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

Report and financial statements
for the year ended 31 December 2003

Representative firm of  KPMG

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**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 2003 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 2003, IPDC only partially revalued such items, leaving a net revaluation gain of Tk. 55,363,551 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 2003 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;



- (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, 18 April 2004



Industrial Promotion and Development Company of Bangladesh Limited

Balance Sheet at 31 December 2003

<u>Source of fund</u>	Notes	<u>2003</u> Taka	<u>2002</u> Taka
Shareholders' equity:			
Share capital	3	450,000,000	450,000,000
Statutory reserve	4	44,949,704	44,949,704
Retained earnings		321,059,945	241,992,570
		816,009,649	736,942,274
Loan funds (unsecured):			
Lines of credit	5	4,084,149,775	2,951,375,963
Less : Current portion of lines of credit		(958,054,793)	(482,321,265)
		3,126,094,982	2,469,054,698
IDA line of credit - deferred interest	6	4,506,006	18,778,374
		3,130,600,988	2,487,833,072
Deferred liabilities	7	93,826,332	71,130,784
Deferred tax liabilities	8	61,059,445	43,180,048
		<u>4,101,496,414</u>	<u>3,339,086,178</u>
<u>Application of fund</u>			
Tangible assets			
Fixed assets at cost less accumulated depreciation	9	5,600,362	7,086,929
Investments - net of provisions:			
Equity	10	931,249,702	761,576,701
Long term loans		1,963,671,446	1,708,866,850
Leases		1,298,374,385	1,085,871,129
Short term finance		790,215,060	439,240,666
Advances against lease		259,386,771	166,147,204
		5,242,897,364	4,161,702,550
Less: Current portion of investments	11	(1,886,494,864)	(1,336,238,879)
		3,356,402,500	2,825,463,671

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