Alliance Holdings Ltd.	14,707,300	14,007,000
Summit Industrial & Mercantile Corporation	14,707,300	14,007,000
General Shareholders	145,950,200	139,000,000
Others	300	300
	647,864,700	617,014,000

3.2 Number of ordinary shares and percentage of holding are as follows:

	2007		2006	
	No	% of holding	No	% of holding
Foreign				
Aga Khan Fund for Economic Development -AKFED	3,307,491	51.05	3,149,992	51.05
Others	5	-	5	-
Domestic				
Government of the People's Republic of Bangladesh -GOB	1,417,500	21.88	1,350,000	21.88
Alliance Holdings Ltd.	147,073	2.27	140,070	2.27
Summit Industrial & Mercantile Corporation	147,073	2.27	140,070	2.27
General Shareholders	1,459,502	22.53	1,390,000	22.53
Others	3	-	3	-
	6,478,647	100.00	6,170,140	100.00

3.3 Composition of shareholding was as follows:

	No. of shares	
	2007	2006
Institutional shareholding (including GOB)	5,520,239	5,272,740
Individual shareholding	958,408	897,400
	6,478,647	6,170,140

3.4 Classification of shareholders by holding as required by Regulation 37 of the Listing Regulation of the Dhaka Stock Exchange Limited

Number of shares	No. of shareholders	No. of shares	% of Holdings
1 to 500 shares	7,646	533,869	8.24%
501 to 5,000 shares	323	398,192	6.15%
5,001 to 10,000 shares	16	109,139	1.68%
10,001 to 20,000 shares	10	127,410	1.97%
20,001 to 30,000 shares	4	111,739	1.72%
30,001 to 40,000 shares	1	34,075	0.53%
40,001 to 50,000 shares	2	82,281	1.27%
50,001 to 1,00,000 shares	1	62,805	0.97%
1,00,001 to 1,000,000 shares	2	294,146	4.54%
over 1,000,000	2	4,724,991	72.93%
Total	8,007	6,478,647	100.00%

The shares were listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd from December 03, 2006 and traded at Tk. 325.75 and Tk 328.50 at the close of 31 December 2007 at Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. respectively.

3.5 Regulatory capital

In accordance with the Financial Institutions Regulations, 1994 and Bangladesh Bank guidelines as stipulated in FID circular no. 02 of June 29, 2003, every Non Banking Financial Institution which is registered in Bangladesh as a Company has to increase its capital up to Tk 250 million within June 2006 or 6% of total liabilities which ever is higher. As at December 31, 2007, total capital of IPDC is Tk 1,688 million which is 30.57% of its total liabilities.

For the purpose of the minimum capital standards, a NBFI is considered adequately capitalized if core capital equals or exceeds the minimum capital. Core capital is defined as the stated value of ordinary shares, retained earnings plus statutory reserve and current year's profit/(loss). Core capital does not include any unrealized gain on securities held for trading and revaluation reserve of fixed assets.

Total capital base of IPDC is used to meet all regulatory requirements. Total capital is defined as the sum of core capital plus provision for future losses equivalent to 1% of unclassified loans/leases. Following table shows core capital and total capital at December 31, 2007 and 2006. Core capital grew to Tk 1,650 million at December 31, 2007 from Tk 1,578 million at December 31, 2006. Total capital grew to Tk 1,688 million at the end of 2007 from Tk 1,619 million at year ended 2006.

	Amount in Taka	
	2007	2006
Total shareholders' equity	1,673,854,777	1,602,093,299
Less: Revaluation reserve	23,627,792	23,627,792
Core capital	1,650,226,985	1,578,465,507
Required minimum capital (6% of total liabilities)	331,288,154	362,356,828
Excess of core capital over minimum capital	1,318,938,831	1,216,108,679
Core capital	1,650,226,985	1,578,465,507
Add: Provision for future losses (1% of unclassified loans/leases)	37,598,028	40,231,770
Total capital	1,687,825,013	1,618,697,277
Required minimum capital (6% of total liabilities)	331,288,154	362,356,828
Excess of total capital over required capital	1,356,536,859	1,256,340,449

4. Share premium

Share premium of Tk 167,014,000 is made up of 280,140 shares issued in 2004 for Tk 200 per share in which Tk 100 was premium per share and 1,390,000 shares issued in 2006 as initial public offering in which Tk. 100 was premium per share.

5. Statutory reserve

This comprises of the cumulative balance of reserve as required by section 9 of the Financial Institutions Act, 1993 and Regulation 6 and 4(d) of the Financial Institutions Regulations, 1994.

	Amount in Taka	
	2007	2006
Balance at 1 January	78,966,896	44,949,704
Addition during the year (20% of post tax profit)	26,692,576	34,017,192
Balance at 31 December	105,659,472	78,966,896

6. Long term loan (unsecured)

	Amount in Taka	
	2007	2006
Balance at 1 January	2,108,993,779	3,836,636,248
Addition during the year -	-	324,555,197
	2,108,993,779	4,161,191,445
Less: Repayment/adjustment during the year	1,384,305,171	2,052,197,666
Balance at 31 December	724,688,608	2,108,993,779
Long term loan-non current	255,102,644	1,113,906,349
Long term loan-current	469,585,964	995,087,430
	724,688,608	2,108,993,779
6.1 Detailed break up is as follows:		
In foreign currency		
German Investment & Development Company - DEG	122,427,387	240,559,517
International Finance Corporation - IFC	84,875,000	170,750,000
The OPEC Fund for International Development	61,727,551	124,182,035
	269,029,938	535,491,552
In local currency		
BRAC Bank Ltd. - Bond	-	180,000,000
Credit Bridge Stand by Facility - CBSF	237,522,497	328,868,955
International Development Association - IDA	17,607,673	39,004,180
Commercial Bank of Ceylon Ltd.	50,000,001	133,333,333
Janata Bank Ltd.	-	200,000,000
Prime Bank Ltd.	55,177,317	289,074,148
The Trust Bank Ltd.	-	200,000,000
Uttara Bank Ltd.	95,351,182	203,221,611
	455,658,670	1,573,502,227
	724,688,608	2,108,993,779

All loans are unsecured. However, the Company has provided undertaking of negative pledge of its assets to the lenders.

7. Deferred interest

This represents interest accrued during the grace period of four years on IDA line of credit repayable in equal installments over the loan period as shown below:

	Amount in Taka	
	2007	2006
Balance at 1 January	941,872	3,899,939
Add: Provision made during the year	-	3,107,145
	941,872	7,007,084
Less: Adjustment made during the year	941,872	6,065,212
Balance at 31 December	-	941,872

8. Deferred liabilities

Gratuity Fund (Note 8.1)	2,380,288	2,254,080
Receipts against lease (Note 8.2)	35,649,219	53,522,198
	38,029,507	55,776,278

8.1 Gratuity Fund

This liability represents provision for staff gratuity upto 31 December 2007. Gratuity provision is made at the rate of one month's basic salary for each completed year of service.

Balance at 1 January	2,254,080	2,512,288
Add: Provision made during the year	918,083	1,082,460
	3,172,163	3,594,748
Less: Payment during the year	791,875	1,340,668
Balance at 31 December	2,380,288	2,254,080

8.2 Receipts against lease

Receipts against lease represents lease deposits and security deposits received from lessees against finance on the stipulation that the amount will be adjusted with the outstanding rentals/installments. Lease deposits and security deposits made up as under:

Balance at 1 January	53,522,198	70,811,778
Add: Receipts during the year	13,983,475	8,603,740
	67,505,673	79,415,518
Less: Adjusted during the year	31,856,454	25,893,320
Balance at 31 December	35,649,219	53,522,198

Break up of receipts against lease are as follows:

	Amount in Taka	
	2007	2006
Lease deposits	35,649,219	41,522,198
Security deposits	-	12,000,000
	35,649,219	53,522,198

Purpose of taking lease deposits and security deposits is to secure the finance provided to the clients. No interest is payable on lease deposits while security deposits are interest bearing.

9. Term deposits

This comprises renewable nature interest bearing term deposits received from institutions and individuals. A part of the deposits are of revolving nature and renewed for further period. Based on previous experience with the depositors, management is of the opinion that substantial, if not all, portion of such deposits will be renewed and considered as non-current liability, in accordance with the relevant provision of Bangladesh Accounting Standard (BAS) 1: Presentation of financial statements. This is made up as under:

	Amount in Taka	
	2007	2006
Balance at 1 January	2,423,451,589	4,820,452,860
Addition during the year	5,383,182,650	3,025,951,542
	7,806,634,239	7,846,404,402
Encashed/matured during the year	4,761,467,803	5,422,952,813
Balance at 31 December	3,045,166,436	2,423,451,589
Term deposits-non current	1,330,409,436	18,153,000
Term deposits-current	1,714,757,000	2,405,298,589
	3,045,166,436	2,423,451,589

10. Property, plant and equipment

Category of asset	Cost			Rate	Depreciation			Written down value	
	At 1-Jan-07	Addition during the year	Disposal during the year		At 1-Jan-07	Charged during the year	Adjusted during the year	At 31-Dec-07	At 31-Dec-06
Land and building	68,441,292	27,500,000	-	5%	3,873,609	3,422,064	-	7,295,673	88,645,619
Motor vehicles	16,209,414	1,447,212	878,440	20%&33.33%	6,675,612	4,038,084	878,437	9,835,259	6,942,927
Furniture & fixtures	20,264,288	1,015,759	-	12.50%	4,471,539	2,474,036	-	6,945,575	14,334,472
Equipment and appliances	20,650,742	1,973,109	-	20%	9,173,846	2,998,219	-	12,172,065	10,451,786
Balance	125,565,736	31,936,080	878,440		24,194,606	12,932,403	878,437	36,248,572	120,374,804
								101,371,130	

10.1 Addition of Tk 27,500,000 in the land and building represents the value of the building including land for which ownership has been transferred in favor of IPDC based on the verdict given by the court against a defaulted borrower. Present market value of this land and building is Tk 45,355,788. No depreciation has been charged on the addition of land and building during the year.

10.2 Revaluation of office premises

The office premises (shown under land and building) with proportionate land comprising 11,661 Sft of office space on 4th floor of Hosna Center, 106 Gulshan Avenue, Dhaka-1212, along with car parking for 15 cars, have been revalued by the management as of 31st December 2005 in line with prevailing market price as on that date.

Accordingly selling price of the premises with proportionate land is stated at Tk. 67,694,400 with a revaluation adjustment of Tk. 23,627,792 as on December 31, 2005.

11. Intangible assets

This includes cost of accounting software. Intangible assets have been recognized in accordance with Bangladesh Accounting Standard (BAS) 38: Intangible Assets, details of which are as follows:

Category of asset	Cost			Rate	Amortization			Written down value	
	At 1-Jan-07	Addition during the year	Disposal during the year		At 1-Jan-07	Charged during the year	Adjusted during the year	At 31-Dec-07	At 31-Dec-06
Accounting software	-	1,600,000	-	50%	-	800,000	-	800,000	-
Balance	-	1,600,000	-		-	800,000	-	800,000	-

12. Deferred tax assets

Deferred tax assets has been recognized in accordance with the provision of Bangladesh Accounting Standards - 12: Income Taxes based on taxable temporary difference arising due to difference in the carrying amount of the assets and liabilities in the financial statements and its tax base. Movement of deferred tax asset are follows:

	Amount in Taka	
	2007	2006
Balance at 1 January	163,142,857	149,621,752
Addition during the year	37,395,767	13,521,105
	200,538,624	163,142,857
Adjustment during the year	-	-
Balance at 31 December	200,538,624	163,142,857

13. Investments and advances

Item-wise book value of investments together with maturity are as follows:

At 31 Dec 2007		Maturity		
		Notes	Book value	Non-current
			Taka	Taka
Investment in shares	13.1		913,967,027	671,870,869
Long term finance	13.2		2,224,344,928	1,523,855,366
Net lease receivables	13.3		1,404,162,239	1,086,361,389
Short term finance	13.4		677,263,478	-
Advances against lease finance	13.5		68,000,000	-
			5,287,737,672	3,282,087,624

At 31 Dec. 2006		Maturity		
			Book value	Non-current
			Taka	Taka
Investment in shares	13.1		847,661,048	618,198,668
Long term finance	13.2		2,456,843,035	1,638,402,644
Net lease receivables	13.3		1,131,111,983	776,194,095
Short term finance	13.4		1,145,737,437	-
Advances against lease finance	13.5		29,200,000	-
			5,610,553,503	3,032,795,407

13.1 Investment in shares

This represents investment in shares made by the Company both in listed and unlisted shares. The movement of investment in shares are as follows:

	No of company	Balance at 1 Jan. 2007	Addition during the year	Redemption/ sale during the year	Balance at 31 Dec. 2007
		Taka	Taka	Taka	Taka
Ordinary shares:					
Listed companies	7	53,396,158	-	500,000	52,896,158
Unlisted companies	9	90,000,000	-	6,329,131	83,670,869
Preference shares:					
Unlisted companies	16	704,264,890	150,000,000	76,864,890	777,400,000
		847,661,048	150,000,000	83,694,021	913,967,027
2006		1,282,314,949	-	434,653,901	847,661,048

Details of shares are as follows:

	2007		2006
	Cost	Market value	Cost
Listed shares			
Aims Mutual Fund	-	-	500,000
Bemco Electric Metre Ltd.	7,000,000	2,660,000	7,000,000
IDLC of Bangladesh Ltd.	59,284	3,038,000	59,284
Meghna Condensed Milk Ltd.	27,655,000	17,146,100	27,655,000
Meghna Pet Industries Ltd.	7,965,000	1,991,250	7,965,000
Padma Cement Industries Ltd.	10,000,000	3,100,000	10,000,000
Padma Textile Mills Ltd.	12,349	209,582	12,349
Tripty Industries Ltd.	204,525	119,988	204,525
	52,896,158	28,264,920	53,396,158
Unlisted shares			
Alliance Bags Ltd.	3,000,000	3,000,000	3,000,000
AMK Steels Ltd.	15,000,000	15,000,000	15,000,000
Artisan Ceramics Ltd.	20,000,000	20,000,000	20,000,000
CSL Software Resources Ltd.	1,000,000	1,000,000	1,000,000
Ekushey Television Ltd.	8,170,869	8,170,869	12,500,000
Gonophone Bangladesh Ltd.	20,000,000	20,000,000	20,000,000
Harvest Rich Ltd.	5,000,000	5,000,000	5,000,000
Knowvision	-	-	2,000,000
Quality Feeds Ltd.	1,500,000	1,500,000	1,500,000
Shinepukur Ceramics Ltd.	10,000,000	10,000,000	10,000,000
	83,670,869	83,670,869	90,000,000

Cumulative redeemable preference shares	2007		2006
	Cost	Market value	Cost
Aftab Automobiles Ltd.	25,000,000	25,000,000	25,000,000
Alliance Bags Ltd.	-	-	6,391,090
AMK Steels Ltd.	35,000,000	35,000,000	35,000,000
Argyle Sweaters Ltd.	20,000,000	20,000,000	20,000,000
Basic Dredging Company Ltd.	20,000,000	20,000,000	20,000,000
Confidence Salt Ltd.	50,000,000	50,000,000	50,000,000
Delta Brac Housing Finance Corporation Ltd.	100,000,000	100,000,000	100,000,000
J & J Medical (Bangladesh) Ltd.	7,000,000	7,000,000	7,000,000
Kazi Breeders Ltd.	50,000,000	50,000,000	50,000,000
Kazi Firms Ltd.	45,000,000	45,000,000	45,000,000
Kazi Grand Parents Ltd.	14,400,000	14,400,000	48,960,000
Nasir Glass Industries Ltd.	117,000,000	117,000,000	120,000,000
Rahimafrooz Batteries Ltd.	-	-	32,913,800
Premium Seed Ltd.	4,000,000	4,000,000	4,000,000
Saiham Cement Industries Ltd	150,000,000	150,000,000	-
Saiham Cement Industries Ltd	50,000,000	50,000,000	50,000,000
Samwon LK Electronics Ltd.	50,000,000	50,000,000	50,000,000
Shasha Denims Ltd.	40,000,000	40,000,000	40,000,000
	777,400,000	777,400,000	704,264,890
	913,967,027	889,335,789	847,661,048

Investments in shares have been shown at cost and adequate provision for probable future losses has been made as per Bangladesh Bank guidelines. Market value of shares has been determined on the basis of the value of shares at last trading date of the year. The unlisted investments are shown at cost because the fair value cannot be measured reliably. Adequate provision has been made against the unlisted ordinary and preference shares for future losses of investments. (Note no. 14).

13.2 Long term finance

This represents disbursements of term finance to different parties for a minimum period of more than twelve months:

	Balance at 1 Jan. 2007	Addition during the year	Repayment/ Adjustment during the year	Balance at 31 Dec 2007
	Taka	Taka	Taka	Taka
In local currency	2,294,515,561	433,866,078	605,839,915	2,122,541,724
In foreign currency	139,527,474	-	37,724,270	101,803,204
In bridge finance	22,800,000	-	22,800,000	-
	2,456,843,035	433,866,078	666,364,185	2,224,344,928
2006	2,768,256,710	430,270,454	741,684,129	2,456,843,035

13.3 Net lease receivables

	Current	Non-current	Total
	Taka	Taka	Taka
2007			
Gross lease receivables	478,205,708	1,294,301,161	1,772,506,869
Less: Unearned income	160,404,858	207,939,772	368,344,630
Net lease receivables	317,800,850	1,086,361,389	1,404,162,239
2006			
Gross lease receivables	523,199,292	971,231,462	1,494,430,754
Unearned income	168,281,404	195,037,367	363,318,771
Net lease receivables	354,917,888	776,194,095	1,131,111,983

13.4 Short term finance

This represents disbursements of term finance to different parties for a maximum period of twelve months:

	Amount in Taka	
	2007	2006
Balance at 1 January	1,145,737,437	1,792,048,244
Add: Addition/adjustment during the year	168,902,611	253,470,589
	1,314,640,048	2,045,518,833
Less : Recovered/adjusted during the year	637,376,570	899,781,396
Balance at 31 December	677,263,478	1,145,737,437

13.5 Advances against lease finance

This represents disbursements made for procurement of leased assets which are yet to be executed. On execution of lease, advance will be transferred to gross lease receivables.

Balance at 1 January	29,200,000	204,963,615
Add: Addition during the year	467,076,493	131,242,118
	496,276,493	336,205,733
Less : Executed during the year	428,276,493	307,005,733
Balance at 31 December	68,000,000	29,200,000

14. Provision for investments and advances

Balance as at 1 January	532,075,927	509,883,000
Add: Provision made during the year	81,706,211	22,192,927
	613,782,138	532,075,927
Less: Write off during the year (Note 14.1)	4,159,856	-
Balance at 31 December	609,622,282	532,075,927

	Amount in Taka	
	2007	2006
Break up of provision on the basis of product is as under:		
Lease finance	205,145,147	135,588,606
Long term finance	188,860,465	169,343,115
Short term finance	101,145,728	110,122,283
Advance against lease finance	680,000	292,000
Investment in shares	113,790,942	106,719,265
IPDC Securitization Trust 2004A	-	10,010,658
	609,622,282	532,075,927

14.1 During the year the Company has written off of receivables of two accounts as per FID circular no. 03 dated March 15, 2007 against a delinquent borrower.

15. Accounts receivable - projects

Dividend receivable - shares	164,645,009	158,590,349
Accounts receivable lease	254,262,524	539,237,655
Accounts receivable long term finance	375,674,543	134,727,357
Accounts receivable short term finance	16,948,424	35,219,958
Accounts receivable securitization trust	10,043,308	-
	821,573,808	867,775,319

16. Receivable others

Interest accrued on bank deposit	5,347,176	4,270,157
	5,347,176	4,270,157

17. Advances, deposits and prepayments

Advance payment of tax (Note 17.1)	151,656,244	141,109,284
Advance to IPDC Securitization Trust-2004-A	-	17,104,298
Other advances (Note 17.2)	3,925,398	9,379,892
Deposits	453,953	449,953
Prepayments (Note 17.3)	3,809,159	2,455,794
	159,844,754	170,499,221

All advances are unsecured but considered good.

17.1 Advance payment of tax

Advance payment of tax represents corporate income tax paid and tax deducted at sources from different heads, which would be adjusted with the corporate tax liability of the Company.

		Amount in Taka	
		2007	2006
17.2 Other advances			
Advance for traveling	-	268,113	
Advance to employees (Note 17.2.1)	2,224,751	3,623,341	
Legal fees	-	40,000	
City Corporation Tax	119,700	180,000	
Hosna Centre Owners' Cooperative Society	787,117	1,244,922	
Advance against supplies	760,830	1,233,000	
Advance others	33,000	2,790,516	
	3,925,398	9,379,892	

17.2.1 Advance to employees

Tk 2,224,751 represents advances made to employee as a house building loan.

17.3 Prepayments

FC line of credits	1,560,840	830,715
Office rent	706,471	83,231
Prepayment for others	1,541,848	1,541,848
	3,809,159	2,455,794

18. Cash and cash equivalents

Cash in hand	19,990	19,990
Current account - CD (Note 18.1)	73,930,636	34,724,649
Short term deposits - STD (Note 18.2)	1,257,140	86,502,785
Fixed deposits - FDR (Note 18.3)	523,899,396	602,514,157
	599,107,162	723,761,581

18.1 Current accounts - CD

Bangladesh Bank	64,484,149	33,302,732
Basic Bank Ltd	2,300	-
Commercial Bank of Ceylon Ltd.	75,423	-
The HSBC Ltd.	1,469	1,421,917
Jamuna Bank Ltd	2,292	-
Uttara Bank Ltd	8,011	-
AB Bank Ltd	9,356,992	-
	73,930,636	34,724,649

		Amount in Taka	
		2007	2006
18.2 Short term deposits - STD			
Local currency			
Dutch Bangla Bank Ltd	39,484	7,755,463	
The HSBC Ltd	-	7,800	
IFIC Bank Ltd	11,863	(2,334)	
AB Bank Ltd.	1,074,420	26,606,250	
	1,125,767	34,367,179	
Foreign currency			
AB Bank Ltd	131,373	52,135,606	
	1,257,140	86,502,785	
18.3 Fixed deposits - FDR			
Foreign currency			
Citi Bank NA	183,969,699	-	
Commercial Bank of Ceylon Ltd.	-	197,809,660	
Standard Chartered Bank	89,929,697	180,518,984	
AB Bank Ltd	-	164,670,704	
	273,899,396	542,999,348	
Local currency			
Eastern Bank Ltd.	150,000,000	-	
Bank Alfalah Ltd	100,000,000	-	
Shahjalal Bank Ltd.	-	59,514,809	
	250,000,000	59,514,809	
	523,899,396	602,514,157	

Deposit with Bangladesh Bank is interest free and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.50% is maintained with Bangladesh Bank current account on all deposits taken from different sources other than Banks and Financial Institutions.

Bangladesh Bank regulations also require to maintain Statutory Liquidity Reserve (SLR) @ 5% including the CRR on total external liabilities, excluding fund taken from Banks and Financial Institutions. IPDC maintains this reserve mostly in the form of investment in fixed deposits and cash and cash equivalents with banks and financial institutions.

19. Short term loan

Bank overdrafts

Citi Bank NA	185,571,750	-
Standard Chartered Bank	61,977,585	10,138,854
	247,549,335	10,138,854

	Amount in Taka	
	2007	2006
Call loan		
The Premier Bank Ltd.	150,000,000	-
Eastern Bank Ltd.	40,000,000	-
The City Bank Ltd.	50,000,000	-
Prime Bank Ltd.	-	160,000,000
BRAC Bank Ltd.	-	100,000,000
Dutch Bangla Bank Ltd.	-	40,000,000
	240,000,000	300,000,000
	487,549,335	310,138,854

This represents loan taken from commercial banks in the form of Overdraft and Money at Call and Short Notice to meet the short-term requirements. As per FID circular no. 05 dated June 08, 2005, a Non-bank Financial Institution can avail call money facility maximum upto 15% of its net assets. Based on this mentioned circular maximum limit for IPDC is Tk 495 million, against which Tk. 240 million is taken as at December 31, 2007.

Total limit of overdraft is Tk 480 million as at 31 December 2007.

20. Accounts payable

Finance charge payable	155,339,231	182,886,255
Special accounts	2,539,859	80,830,357
IPDC Securitization Trust 2004-A	2,633,519	13,440,657
Provident fund	12,946,139	11,048,978
Dividend payable	2,164,755	-
Withholding tax and VAT	867,696	288,236
Other payables	23,368,016	26,417,974
	199,859,215	314,912,457

21. Interest suspense

Interest income of overdue rentals/installment of lease finance, term finance, project finance etc. are not recognized as income rather credited to interest suspense account when any finance fall into non-performing or special mention account categories. Product wise break up of interest suspense is as under:

Lease finance	157,691,807	79,268,967
Long term finance	101,817,480	79,653,703
Short term finance	21,825,637	23,082,937
Preference shares	68,279,160	55,142,876
	349,614,084	237,148,483

	Amount in Taka	
	2007	2006
22. Provision for corporate tax		
Current tax		
Balance at 1 January	55,841,230	102,029,395
Add: Provision made during the year	11,098,526	31,978,853
	66,939,756	134,008,248
Less: Adjustment/paid during the year	-	78,167,018
Balance at 31 December	66,939,756	55,841,230

Return for the year 2006 (Assessment year 2007 - 2008) has been filed by the Company on due date. Assessment for the same is yet to be completed by the concern authority.

Revised return for the year 2004 (assessment year 2005-2006) and 2005 (Assessment year 2006 - 2007) have been filed by the Company as per section 78 of Income Tax Ordinance 1984. Assessment for the same are yet to be completed by the concern authority.

Assessment up to the year 2003 (Assessment year 2004-2005) has been finalized and settled by the Company i.e. there is no tax liability up to the year 2003.

23. Other operational income

Supervision fees	287,550	482,829
Appraisal & feasibility studies fees	458,477	175,000
Commitment fees	20,593	38,062
Documentation fees	59,782	110,000
Restructuring/renewal fees	452,332	1,015,000
Transfer price of lease assets	2,542,407	-
Fees from securitization activities	3,823,695	12,345,835
Other fee income	330,900	889,835
	7,975,736	15,056,561

24. General and administrative expenses

Pay and allowances (Note 24.1)	38,564,412	35,953,663
Staff training	1,031,195	106,016
Motor vehicles expenses	1,384,313	2,046,477
Office rent	532,800	165,527
Repair and maintenance	994,667	740,714
Utilities- electricity, gas water etc.	1,468,134	1,331,937
Printing and stationery	921,587	1,107,436
Fees, subscription and donation (Note 24.2)	1,506,024	193,434
Communication expenses	1,743,517	1,414,639

	Amount in Taka	
	2007	2006
Books and periodicals	241,547	29,459
Auditors' remuneration	157,500	150,000
Legal and professional fees	6,712,407	4,929,656
Directors' remuneration and expenses (Note 24.3)	3,890,459	4,867,411
Recruitment expenses	170,598	2,448,661
Insurance premium	630,389	621,715
Traveling, conveyance and hotel expenses	360,503	755,591
Advertisement and publicity	6,343,721	2,917,097
Entertainment and public relation	131,743	38,544
AGM related expenses	1,840,913	-
Sundry office maintenance	1,747,406	1,402,245
Other operational expense	818,776	326,618
	71,192,611	61,546,840

24.1 Pay and allowances

Pay and allowances include following amount of annual contribution to the Provident Fund and provision for Gratuity Fund:

Provident Fund (Company's Contribution)	2,816,829	1,260,855
Gratuity Fund	918,083	1,082,460
	3,734,912	2,343,315

24.2 Fees, subscription and donation

Tk. 1,125,000 was donated to Chief Advisor's Relief and Welfare Fund for Sidr and flood affected people.

24.3 Directors' remuneration and expenses

Directors' remuneration	263,332	261,250
Travel & hotel etc.	3,627,127	4,606,161
	3,890,459	4,867,411

The Company pays remuneration to its Directors for attending the Board meetings, Board Credit Committee meetings and Audit Committee meetings. Fees are paid at the rate as per Bangladesh Bank Guidelines.

		Amount in Taka	
		2007	2006
25. Financial expenses			
Interest on long term lines of credit -FC		37,087,928	55,626,085
Interest on long term lines of credit -LC		78,222,478	657,503,961
Interest on call loan		33,592,180	70,700,956
Interest on bank overdrafts		10,831,393	56,816,357
Interest on security deposit		1,878,331	2,659,114
Interest on term deposits		365,514,446	112,771,952
Deposit mobilization expenses		1,987,902	-
		529,114,658	956,078,425
Less : Interest income on bank deposits		20,474,923	189,295,046
		508,639,735	766,783,379
26. Non-operational income			
Gain/(loss) on sale of marketable shares		2,026,308	(2,288,736)
Gain/(loss) on sale of non-marketable shares		-	105,366,660
		2,026,308	103,077,924
Gain on sale of fixed assets		399,998	359,637
Miscellaneous income		2,229,519	6,539,625
		2,629,517	6,899,262
		4,655,825	109,977,186
27. Exchange gain/(loss)			
This represents exchange gain/(loss) arisen due to currency fluctuation of foreign currency long term lines of credit and investments.			
28. Provision for investments and advances			
Lease finance		52,744,935	10,569,779
Long term finance		21,501,599	1,612,490
Advance against lease finance		388,000	-
Investment in shares		7,071,677	-
IPDC Securitization Trust 2004A		-	10,010,658
		81,706,211	22,192,927
29. Tax expenses			
Current tax			
Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto. The current tax rate for the Company is 45% on its business income.			

Deferred tax

Deferred tax is provided on temporary difference of tax based assets and liabilities and its carrying amount in the financial statements as per Bangladesh Accounting Standard 12: Income Taxes.

30. Earnings per share - EPS

Basic earnings per share has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year ended December 31, 2007 as per Bangladesh Accounting Standard (BAS) 33. Earnings per share for 2006 was Tk. 34.74. Restating EPS of 2006 as per BAS 33, an adjustment has been given for 308,507 number of bonus shares in 2007. Details of which are made up as under:

	Amount in Taka	
	2007	2006
Net profit after tax	133,462,878	170,085,960
Weighted average number of shares during the year:		
Number of ordinary shares at 1 January	6,170,140	6,170,140
Bonus shares issued	308,507	308,507
	6,478,647	6,478,647
Basic earnings per share	20.60	26.25

Diluted EPS

No diluted EPS is required to be calculated for the year since there was no scope for dilution of share during the year under review.

31. Related party transactions

Parties are considered to be related if one party has the ability to control other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common directors and key management position. The Company has entered into transaction with other entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: Related Party Disclosures. Transactions with related parties were executed on the same terms, including interest rates as those prevailing at the time for comparable transactions with normal business transactions with other and do not involve more than a normal risk.

Details of transactions with related parties and balances with them as at December 31, 2007 are as follows:

Related Party	Relationship	Nature of transaction	Balance outstanding
Habib Bank Ltd.	Majority shareholding by AKFED	Call Loan Borrowing	-
Aga Khan Education Services, Bangladesh	This is a part of Aga Khan Development Network - AKDN	Term Deposit	111,858,547

During the year under review the Company entered into few transactions with Habib Bank Limited (majority shares held by Aga Khan Fund for Economic Development - AKFED) in the form of Call Money Borrowings. However, IPDC did not lend any money to Habib Bank Ltd. and at December 31, 2007 no balance remained outstanding to Habib Bank Limited.

32. Employee details

There were 43 number of employees who received salary Tk 3,000 or above per month during the year 2007. (2006: 49)

33. Restriction on payment of dividend

Non-Banking Financial Institutions (NBFIs) are prohibited by Bangladesh Bank from declaring any cash dividend on ordinary shares in accordance with FID circular no. 02 dated 29 June, 2003. As per this circular, a non-banking financial institution can not declare any cash dividend until and unless the share capital including the reserve and surplus is raised upto Tk. 250.00 million. As at December 31, 2007, total capital of IPDC is Tk. 1,688 million as against minimum requirement of Tk. 250.00 million.

NBFIs are also required to transfer 20% of the profit to statutory reserve before declaration of dividend as per Financial Institutions Regulations, 1994. Industrial Promotion and Development Company of Bangladesh Ltd. (IPDC) transferred 20% on post tax profit in compliance with the regulation.

34. Events after the balance sheet date as per BAS 10

No material event occurred after the balance sheet date, which could materially affect the amounts or disclosures in these financial statements except the followings:

The Board of Directors recommended @ 5% cash dividend i.e. Tk. 32,393,235 and @ 10% stock dividend i.e. Tk. 64,786,470 of paid up share capital subject to approval of the shareholders' in the next Annual General Meeting scheduled to be held on May 22, 2008.

35. Contingent liabilities

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities. No losses are anticipated as a result of these transactions. Total contingent liabilities as on the balance sheet date are as under:

	Amount in Taka	
	2007	2006
Guarantee against IPDC Securitization Trust 2004A	16,285,885	35,858,000
Letter of credit opened for import of machinery for the purpose of lease	46,000,000	-
	62,285,885	35,858,000

There are no other contingent liabilities on account at the balance sheet date.

36. Board meetings

During the year total 04 (four) Board Meetings were held (2006: 04).

37. Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for at December 31, 2007. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2007.

38. Foreign remittance

The Company remitted USD 457,156 equivalent Tk 31,500,228 as dividend for the year 2006 in favor of Aga Khan Fund for Economic Development - AKFED during the year 2007.

39. Foreign currency exposure profile

The Company translated its all foreign currency assets and liabilities at the prevailing rates as per Bangladesh Accounting Standard (BAS) 21: The effects of changes in foreign exchange rates.

40. Reporting currency and level of precision

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest Taka.

41. Claim against the company not acknowledged as debt

The company does not have any claim that has not been acknowledged as debt at the balance sheet date.

42. Geographical area of operation

The Company has registered its Head Office in Gulshan and its one branch office in Dhanmondi at Dhaka but the area of operation covered the whole territory of Bangladesh.

43. Comparative figures

Comparative information have been disclosed in respect of 2006 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Applying para 27 to BAS-1, previous year's figures have been rearranged, where necessary, to conform to current year's presentation for which the following effects have been done over the Financial Statements of 2006.

Sources of fund

Balance as per Financial Statement of 2006
Restated balance for current year's presentation

2,772,717,798
3,322,946,725
550,228,927

Application of fund

Balance as per Financial Statement of 2006
Restated balance for current year's presentation

2,772,717,798
3,322,946,725
550,228,927

Reconciliation

Provision for investments and advances disclosed separately (Note 14)	532,075,927
Term deposits-Non current maturity disclosed separately (Note 9)	18,153,000
	550,228,927

Investments and advances

Investments net of provision	5,088,488,234
Add: Provision for investments and advances	522,065,269
Rearranged/restated balance for current year's presentation (Note 13)	5,610,553,503

Accounts receivable-Projects

Balance as per Financial Statement of 2006	872,045,476
Rearranged/restated balance for current year's presentation (Note 15)	867,775,319
Receivables others disclosed separately (Note 16)	4,270,157

Advances, deposits and prepayment

Balance as per Financial Statement of 2006	160,488,563
Rearranged/restated balance for current year's presentation (Note 17)	170,499,221
Provision against securitized assets disclosed under provision for investments and advances (Note 14)	10,010,658

Current liabilities:

Term deposits

Short term loan	1,465,000,000
Deposits	940,298,589
Rearranged/restated balance for current year's presentation (Note 9)	2,405,298,589

Accounts payable

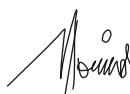
Balance as per Financial Statement at 2006	552,060,940
Rearranged/restated balance for current year's presentation (Note 20)	314,912,457
Interest suspense disclosed separately (Note 21)	237,148,483

Short term loan

Call loan	300,000,000
Bank overdraft	10,138,854
Rearranged/restated balance for current year's presentation (Note 19)	310,138,854



Company Secretary



Managing Director & CEO C.C.



Chairman



I/We
of being member of IPDC of
Bangladesh Ltd. and entitled to vote, hereby appoint Mr/Mrs/Miss of

Signed this _____ day of _____ 2008

Signature of Proxy _____

Revenue
Stamp
Tk. 8.00

BO ID:

No. of Shares _____

1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the Shareholders should agree with the Specimen Signature registered with the Company.



I hereby record my attendance at the 26th Annual General Meeting of the Company being held on Thursday, 22 May, 2008 at 10:30 a.m.
at BDR Darbar Hall, Dhaka

Name of Member/Proxy _____

BO ID:

Signature _____

Date _____

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.



your trusted wealth builder

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