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**Industrial Promotion and Development  
Company of Bangladesh Limited**

Report and financial statements  
for the year ended 31 December 2002



**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
INDUSTRIAL PROMOTION AND DEVELOPMENT COMPANY OF BANGLADESH LIMITED**

We have audited the accompanying balance sheet of the Industrial Promotion and Development Company of Bangladesh Limited as of 31 December 2002 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.

Bangladesh Accounting Standard no. 21: "The Effects of Changes in Foreign Exchange Rates", requires revaluation of all foreign currency monetary assets and liabilities as at the balance sheet date, using exchange rates prevailing on that date. The resultant difference is required to be charged/credited to the earnings of the year. As at 31 December 2002, IPDC only partially revalued such items, leaving a net revaluation gain of Tk. 102,113,467 not accounted for.

Except for the above, in our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of 31 December 2002 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 accounts 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 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;



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- (f) the information and explanations required by us have been received and found satisfactory;
- (g) adequate provision has been made for leases and advances considered to be doubtful;
- (h) the company has followed the instructions issued by Bangladesh Bank in matters of lease/advance classification, provisioning and suspension of interest; and
- (i) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets.

Dhaka, 29 April 2003



## Industrial Promotion and Development Company of Bangladesh Limited

### Balance Sheet at 31 December 2002

<u>Source of Fund</u>	<u>Notes</u>	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
<b>Shareholders' equity:</b>			
Share capital	3	450,000,000	450,000,000
Statutory reserve	4	44,949,704	44,949,704
Retained earnings		241,992,570	175,065,743
		736,942,274	670,015,447
<b>Loan funds (unsecured):</b>			
Lines of credit	5	2,951,375,963	2,309,524,275
Less : Current portion of lines of credit		(482,321,265)	(275,988,019)
		2,469,054,698	2,033,536,256
IDA line of credit - deferred interest	6	18,778,374	33,485,718
		2,487,833,072	2,067,021,974
<b>Deferred liabilities</b>	7	71,130,784	57,776,626
<b>Deferred tax liabilities</b>	8	43,180,048	14,816,244
		<u>3,339,086,178</u>	<u>2,809,630,291</u>
<b><u>Application of Fund</u></b>			
<b>Tangible assets</b>			
Fixed assets at cost less accumulated depreciation	9	7,086,929	7,496,131
<b>Investments - net of provisions:</b>	10		
Equity		761,576,701	687,917,713
Long term loans		1,708,866,850	1,548,001,197
Leases		1,085,871,129	715,923,182
Short term finance		439,240,666	257,575,345
Advances against lease		166,147,204	169,063,901
		4,161,702,550	3,378,481,338
Less: Current portion of investments	11	(1,336,238,879)	(927,183,800)
		2,825,463,671	2,451,297,538

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	Notes	2002 Taka	2001 Taka
<b>Current assets:</b>			
Current portion of investments	11	1,336,238,879	927,183,800
Accounts receivable	12	236,752,649	171,523,985
Advances, deposits and prepayments	13	86,450,899	32,702,344
Cash and bank balances	14	3,524,472,078	2,265,342,966
		5,183,914,505	3,396,753,095
<b>Current liabilities and provisions:</b>			
Call loan		2,710,000,000	1,860,000,000
Bank overdraft		532,310,611	367,703,377
Short term loan		800,000,000	400,000,000
Current portion of lines of credit		482,321,265	275,988,019
Accounts payable	15	102,247,051	69,225,077
Provision for taxation	16	28,000,000	28,000,000
Proposed dividend		22,500,000	45,000,000
		4,677,378,927	3,045,916,473
<b>Net current assets</b>		506,535,578	350,836,622
		<u>3,339,086,178</u>	<u>2,809,630,291</u>

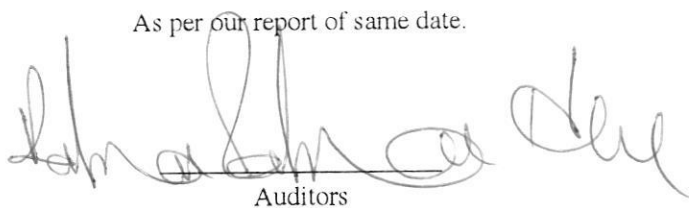
The annexed notes 1 to 28 form an integral part of these financial statements.

  
Director

  
Director

  
Managing Director

As per our report of same date.

  
Auditors

Dhaka, 29 April 2003





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Rahman Rahman Huq

Industrial Promotion and Development Company of Bangladesh Limited

Profit and Loss Account  
for the year ended 31 December 2002

	Notes	2002 Taka	2001 Taka
Operating revenue:			
Dividend on investment in shares		77,088,573	46,378,677
Profit on sale of shares		55,291,658	31,987,416
Interest on loans		238,361,211	215,327,116
Lease rental income		369,287,291	202,210,039
Interest on short term finance		45,982,454	31,983,480
Supervision fees		10,449,201	9,956,751
Consultancy fees		860,102	-
Appraisal and feasibility studies fees		3,765,000	6,205,860
Syndication fees		2,740,000	6,800,000
Commitment fees		883,353	713,445
Documentation fees		1,085,000	855,000
Other fees		1,696,587	524,483
Exchange gain		36,315,197	17,706,198
		843,805,627	570,648,465
Less: Operating expenses:			
General and administrative expenses	17	38,815,875	39,664,001
Finance cost - net of interest on bank deposit	18	353,091,610	252,257,772
Depreciation on lease assets	10.3	219,804,042	107,328,681
Provision for doubtful investments	19	47,500,000	21,000,000
		659,211,527	420,250,454
<b>Income from operations</b>		<b>184,594,100</b>	<b>150,398,011</b>
Non-operating income:			
Grant		-	4,538,523
Other income		696,531	12,634
		696,531	4,551,157
<b>Net profit before tax</b>		<b>185,290,631</b>	<b>154,949,168</b>
Provision for tax:			
Current tax		-	28,329,891
Deferred tax	8	28,363,804	14,816,244
		28,363,804	43,146,135
<b>Net profit after tax</b>		<b>156,926,827</b>	<b>111,803,033</b>
Retained earnings brought forward		175,065,743	133,586,565
<b>Profit available for appropriation</b>		<b>331,992,570</b>	<b>245,389,598</b>
Appropriations:			
Transfer to statutory reserve	4	-	25,323,855
Interim dividend at Tk 15 per share of Tk 100 each		67,500,000	-
Final dividend at Tk 5 (2001: Tk 10) per share of Tk 100 each		22,500,000	45,000,000
		90,000,000	70,323,855
<b>Retained earnings, carried forward</b>		<b>241,992,570</b>	<b>175,065,743</b>
<b>Earning per share of Tk 100</b>	20	<b>34.87</b>	<b>24.85</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

Director

Director

Managing Director

As per our report of same date.

Auditors

Dhaka, 29 April 2003



**Industrial Promotion and Development Company of Bangladesh Limited**

**Statement of Changes in Shareholders' Equity  
for the year ended 31 December 2002**

	<u>Share capital Taka</u>	<u>Statutory reserve Taka</u>	<u>Retained earnings Taka</u>	<u>Total Taka</u>
Balance at 1 January 2002	450,000,000	44,949,704	175,065,743	670,015,447
Net profit after tax for the year	-	-	66,926,827	66,926,827
Balance at 31 December 2003	<u>450,000,000</u>	<u>44,949,704</u>	<u>241,992,570</u>	<u>736,942,274</u>



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Industrial Promotion and Development Company of Bangladesh Limited

Cash Flow Statement  
for the year ended 31 December 2002

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
<b>Cash flows from operating activities:</b>		
Net profit before tax	185,290,631	154,949,168
Adjustment for:		
Depreciation	222,426,246	108,555,853
Provision for doubtful investments	47,500,000	21,000,000
Grant	-	(4,538,523)
Provision for gratuity	1,500,000	1,012,920
	<u>271,426,246</u>	<u>126,030,250</u>
<i>Operating profit before working capital changes</i>	<i>456,716,877</i>	<i>280,979,418</i>
(Increase)/decrease in current assets:		
Advances, deposits and prepayments	(15,162,084)	(6,954,552)
Accounts receivables	(65,228,664)	(35,410,900)
Increase/(decrease) in current liabilities:		
Accounts payable	18,314,630	(3,705,321)
	<u>(62,076,118)</u>	<u>(46,070,773)</u>
<i>Cash generated from operations</i>	<i>394,640,759</i>	<i>234,908,645</i>
Payment of income tax	(38,586,471)	(49,449,842)
Payment of gratuity	(769,582)	(240,204)
<i>Net cash flows from operating activities</i>	<i><u>355,284,706</u></i>	<i><u>185,218,599</u></i>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(2,213,005)	(5,361,600)
Investments made	(1,699,033,176)	(1,415,512,631)
Recovery of loan and short term finance	600,744,310	384,792,405
Divestment of equity	47,763,615	30,250,753
Receipts against lease	12,623,740	26,518,173
<i>Net cash used in investing activities</i>	<i><u>(1,040,114,516)</u></i>	<i><u>(979,312,900)</u></i>
<b>Cash flows from financing activities:</b>		
Receipts from lines of credit	992,300,000	1,030,134,800
Repayment of lines of credit	(350,448,312)	(247,212,531)
(Payments)/receipts from short term loan	400,000,000	167,844,931
Receipts from call loan and overdraft	1,014,607,234	1,213,446,203
Payment of dividend	(112,500,000)	(33,750,000)
<i>Net cash flows from financing activities</i>	<i><u>1,943,958,922</u></i>	<i><u>2,130,463,403</u></i>
<b>Net increase in cash and cash equivalents</b>	<b>1,259,129,112</b>	<b>1,336,369,102</b>
Cash and cash equivalents at the beginning of the year	2,265,342,966	928,973,864
<b>Cash and cash equivalents at the end of the year</b>	<b><u>3,524,472,078</u></b>	<b><u>2,265,342,966</u></b>

Cash and cash equivalents at the end of the year represents cash and bank balances.





## **Industrial Promotion and Development Company of Bangladesh Limited**

### **Notes to the financial statements for the year ended 31 December 2002**

#### **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 registered office of the company is situated at BRAC Center (8th Floor), 75 Mohakhali, Dhaka, Bangladesh.

##### **1.2 Nature of business**

IPDC mainly specializes in providing long term and short term investment financing, lease financing, equity participation and related consultancies to both local and foreign private investments in Bangladesh.

#### **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.

##### **2.2 Accounting for direct finance**

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

##### **2.3 Accounting for leases**

Books of accounts for leasing operation are maintained based on the operating method of accounting according to generally accepted accounting principles in Bangladesh. Lease equipment which are under the possession of the lessees are accounted for as lease assets of the company. Lease rental receivables periodically are recognized as operational revenue while depreciation on lease assets as well as financial expenses incurred on loan funds are accounted for as operational expenses.

##### **2.4 Depreciation on fixed assets**

Depreciation on fixed assets acquired for Company's own use is charged on straight-line method at rates varying from 12.5% to 33.3% throughout the estimated useful life of the assets.



## **2.5 Investment in shares**

Investment in ordinary shares has been shown at cost or market price, whichever is lower. Full provision for diminution in value of shares as on closing of the year has been taken into account.

## **2.6 Taxation**

Provision for taxation has been made at best estimate as per Income Tax Ordinance 1984.

## **2.7 Deferred taxation**

With effect from 2002, the company accounts for deferred tax as per Bangladesh Accounting Standard 12. 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. An appropriate proportion of provisions has been considered in calculating temporary timing difference. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

## **2.8 Foreign currency**

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. US\$ 2 million received earlier as share capital from foreign shareholders has been revalued at the rate prevailing on 31 December 2002. Accordingly, the corresponding exchange gain has been recognized as income.

## **2.9 Revenue recognition**

Revenue recognition is on accrual basis but revenue recognition in relation to loan interest and supervision fee is suspended where significant uncertainty as to collectibility is apparent.

Accordingly, loan interest, supervision fee and recovery of principal on non-performing loans which are recorded as accounts receivable prior to establishment of a loan as non-performing, are transferred from accounts receivable to other receivables after these turn to be non-performing.

From the date of declaration of a loan as non-performing, loan interest and supervision fee are recorded as a memorandum entry only in the accounting records of other receivables and not disclosed in the financial statements as income, while recoveries due are recorded and reflected in the balance sheet as other receivables.

## **2.10 Provision for doubtful investment**

Provision has been made as per provisioning policy of the company. Specific provision is made against investments where the recovery of loans is in doubt. In addition, 1% general provisioning has been made against loans and 5% against equity. Provision made is also covered by Bangladesh Bank (Central Bank) FID circular No. 08 dated 03 August 2002.

## **2.11 Gratuity scheme**

The company operates an unfunded gratuity scheme for its permanent employees, provision for which is made as per gratuity rules.

## 2.12 Liabilities and provisions

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

## 2.13 Earnings per Share (EPS)

The Company calculates earnings per share (EPS) in accordance with Bangladesh Accounting Standard 33 which has been shown on the face of Income Statement and the computation of EPS is stated in Note 20.

## 3. Share capital

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Authorised:		
10,000,000 Ordinary shares of Tk 100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up:		
4,500,000 Ordinary shares of Tk 100 each	<u>450,000,000</u>	<u>450,000,000</u>

Paid up capital is made up of 900,000 shares paid up in cash and 3,600,000 shares through issuance of bonus shares.

Paid up capital of the company is held by five shareholders as follows:

	<u>2002</u>		<u>2001</u>	
	<u>No. of shares</u>	<u>Value (Taka)</u>	<u>No. of shares</u>	<u>Value (Taka)</u>
Government of the People's Republic of Bangladesh (The Govt.) - 30%	1,350,000	135,000,000	1,350,000	135,000,000
Commonwealth Development Corporation (CDC) - 17.5%	787,500	78,750,000	787,500	78,750,000
International Finance Corporation (IFC) - 17.5%	787,500	78,750,000	787,500	78,750,000
German Investment and Development Company (DEC) - 17.5%	787,500	78,750,000	787,500	78,750,000
Aga Khan Fund for Economic Development (AKFED) - 17.5%	<u>787,500</u>	<u>78,750,000</u>	<u>787,500</u>	<u>78,750,000</u>
	<u>4,500,000</u>	<u>450,000,000</u>	<u>4,500,000</u>	<u>450,000,000</u>

#### 4. Statutory reserve

This comprises 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:

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Balance at 1 January	44,949,704	19,625,849
Transferred during the year	-	25,323,855
Balance as at 31 December	<u>44,949,704</u>	<u>44,949,704</u>

#### 5. Lines of credit

Balance as at 1 January	2,309,524,275	1,526,602,005
Add: Addition during the year:		
CBSF line of credit	-	167,634,801
DBL line of credit	-	400,000,000
PBL line of credit	-	100,000,000
BRAC bond	-	80,000,000
OPEC line of credit	-	282,500,000
BRAC bond -2	100,000,000	-
BRAC bond -3	100,000,000	-
CBSF credit line -2	23,000,000	-
SCGB credit line -2	90,000,000	-
SCGB credit line -3	279,300,000	-
HSBC credit line	100,000,000	-
Janata Bank FDR	300,000,000	-
	<u>3,301,824,275</u>	<u>2,556,736,806</u>
Less: Payment during the year	<u>(350,448,312)</u>	<u>(247,212,531)</u>
Note 5.1	<u>2,951,375,963</u>	<u>2,309,524,275</u>
Less: Current portion	<u>(482,321,265)</u>	<u>(275,988,019)</u>
Balance as at 31 December	<u>2,469,054,698</u>	<u>2,033,536,256</u>

**5.1** Credit line-wise total amount comprises:

	<u>2002</u>	<u>2001</u>
	<u>Taka</u>	<u>Taka</u>
IDA line of credit	277,426,505	356,257,474
IFC line of credit	382,125,000	446,137,500
SCGB line of credit	40,000,000	60,000,000
DEG line of credit	209,509,788	239,494,500
SEBL line of credit	80,000,000	140,000,000
CBSF line of credit	180,708,756	205,134,801
PBL line of credit	98,600,321	100,000,000
DBL line of credit	328,205,593	400,000,000
BRAC bond	80,000,000	80,000,000
OPEC line of credit	282,500,000	282,500,000
BRAC bond -2	100,000,000	-
BRAC bond -3	100,000,000	-
CBSF credit line -2	23,000,000	-
SCGB credit line -2	90,000,000	-
SCGB credit line -3	279,300,000	-
HSBC credit line	100,000,000	-
Janata Bank FDR	300,000,000	-
	<u>2,951,375,963</u>	<u>2,309,524,275</u>

**6. IDA line of credit - Deferred interest**

This represents interest accrued during the grace period of 4 years on IDA line of credit repayable in equal installments over the loan period as shown below:

Balance as at 1 January	52,071,813	90,110,764
Add: provision made during the year	<u>28,239,800</u>	<u>28,277,151</u>
	80,311,613	118,387,915
Less :Payment during the year	<u>(42,947,144)</u>	<u>(66,316,102)</u>
	37,364,469	52,071,813
Less: Current portion	<u>(18,586,095)</u>	<u>(18,586,095)</u>
Balance as at 31 December	<u>18,778,374</u>	<u>33,485,718</u>



## 7. Deferred liabilities

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Gratuity (Note 7.1)	6,004,376	5,273,958
Receipts against lease (Note 7.2)	65,126,408	52,502,668
	<u>71,130,784</u>	<u>57,776,626</u>

### 7.1 Gratuity

This liability represents provision for staff gratuity upto 31 December 2002. Provision is made at the rate of one month's basic salary for each completed year of service.

Balance as at 1 January	5,273,958	4,501,242
Add: provision made during the year	1,500,000	1,012,920
	<u>6,773,958</u>	<u>5,514,162</u>
Less: Payment during the year	(769,582)	(240,204)
	<u>6,004,376</u>	<u>5,273,958</u>

### 7.2 Receipts against lease

This liability represents receipts from lessees as lease deposit and security deposit:

Balance as at 1 January	52,502,668	25,984,495
Add: Receipts during the year	15,055,540	26,518,173
	<u>67,558,208</u>	<u>52,502,668</u>
Less: Adjusted during the year	(2,431,800)	-
	<u>65,126,408</u>	<u>52,502,668</u>

## 8. Deferred tax

Balance as at 1 January	14,816,244	-
Add: Charge during the year	28,363,804	14,816,244
Balance as at 31 December	<u>43,180,048</u>	<u>14,816,244</u>

## 9. Fixed assets

	2002				2001
	Motor vehicles	Furniture and fixtures	Equipment and appliances	Total	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>Cost:</b>					
Balance at 1 January	8,113,000	2,085,431	6,054,825	16,253,256	10,891,656
Addition during the year	1,792,860	-	420,145	2,213,005	5,361,600
Disposal during the year	(1,767,000)	-	-	(1,767,000)	-
Balance at 31 December	<u>8,138,860</u>	<u>2,085,431</u>	<u>6,474,970</u>	<u>16,699,261</u>	<u>16,253,256</u>
<b>Depreciation:</b>					
Balance at 1 January	3,837,913	835,959	4,083,253	8,757,125	7,529,953
Charged for the year	1,574,326	189,832	858,046	2,622,204	1,227,172
Adjustment during the year	(1,766,997)	-	-	(1,766,997)	-
Balance at 31 December	<u>3,645,242</u>	<u>1,025,791</u>	<u>4,941,299</u>	<u>9,612,332</u>	<u>8,757,125</u>
<b>Written down value:</b>					
At 31 December 2002	<u>4,493,618</u>	<u>1,059,640</u>	<u>1,533,671</u>	<u>7,086,929</u>	<u>7,496,131</u>
At 31 December 2001	<u>4,275,087</u>	<u>1,249,472</u>	<u>-</u>	<u>5,524,559</u>	<u>7,496,131</u>

## 10. Investments

Item-wise net book value of investments together with related provision for doubtful investments are as follows:

	Notes	2002			2001		
		Book value	Provision	Net balance	Book value	Provision	Net balance
		<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Equity	10.1	800,501,210	38,924,509	761,576,701	717,764,825	29,847,112	687,917,713
Long term loan	10.2	1,800,030,956	91,164,106	1,708,866,850	1,621,406,704	73,405,507	1,548,001,197
Lease	10.3	1,131,731,834	45,860,705	1,085,871,129	746,208,618	30,285,436	715,923,182
Short term finance	10.4	447,549,824	8,309,158	439,240,666	263,179,147	5,603,802	257,575,345
Advances for lease	10.5	171,999,193	5,851,989	166,147,204	172,532,511	3,468,610	169,063,901
		<u>4,351,813,017</u>	<u>190,110,467</u>	<u>4,161,702,550</u>	<u>3,521,091,805</u>	<u>142,610,467</u>	<u>3,378,481,338</u>
Less: Current portion		<u>1,336,238,879</u>	<u>-</u>	<u>1,336,238,879</u>	<u>927,183,800</u>	<u>-</u>	<u>927,183,800</u>
		<u>3,015,574,138</u>	<u>190,110,467</u>	<u>2,825,463,671</u>	<u>2,593,908,005</u>	<u>142,610,467</u>	<u>2,451,297,538</u>

## 10.1 Equity

	Balance as at 1 Jan. 2002 <u>Taka</u>	Addition during the year <u>Taka</u>	Sold during the year <u>Taka</u>	Balance as at 31 Dec. 2002 <u>Taka</u>
Ordinary shares:				
Listed companies	89,289,485	10,000,000	(24,881,615)	74,407,870
Unlisted companies	226,475,340	5,000,000	(22,882,000)	208,593,340
Preference shares:				
Unlisted companies	402,000,000	115,500,000	-	517,500,000
	<u>717,764,825</u>	<u>130,500,000</u>	<u>(47,763,615)</u>	<u>800,501,210</u>
Previous year	<u>465,422,238</u>	<u>282,593,340</u>	<u>(30,250,753)</u>	<u>717,764,825</u>

Market value of ordinary shares with listed companies as at 31 December 2002 was Tk 87,100,928.

## 10.2 Long term loan

	Balance as at 31 Dec. 2002 <u>Taka</u>	Addition during the year <u>Taka</u>	Repayment during the year <u>Taka</u>	Balance as at 31 Dec. 2002 <u>Taka</u>	Due within next 12 months <u>Taka</u>	Net balance at 31 Dec. 2002 <u>Taka</u>
Local currency loan	1,407,903,961	455,275,181	(407,505,617)	1,455,673,525	(365,148,859)	1,090,524,666
Foreign currency loan	166,673,948	157,389,358	(51,705,875)	272,357,431	(52,891,737)	219,465,694
Underwriting-cum-advances	46,828,795	31,064,958	(5,893,753)	72,000,000	(2,647,059)	69,352,941
	<u>1,621,406,704</u>	<u>643,729,497</u>	<u>(465,105,245)</u>	<u>1,800,030,956</u>	<u>(420,687,655)</u>	<u>1,379,343,301</u>
Previous year	<u>1,435,204,091</u>	<u>490,027,034</u>	<u>(303,824,421)</u>	<u>1,621,406,704</u>	<u>(344,505,772)</u>	<u>1,276,900,932</u>





### 10.3 Lease

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Cost:		
Balance as at 1 January	950,065,610	591,164,399
Addition during the year	<u>605,327,258</u>	<u>358,901,211</u>
	1,555,392,868	950,065,610
Expired during the year	<u>(96,197,399)</u>	<u>-</u>
Balance as at 31 December	<u>1,459,195,469</u>	<u>950,065,610</u>
Depreciation:		
Balance as at 1 January	203,856,992	96,528,311
Charge for the year	<u>219,804,042</u>	<u>107,328,681</u>
	423,661,034	203,856,992
Adjusted during the year	<u>(96,197,399)</u>	<u>-</u>
Balance as at 31 December	<u>327,463,635</u>	<u>203,856,992</u>
Book value	1,131,731,834	746,208,618
Less: Current portion	<u>(310,163,354)</u>	<u>(156,038,782)</u>
Balance as at 31 December	<u>821,568,480</u>	<u>590,169,836</u>

### 10.4 Short term finance

Balance as at 1 January	263,179,147	202,894,808
Add: Addition during the year	<u>320,009,742</u>	<u>141,252,323</u>
	583,188,889	344,147,131
Less : Recovered during the year	<u>(135,639,065)</u>	<u>(80,967,984)</u>
Balance as at 31 December	<u>447,549,824</u>	<u>263,179,147</u>

### 10.5 Advances against lease

Balance as at 1 January	172,532,511	34,139,705
Add: Advances during the year	<u>604,794,636</u>	<u>441,568,401</u>
	777,327,147	475,708,106
Less : Executed during the year	<u>(605,327,954)</u>	<u>(303,175,595)</u>
Balance as at 31 December	<u>171,999,193</u>	<u>172,532,511</u>



## 11. Current portion of investments

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Short term investments:		
Short term finance (Note 10)	439,240,666	257,575,345
Advances against lease (Note 10)	166,147,204	169,063,901
	<u>605,387,870</u>	<u>426,639,246</u>
Current portion of long term investments:		
Local currency loan (Note 10.2)	365,148,859	300,556,694
Foreign currency loan (Note 10.2)	52,891,737	38,055,325
Underwriting -cum-advances (Note 10.2)	2,647,059	5,893,753
Leases (Note 10.3)	310,163,354	156,038,782
	<u>730,851,009</u>	<u>500,544,554</u>
	<u>1,336,238,879</u>	<u>927,183,800</u>

## 12. Accounts receivable

Interest accrued on bank deposit	54,469,971	31,078,567
Receivables from projects	175,967,453	123,054,665
Others	6,315,225	17,390,753
	<u>236,752,649</u>	<u>171,523,985</u>

## 13. Advances, deposits and prepayments

Advance payment of tax	59,856,855	21,270,384
Other advances	18,061,272	2,360,147
Deposits	343,740	343,740
Prepayments	8,189,032	8,728,073
	<u>86,450,899</u>	<u>32,702,344</u>

## 14. Cash and bank balances

Foreign currency:		
Current Account	4,202	5,550
Fixed deposits - 1 month	1,319,314,512	1,242,555,293
	<u>1,319,318,714</u>	<u>1,242,560,843</u>
Local currency:		
Cash in hand	9,410	7,495
Current Account	54,991,348	46,000
Fixed deposits- 1 - 3 months	2,150,000,000	1,022,525,103
Special notice deposit	152,606	203,525
	<u>2,205,153,364</u>	<u>1,022,782,123</u>
	<u>3,524,472,078</u>	<u>2,265,342,966</u>



## 15. Accounts payable

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Finance cost- current portion of interest on IDA line of credit	18,586,095	18,586,095
Special Accounts with - DEG	28,155,086	8,461,586
Others payable	55,505,870	42,177,396
	<u>102,247,051</u>	<u>69,225,077</u>

## 16. Provision for tax

Balance as at 1 January	28,000,000	49,119,951
Add: Provision made during the year	-	28,329,891
	<u>28,000,000</u>	<u>77,449,842</u>
Less: Adjustment due to payment	-	(49,449,842)
Balance as at 31 December	<u>28,000,000</u>	<u>28,000,000</u>

Assessment upto assessment year 2001-2002 ( income year 2000 ) has been finalised and settled.

## 17. General and administration expenses

Pay and allowances	17,955,432	18,936,891
Staff housing	1,677,992	2,184,368
Medical	247,080	158,201
Staff training	918,769	4,538,523
Vehicles running cost	1,272,050	811,550
Lease rental	3,015,960	3,015,960
Office rent	3,494,850	3,042,620
Office repair and maintenance	528,266	255,598
Monitoring, documentation etc.	1,091,931	677,920
Sundry office expenses	876,280	798,041
Stationery, printing etc.	726,043	367,827
Subscription	89,810	219,058
Telephone, fax, postage etc.	757,751	627,999
Publication and periodicals	23,099	27,502
Audit fees	100,000	60,000
Legal fees	466,370	547,966
Directors' fees and expenses	343,364	180,447
Other professional fees	555,838	225,166
Recruitment expenses	-	255,200
Insurance	163,989	91,226
Travel and hotel expenses	966,727	621,223
Publicity expenses	801,400	665,606
Entertainment	120,670	127,937
Depreciation - fixed assets	2,622,204	1,227,172
	<u>38,815,875</u>	<u>39,664,001</u>



## 18. Finance cost

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
Interest on lines of credit	223,677,690	162,131,945
Interest on call loan, overdraft etc.	271,601,840	173,383,951
	<u>495,279,530</u>	<u>335,515,896</u>
Less : Interest income on bank deposits	<u>(142,187,920)</u>	<u>(83,258,124)</u>
	<u>353,091,610</u>	<u>252,257,772</u>

## 19. Provision for doubtful investments

Balance as at 1 January	142,610,467	125,956,385
Add: Provision during the year	<u>47,500,000</u>	<u>21,000,000</u>
	<u>190,110,467</u>	<u>146,956,385</u>
Less: Adjusted during the year	<u>-</u>	<u>(4,345,918)</u>
Balance as at 31 December	<u>190,110,467</u>	<u>142,610,467</u>

## 20. Basic Earnings Per Share (EPS)

The following summary reflects the income and share data used in the basic earnings per share computation for each of the reporting year:

(a) Net profit after taxation	156,926,827	111,803,033
(b) Weighted average number of shares outstanding	<u>4,500,000</u>	<u>4,500,000</u>
(c) Basic EPS (a/b)	<u>34.87</u>	<u>24.85</u>

## 21. Directors' fees and expenses

Directors' fees	61,000	72,000
Travel, hotel and other expenses	<u>282,364</u>	<u>108,447</u>
	<u>343,364</u>	<u>180,447</u>

## 22. Transactions in foreign currency

### 22.1 Receipts

Bank interest	33,612,121	50,914,720
Loan interest	30,487,746	5,140,062
Credit lines	<u>21,117,341</u>	<u>8,788,914</u>
	<u>85,217,208</u>	<u>64,843,696</u>

### 22.2 Payments

Loan interest	70,200,144	47,131,067
Credit lines	<u>93,997,212</u>	<u>32,006,250</u>
	<u>164,197,356</u>	<u>79,137,317</u>



**22.3 Dividend paid**

	<u>2002</u> <u>Taka</u>	<u>2001</u> <u>Taka</u>
3 foreign shareholders holding 2,362,500 shares	<u>80,437,500</u>	<u>17,718,750</u>

**23. Auditors' remuneration**

Audit service	100,000	60,000
Taxation service	100,000	100,000
Other services	12,000	20,000
	<u>212,000</u>	<u>180,000</u>

**24. Capital expenditure commitment**

There was a capital expenditure of Tk 26,248,500 contracted but not incurred or provided for at 31 December 2002.

**25. Employee details**

**25.1** During the year under review there were 25 employees employed for the full year and 6 employees less than full year at a remuneration of Taka 3,000 per month and above.

**25.2** At the end of the year, there were 30 employees in the company.

**26. Post balance sheet events**

No material events occurred after the Balance Sheet date, which would affect the financial position of the company.

**27. Contingent liabilities**

The company does not have any contingent liabilities on the Balance sheet date.

**28. Rounding off and rearrangement of figures**

Figures have been rounded off to the nearest Taka and 2001 figures have been rearranged to conform to current presentation.