



রহমান রহমান হুক  
Rahman Rahman Huq

Chartered Accountants


*Cehid*

Office address  
9 Mohakhali C/A (11th floor)  
Dhaka-1212  
Bangladesh

Telephone (880-2) 988 6450-2  
Fax (880-2) 988 6449  
Telex 632266 swbd bj  
E-mail rrh@citechco.net  
www.rahman-rahman-huq.com

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

Report and financial statements  
for the year ended 31 December 2003

Representative firm of  KPMG

Chittagong office address  
102 Agrabad C/A  
Chittagong, Bangladesh  
Telephone (880-31) 710704, 710996  
Fax (880-31) 710996  
E-mail rrh@globalctg.net



**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;



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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, 18 April 2004





## Industrial Promotion and Development Company of Bangladesh Limited

### Balance Sheet at 31 December 2003

<u>Source of fund</u>	<u>Notes</u>	<u>2003</u> <u>Taka</u>	<u>2002</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		321,059,945	241,992,570
		816,009,649	736,942,274
<b>Loan funds (unsecured):</b>			
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
<b>Deferred liabilities</b>	7	93,826,332	71,130,784
<b>Deferred tax liabilities</b>	8	61,059,445	43,180,048
		<u>4,101,496,414</u>	<u>3,339,086,178</u>
<b><u>Application of fund</u></b>			
<b>Tangible assets</b>			
Fixed assets at cost less accumulated depreciation	9	5,600,362	7,086,929
<b>Investments - net of provisions:</b>	10		
Equity		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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	Notes	2003 Taka	2002 Taka
<b>Current assets:</b>			
Current portion of investments	11	1,886,494,864	1,336,238,879
Accounts receivable	12	414,383,454	236,752,649
Advances, deposits and prepayments	13	117,720,827	86,450,899
Cash and bank balances	14	5,092,233,490	3,524,472,078
		7,510,832,635	5,183,914,505
<b>Current liabilities and provisions:</b>			
Call loan		1,986,500,000	2,710,000,000
Bank overdraft		1,006,315,618	532,310,611
Short term loan		2,555,500,000	800,000,000
Current portion of lines of credit		958,054,793	482,321,265
Accounts payable	15	150,728,156	102,247,051
Provision for taxation	16	2,865,516	28,000,000
Proposed dividend		101,250,000	22,500,000
Provision for dividend distribution tax		10,125,000	-
		6,771,339,083	4,677,378,927
<b>Net current assets</b>		739,493,552	506,535,578
		4,101,496,414	3,339,086,178

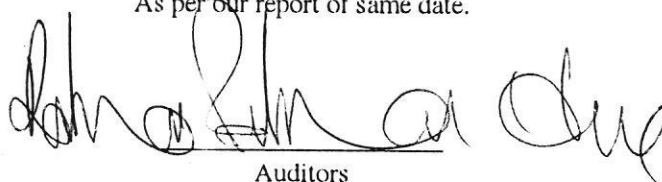
The annexed notes 1 to 28 form an integral part of these financial statements.

\_\_\_\_\_  
Director

  
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Director

  
\_\_\_\_\_  
Managing Director

As per our report of same date.

  
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Auditors

Dhaka, 18 April 2004





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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 2003

	Notes	2003 Taka	2002 Taka
<b>Operating revenue:</b>			
Dividend on investment in shares		93,164,151	77,088,573
Profit on sale of shares		43,498,116	55,291,658
Interest on loans		264,729,970	238,361,211
Lease rental income		539,334,674	369,287,291
Interest on short term finance		94,625,525	45,982,454
Supervision fees		6,941,419	10,449,201
Consultancy fees		-	860,102
Appraisal and feasibility studies fees		6,135,000	3,765,000
Syndication fees		-	2,740,000
Commitment fees		1,334,669	883,353
Documentation fees		1,620,000	1,085,000
Other fees		2,011,272	1,696,587
Exchange gain		36,270,000	36,315,197
		1,089,664,796	843,805,627
<b>Less: Operating expenses:</b>			
General and administrative expenses	17	42,514,849	38,815,875
Finance cost - net of interest on bank deposit	18	476,216,394	353,091,610
Depreciation on lease assets	10.3	281,111,781	219,804,042
Provision for doubtful investments	19	81,500,000	47,500,000
		881,343,024	659,211,527
<b>Income from operations</b>		208,321,772	184,594,100
<b>Non-operating income:</b>			
Other income		-	696,531
<b>Net profit before tax</b>		208,321,772	185,290,631
<b>Provision for tax:</b>			
Deferred tax	8	17,879,397	28,363,804
<b>Net profit after tax</b>		190,442,375	156,926,827
Retained earnings brought forward		241,992,570	175,065,743
<b>Profit available for appropriation</b>		432,434,945	331,992,570
<b>Appropriations:</b>			
Interim dividend at Tk 15 per share of Tk 100 each		-	67,500,000
Final dividend at Tk 22.5 (2002: Tk 5) per share of Tk 100 each		101,250,000	22,500,000
Dividend distribution tax (10%)		10,125,000	-
		111,375,000	90,000,000
<b>Retained earnings, carried forward</b>		321,059,945	241,992,570
<b>Earning per share of Tk 100</b>	20	42.32	34.87

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, 18 April 2004

## Industrial Promotion and Development Company of Bangladesh Limited

### Cash Flow Statement for the year ended 31 December 2003

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
<b>Cash flows from operating activities:</b>		
Net profit before tax	208,321,772	185,290,631
Adjustment for:		
Depreciation	284,231,578	222,426,246
Provision for doubtful investments	81,500,000	47,500,000
Provision for gratuity	1,875,000	1,500,000
	<u>367,606,578</u>	<u>271,426,246</u>
<i>Operating profit before working capital changes</i>	575,928,350	456,716,877
(Increase)/decrease in current assets:		
Advances, deposits and prepayments	(30,244,140)	(15,162,084)
Accounts receivables	(177,630,806)	(65,228,664)
Increase/(decrease) in current liabilities:		
Accounts payable	30,271,237	18,314,630
	<u>(177,603,709)</u>	<u>(62,076,118)</u>
<i>Cash generated from operations</i>	398,324,641	394,640,759
Payment of income tax	(26,160,272)	(38,586,471)
Payment of gratuity	(383,888)	(769,582)
<i>Net cash flows from operating activities</i>	<u>371,780,481</u>	<u>355,284,706</u>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(1,633,230)	(2,213,005)
Investments made	(2,259,271,209)	(1,699,033,176)
Recovery of loan and short term finance	726,573,373	600,744,310
Divestment of equity	88,891,238	47,763,615
Receipts against lease	21,204,436	12,623,740
<i>Net cash used in investing activities</i>	<u>(1,424,235,392)</u>	<u>(1,040,114,516)</u>
<b>Cash flows from financing activities:</b>		
Receipts from lines of credit	1,722,076,330	992,300,000
Repayment of lines of credit	(589,302,514)	(350,448,312)
Receipts from short term loan	1,755,500,000	400,000,000
(Payments)/receipts from call loan and overdraft	(249,494,993)	1,014,607,234
Payment of dividend	(18,562,500)	(112,500,000)
<i>Net cash flows from financing activities</i>	<u>2,620,216,323</u>	<u>1,943,958,922</u>
<b>Net increase in cash and cash equivalents</b>	1,567,761,412	1,259,129,112
Cash and cash equivalents at the beginning of the year	3,524,472,078	2,265,342,966
<b>Cash and cash equivalents at the end of the year</b>	<u>5,092,233,490</u>	<u>3,524,472,078</u>

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



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

**Statement of Changes in Shareholders' Equity  
for the year ended 31 December 2003**

	<u>Share capital</u> <u>Taka</u>	<u>Statutory reserve</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 1 January 2003	450,000,000	44,949,704	241,992,570	736,942,274
Net profit after tax for the year	-	-	190,442,375	190,442,375
Proposed dividend	-	-	(101,250,000)	(101,250,000)
Dividend distribution tax	-	-	(10,125,000)	(10,125,000)
Balance at 31 December 2003	<u>450,000,000</u>	<u>44,949,704</u>	<u>321,059,945</u>	<u>816,009,649</u>





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

### **Notes to the financial statements for the year ended 31 December 2003**

#### **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 for which 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 2003. 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 for the recovery of loans is in doubt or its value is considered impaired. In addition, 1% general provisioning has been made against loans and 5% against share investment. Above provisions have also taken into account as per requirements of 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>2003</u> <u>Taka</u>	<u>2002</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 seven shareholders as follows:

	<u>2003</u>		<u>2002</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%	787,498	78,749,800	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%	787,500	78,750,000	787,500	78,750,000
Others	<u>2</u>	<u>200</u>	<u>-</u>	<u>-</u>
	<u>4,500,000</u>	<u>450,000,000</u>	<u>4,500,000</u>	<u>450,000,000</u>

Changes in shareholding after the Balance Sheet are explained in note 26.

#### 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>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Balance at 1 January	44,949,704	44,949,704
Transferred during the year	-	-
Balance as at 31 December	<u>44,949,704</u>	<u>44,949,704</u>

#### 5. Lines of credit

Balance as at 1 January	2,951,375,963	2,309,524,275
Add: Addition during the year:		

BRAC bond - 2	-	100,000,000
BRAC bond - 3	-	100,000,000
CBSF credit line - 2	132,326,329	23,000,000
SCB credit line - 2	-	90,000,000
SCB credit line - 3	-	279,300,000
HSBC credit line	-	100,000,000
Janata Bank FDR	-	300,000,000
Eastern Bank FDR	100,000,000	-
Trust Bank FDR	400,000,000	-
BRAC Bank FDR	100,000,000	-
Jamuna Bank FDR	150,000,000	-
SCB credit line - 4	200,000,000	-
Mercantile Bank FDR	200,000,000	-
HSBC credit line - 2	150,000,000	-
DEG line of credit - 2	289,750,000	-
	<u>1,722,076,329</u>	<u>992,300,000</u>
	4,673,452,292	3,301,824,275
Less: Repayment during the year	589,302,517	350,448,312
	Note 5.1 <u>4,084,149,775</u>	<u>2,951,375,963</u>
Less: Current portion	958,054,793	482,321,265
Balance as at 31 December	<u>3,126,094,982</u>	<u>2,469,054,698</u>



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

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
IDA line of credit	200,919,184	277,426,505
IFC line of credit	350,118,750	382,125,000
SCB line of credit	20,000,000	40,000,000
DEG line of credit	179,525,076	209,509,788
SEBL line of credit	20,000,000	80,000,000
CBSF line of credit	83,370,997	180,708,756
PBL line of credit	81,438,108	98,600,321
DBL line of credit	201,266,210	328,205,593
BRAC bond	80,000,000	80,000,000
OPEC line of credit	256,818,207	282,500,000
BRAC bond -2	100,000,000	100,000,000
BRAC bond -3	100,000,000	100,000,000
CBSF credit line -2	142,503,243	23,000,000
SCB credit line -2	75,000,000	90,000,000
SCB credit line -3	223,440,000	279,300,000
HSBC credit line	80,000,000	100,000,000
Janata Bank FDR	300,000,000	300,000,000
Eastern Bank FDR	100,000,000	-
Trust Bank FDR	400,000,000	-
BRAC Bank FDR	100,000,000	-
Jamuna Bank FDR	150,000,000	-
SCB credit line - 4	200,000,000	-
Mercantile Bank FDR	200,000,000	-
HSBC credit line - 2	150,000,000	-
DEG line of credit - 2	289,750,000	-
	<u>4,084,149,775</u>	<u>2,951,375,963</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	37,364,469	52,071,813
Add: Provision made during the year	16,499,893	28,239,800
	<u>53,864,362</u>	<u>80,311,613</u>
Less: Repayment during the year	38,267,768	42,947,144
	<u>15,596,594</u>	<u>37,364,469</u>
Less: Current portion	11,090,588	18,586,095
Balance as at 31 December	<u>4,506,006</u>	<u>18,778,374</u>

## 7. Deferred liabilities

	<u>2003</u>	<u>2002</u>
	<u>Taka</u>	<u>Taka</u>
Gratuity (Note 7.1)	7,495,488	6,004,376
Receipts against lease (Note 7.2)	86,330,844	65,126,408
	<u>93,826,332</u>	<u>71,130,784</u>

### 7.1 Gratuity

This liability represents provision for staff gratuity upto 31 December 2003. Provision is made at the rate of one month's basic salary for each completed year of service.

Balance as at 1 January	6,004,376	5,273,958
Add: Provision made during the year	1,875,000	1,500,000
	<u>7,879,376</u>	<u>6,773,958</u>
Less: Payment during the year	383,888	769,582
	<u>7,495,488</u>	<u>6,004,376</u>

### 7.2 Receipts against lease

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

Balance as at 1 January	65,126,408	52,502,668
Add: Receipts during the year	26,083,498	15,055,540
	<u>91,209,906</u>	<u>67,558,208</u>
Less: Adjusted during the year	4,879,062	2,431,800
	<u>86,330,844</u>	<u>65,126,408</u>

## 8. Deferred tax liabilities

Balance as at 1 January	43,180,048	14,816,244
Add: Charge during the year	17,879,397	28,363,804
Balance as at 31 December	<u>61,059,445</u>	<u>43,180,048</u>



## 9. Fixed assets

	2003				2002
	<u>Motor vehicles Taka</u>	<u>Furniture and fixtures Taka</u>	<u>Equipment and appliances Taka</u>	<u>Total Taka</u>	<u>Total Taka</u>
<b>Cost:</b>					
Balance at 1 January	8,138,860	2,085,431	6,474,970	16,699,261	16,253,256
Addition during the year	1,436,880	100,000	96,350	1,633,230	2,213,005
Disposal during the year	-	-	-	-	(1,767,000)
Balance at 31 December	<u>9,575,740</u>	<u>2,185,431</u>	<u>6,571,320</u>	<u>18,332,491</u>	<u>16,699,261</u>
<b>Depreciation:</b>					
Balance at 1 January	3,645,242	1,025,791	4,941,299	9,612,332	8,757,125
Charged for the year	2,022,416	193,078	904,303	3,119,797	2,622,204
Adjustment during the year	-	-	-	-	(1,766,997)
Balance at 31 December	<u>5,667,658</u>	<u>1,218,869</u>	<u>5,845,602</u>	<u>12,732,129</u>	<u>9,612,332</u>
<b>Written down value:</b>					
At 31 December 2003	<u>3,908,082</u>	<u>966,562</u>	<u>725,718</u>	<u>5,600,362</u>	<u>7,086,929</u>
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>7,086,929</u>

## 10. Investments

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

	Notes	2003			2002		
		<u>Book value Taka</u>	<u>Provision Taka</u>	<u>Net balance Taka</u>	<u>Book value Taka</u>	<u>Provision Taka</u>	<u>Net balance Taka</u>
Equity	10.1	983,441,702	52,192,000	931,249,702	800,501,210	38,924,509	761,576,701
Long term loan	10.2	2,100,582,706	136,911,260	1,963,671,446	1,800,030,956	91,164,106	1,708,866,850
Lease	10.3	1,356,874,416	58,500,031	1,298,374,385	1,131,731,834	45,860,705	1,085,871,129
Short term finance	10.4	811,602,168	21,387,108	790,215,060	447,549,824	8,309,158	439,240,666
Advances for lease	10.5	262,006,842	2,620,071	259,386,771	171,999,193	5,851,989	166,147,204
		<u>5,514,507,834</u>	<u>271,610,470</u>	<u>5,242,897,364</u>	<u>4,351,813,017</u>	<u>190,110,467</u>	<u>4,161,702,550</u>
Less: Current portion		<u>1,886,494,864</u>	-	<u>1,886,494,864</u>	<u>1,336,238,879</u>	-	<u>1,336,238,879</u>
		<u>3,628,012,970</u>	<u>271,610,470</u>	<u>3,356,402,500</u>	<u>3,015,574,138</u>	<u>190,110,467</u>	<u>2,825,463,671</u>



## 10.1 Equity

	Balance as at 1 Jan. 2003 <u>Taka</u>	Addition during the year <u>Taka</u>	Sold during the year <u>Taka</u>	Balance as at 31 Dec. 2003 <u>Taka</u>
Ordinary shares:				
Listed companies	74,407,870	10,485,000	(29,177,438)	55,715,432
Unlisted companies	208,593,340	-	(23,300,000)	185,293,340
Preference shares:				
Unlisted companies	517,500,000	261,346,730	(36,413,800)	742,432,930
	<u>800,501,210</u>	<u>271,831,730</u>	<u>(88,891,238)</u>	<u>983,441,702</u>
Previous year	<u>717,764,825</u>	<u>130,500,000</u>	<u>(47,763,615)</u>	<u>800,501,210</u>

Market value of ordinary shares with listed companies as at 31 December 2003 was Tk 22,853,911.

## 10.2 Long term loan

	Balance as at 1 Jan. 2003 <u>Taka</u>	Addition during the year <u>Taka</u>	Repayment during the year <u>Taka</u>	Balance as at 31 Dec. 2003 <u>Taka</u>	Due within next 12 months <u>Taka</u>	Net balance at 31 Dec. 2003 <u>Taka</u>
Local currency loan	1,455,673,525	893,518,431	(570,428,651)	1,778,763,305	(448,136,551)	1,330,626,754
Foreign currency loan	272,357,431	-	(19,890,971)	252,466,460	(75,063,716)	177,402,744
Underwriting-cum-advances	72,000,000	-	(2,647,059)	69,352,941	(3,529,412)	65,823,529
	<u>1,800,030,956</u>	<u>893,518,431</u>	<u>(592,966,681)</u>	<u>2,100,582,706</u>	<u>(526,729,679)</u>	<u>1,573,853,027</u>
Previous year	<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>





### 10.3 Lease

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Cost:		
Balance as at 1 January	1,459,195,469	950,065,610
Addition during the year	<u>536,629,154</u>	<u>605,327,258</u>
	1,995,824,623	1,555,392,868
Expired during the year	<u>(100,858,280)</u>	<u>(96,197,399)</u>
Balance as at 31 December	<u>1,894,966,343</u>	<u>1,459,195,469</u>
Depreciation:		
Balance as at 1 January	327,463,635	203,856,992
Charged for the year	<u>281,111,781</u>	<u>219,804,042</u>
	608,575,416	423,661,034
Adjusted during the year	<u>(70,483,489)</u>	<u>(96,197,399)</u>
Balance as at 31 December	<u>538,091,927</u>	<u>327,463,635</u>
Book value	1,356,874,416	1,131,731,834
Less: Current portion	<u>310,163,354</u>	<u>310,163,354</u>
Balance as at 31 December	<u>1,046,711,062</u>	<u>821,568,480</u>

### 10.4 Short term finance

Balance as at 1 January	447,549,824	263,179,147
Add: Addition during the year	<u>497,659,036</u>	<u>320,009,742</u>
	945,208,860	583,188,889
Less : Recovered during the year	<u>133,606,692</u>	<u>135,639,065</u>
Balance as at 31 December	<u>811,602,168</u>	<u>447,549,824</u>

### 10.5 Advances against lease

Balance as at 1 January	171,999,193	172,532,511
Add: Advances during the year	<u>626,636,803</u>	<u>604,794,636</u>
	798,635,996	777,327,147
Less : Executed during the year	<u>536,629,154</u>	<u>605,327,954</u>
Balance as at 31 December	<u>262,006,842</u>	<u>171,999,193</u>

## 11. Current portion of investments

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Short term investments:		
Short term finance (Note 10)	790,215,060	439,240,666
Advances against lease (Note 10)	259,386,771	166,147,204
	<u>1,049,601,831</u>	<u>605,387,870</u>
Current portion of long term investments:		
Local currency loan (Note 10.2)	448,136,551	365,148,859
Foreign currency loan (Note 10.2)	75,063,716	52,891,737
Underwriting -cum-advances (Note 10.2)	3,529,412	2,647,059
Leases (Note 10.3)	310,163,354	310,163,354
	<u>836,893,033</u>	<u>730,851,009</u>
	<u>1,886,494,864</u>	<u>1,336,238,879</u>

## 12. Accounts receivable

Interest accrued on bank deposit	68,992,487	54,469,971
Receivables from projects	255,851,693	175,967,453
Others	89,539,274	6,315,225
	<u>414,383,454</u>	<u>236,752,649</u>

## 13. Advances, deposits and prepayments

Advance payment of tax	60,882,643	59,856,855
Other advances	46,996,108	18,061,272
Deposits	356,794	343,740
Prepayments	9,485,282	8,189,032
	<u>117,720,827</u>	<u>86,450,899</u>

## 14. Cash and bank balances

Foreign currency:		
Current Account	289,846,024	4,202
Fixed deposits - 1 month	1,400,597,696	1,319,314,512
	<u>1,690,443,720</u>	<u>1,319,318,714</u>
Local currency:		
Cash in hand	20,000	9,410
Current Account	465,321	54,991,348
Fixed deposits- 1 - 3 months	3,400,000,000	2,150,000,000
Special notice deposit	1,304,449	152,606
	<u>3,401,789,770</u>	<u>2,205,153,364</u>
	<u>5,092,233,490</u>	<u>3,524,472,078</u>



## 15. Accounts payable

	<u>2003</u>	<u>2002</u>
	<u>Taka</u>	<u>Taka</u>
Finance cost- current portion of interest on IDA line of credit	11,090,588	18,586,095
Special accounts	32,594,532	28,155,086
Other payables	107,043,036	55,505,870
	<u>150,728,156</u>	<u>102,247,051</u>

## 16. Provision for tax

Balance as at 1 January	28,000,000	28,000,000
Add: Provision made during the year	-	-
	<u>28,000,000</u>	<u>28,000,000</u>
Less: Adjustment due to final assessment of tax payment	25,134,484	-
Balance as at 31 December	<u>2,865,516</u>	<u>28,000,000</u>

Assessment upto assessment year 2002-2003 (income year 2001) has been finalised and settled.

## 17. General and administration expenses

Pay and allowances	20,736,906	17,955,432
Staff housing	1,541,202	1,677,992
Medical	407,141	247,080
Staff training	221,660	918,769
Vehicles running cost	1,148,838	1,272,050
Lease rental	3,015,960	3,015,960
Office rent	3,326,484	3,494,850
Office repair and maintenance	194,516	528,266
Monitoring, documentation etc.	910,536	1,091,931
Sundry office expenses	1,032,506	876,280
Stationery, printing etc.	287,308	726,043
Subscription	131,115	89,810
Telephone, fax, postage etc.	594,758	757,751
Publication and periodicals	33,476	23,099
Audit fees	113,000	100,000
Legal fees	649,156	466,370
Directors' fees and expenses	1,744,181	343,364
Other professional fees	307,400	555,838
Recruitment expenses	146,970	-
Insurance	182,208	163,989
Travel and hotel expenses	993,280	966,727
Publicity expenses	1,460,295	801,400
Entertainment	159,516	120,670
Depreciation - fixed assets	3,176,437	2,622,204
	<u>42,514,849</u>	<u>38,815,875</u>

## 18. Finance cost

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Interest on lines of credit	308,914,827	223,677,690
Interest on call loan, overdraft etc.	462,840,071	271,601,840
	<u>771,754,898</u>	<u>495,279,530</u>
Less : Interest income on bank deposits	295,538,504	142,187,920
	<u>476,216,394</u>	<u>353,091,610</u>

## 19. Provision for doubtful investments

Balance as at 1 January	190,110,467	142,610,467
Add: Provision during the year	81,500,000	47,500,000
	<u>271,610,467</u>	<u>190,110,467</u>
Less: Adjusted during the year	-	-
Balance as at 31 December	<u>271,610,467</u>	<u>190,110,467</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	190,442,375	156,926,828
(b) Number of shares outstanding	4,500,000	4,500,000
(c) Basic EPS (a/b)	<u>42.32</u>	<u>34.87</u>

## 21. Directors' fees and expenses

Directors' fees	91,000	61,000
Travel, hotel, and other expenses	1,653,181	282,364
	<u>1,744,181</u>	<u>343,364</u>

## 22. Transactions in foreign currency

### 22.1 Receipts

Bank interest	26,472,710	33,612,121
Loan interest	24,713,002	30,487,746
Credit lines	289,750,000	21,117,341
Loan	15,469,940	-
	<u>356,405,652</u>	<u>85,217,208</u>



## 22.2 Payments

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Loan interest	67,547,533	70,204,144
Credit lines	87,672,755	93,997,212
	<u>155,220,288</u>	<u>164,201,356</u>

## 22.3 Dividend paid

3 foreign shareholders holding 2,362,500 shares	<u>11,812,500</u>	<u>80,437,500</u>
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## 23. Auditors' remuneration

Audit service	115,000	100,000
Taxation service	100,000	100,000
Other services	20,950	12,000
	<u>235,950</u>	<u>212,000</u>

## 24. Capital expenditure commitment

The company does not have any capital expenditure commitment at the balance sheet date.

## 25. Employee details

25.1 During the year under review there were 26 employees employed for the full year and 10 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 32 employees in the company.

## 26. Post balance sheet events

No material events occurred after the Balance Sheet date, which would significantly affect the financial position of the company as at the Balance Sheet date. However, in January 2004, Aga Khan Fund for Economic Development (AKFED) has acquired all the shareholdings of Commonwealth Development Corporation (CDC), International Finance Corporation (IFC) and German Investment and Development Company (DEG) to increase its shareholding in IPDC upto Tk 314,999,400 i.e. 70% of total share capital of the company.

## 27. Contingent liabilities

The company does not have any contingent liabilities on the Balance Sheet date other than outstanding guarantee for Tk 94,250,000.

## 28. Rounding off and rearrangement of figures

Figures have been rounded off to the nearest Taka and 2002 figures have been rearranged to conform to current presentation.