RIGHTS SHARE OFFER DOCUMENT

Date: September 23, 2014

Rights Offer of 33,559,981 Ordinary Shares of Tk. 10.00 each at par, totaling Tk.335,599,810 offered on the basis of 01(R): 02 i.e. 1 (One) Right Share for 2 (Two) existing shares held on the record date.

RECORD DATE FOR ENTITLEMENT OF RIGHTS OFFER

Record Date	October 19, 2014	
Date Subscription	**Opens on**	**Close on**
	November 09, 2014	November 30, 2014
Within Banking Hours		

MANAGER TO THE ISSUE

BANCO FINANCE AND INVESTMENT LIMITED

Full-Fledged Merchant Bank

Baitul View Tower (11th Floor), 56/1, Purana Paltan, Dhaka-1000
Phone: 7125703, 7124438, 7125910; **Fax:** 880-2-7125634
E-mail: banco.bd@gmail.com; **Website:** www.bfil.org

BMSL INVESTMENT LIMITED

(A Full-Fledged Merchant Bank)
Sadharan Bima Tower (7th Floor), 37/A Dilkusha C.A., Dhaka-1000
Phone: 7169428, 9570624, **Fax:** 7123820
Email: info@bmslinvestment.com, **Web:** www.bmslinvestment.com

FULLY UNDERWRITTEN BY

BMSL Investment Limited Shadharan Bima Tower (7th Floor), 37 Dilkusha C/A, Dhaka-1000	Banco Finance And Investment Limited Baitul View Tower (11th floor), 56/1 Purana Paltan, Dhaka-1000
Alpha Capital Management Limited National Scout Bhaban (5th floor), 70/1, Inner Circular Road, Dhaka-1000	

BANKERS TO THE ISSUE

Mutual Trust Bank Limited MTB Centre, 26 Gulshan Avenue, Gulshan-1, Dhaka-1212	National Bank Limited 18, Dilkusha C/A (1st Floor), Dhaka-1000
Mercantile Bank Limited 61, Dilkusha C/A, Dhaka-1000	Investment Corporation of Bangladesh (ICB) 8, DIT Avenue (Level 14-17), Dhaka-1000
Southeast Bank Limited Eunoos Trade Centre, 52-53, Dilkusha C/A, (Level # 2, 3, 4 & 16), Dhaka-1000	

Bangladesh Industrial Finance Company Limited

63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

As per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

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DEFINITION AND ELABORATION OF THE ABBREVIATED WORDS AND TECHNICAL TERMS USED IN THE RIGHTS OFFER DOCUMENT

Acronym		Elaboration
Allotment	:	Letter of Allotment for Shares
BB	:	Bangladesh Bank
BSEC	:	Bangladesh Securities and Exchange Commission
BO A/C	:	Beneficial Owner Account or Depository Account
BFIL	:	Banco Finance And Investment Limited
BIFC		Bangladesh Industrial Finance Company Limited
CDBL	:	Central Depository Bangladesh Ltd.
Commission	:	Bangladesh Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
EPS	:	Earnings Per Share
Issue	:	Rights Issue
Issuer Company	:	Bangladesh Industrial Finance Company Limited
Issue Manager		Banco Finance And Investment Limited & BMSL Investment Limited
NAV	:	Net Asset Value of the Company
Offering Price	:	Price of the Securities of Bangladesh Industrial Finance Company Limited being Offered
Registered Office	:	Head Office of the Company
RI	:	Rights Issue
Rights Issue Rules	:	Securities And Exchange Commission (Rights Issue) Rules, 2006
RJSC	:	Registrar of Joint Stock Companies & Firms
ROD	:	Rights Offer Document
Securities	:	Shares of Bangladesh Industrial Finance Company Limited
Share Market	:	Market of the Securities in Bangladesh
Sponsors	:	The Sponsor Shareholders of Bangladesh Industrial Finance Company Limited
Stockholders	:	Shareholders
Subscription	:	Application Money
The Company	:	Bangladesh Industrial Finance Company Limited

RIGHTS ISSUE OF SHARES

September 25, 2014

Dear Shareholder(s)

We are pleased to inform you that the shareholders of Bangladesh Industrial Finance Company Limited in its **Annual General Meeting (AGM)** held on **April 24, 2014** decided to issue **33,559,981** Ordinary Shares as rights shares of **Tk.10.00** each at par, totaling Tk.335,599,810 offered on the basis of 01 (One) [R]:02 (Two) i.e. 01 (One) right share for every 02 (Two) existing shares held on the record date. The purpose of issuance of Rights Shares is to meet up the regulatory requirements of Bangladesh Bank as per DFIM Circular No. 05, dated July 24, 2011.

Due to satisfactory operation, Bangladesh Industrial Finance Company Limited (BIFC) has been able to continue its growth in term of business activities and services through efficient conducting of investible funds and human resources by the management under the direction of the Board of Directors as well as patronization and active participation of all our valued shareholders and customers. BIFC has earned a Net Operating Income of Tk.186,758,016/- for the year ended from December 31, 2013. The Board of Directors of your company consider that BIFC's prospects for upcoming years are very good and the funds to be raised by the Right Issue will enable the company to grow in terms of all round growth and maximize the wealth of shareholders.

The Board believes that the offer terms are attractive and hope, you would come forward with your full support and assistance to make the offer a success.

A self-explanatory Rights Share Offer Document prepared in the light of the Securities and Exchange Commission (Rights Issue) Rules, 2006 of the Bangladesh Securities and Exchange Commission is enclosed for your kind information and evaluation.

On behalf of the Board of Directors,

Sd/-
Inamur Rahman
Managing Director

THE RIGHTS OFFER

The Company

Bangladesh Industrial Finance Company Limited (BIFC) is a Non-Banking Financial Institution (NBFI) established under the Financial Institutions Act, 1993. The Company was incorporated as a Public Limited Company on August 10, 1996 under the Companies Act, 1994. It started operation after obtaining License from Bangladesh Bank on February 19, 1998. The Company went for public issue of shares in 2006, and listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. in Bangladesh.

The registered office of the company is located at 63, Dilkusha C/A (1st floor), Dhaka-1000. The operations of the company are being carried out through its four branches located in Dhaka, Chittagong and Narayanganj.

The company offers diversified products and services, which include lease finance, term finance, housing finance, syndicated finance, bridge finance, real estate finance, SME finance, bill discounting, work order finance, personal finance etc. The main focus is to identify and select emerging sector for financing and maintaining quality portfolio.

The Rights Issue

Bangladesh Industrial Finance Company Limited (BIFC) plans to increase paid-up capital through issuance of Rights Shares. The Board of Directors in its 127th Meeting held on March 23, 2014, recommended for issuance of Rights Share at 1 (One) [R]: 2 (Two) ratio i.e. 1 (one) Right Share for 2 (Two) existing share held on the record date for entitlement (subject to the approval of BSEC). The proposed offer is for issuance of Rights Shares of 33,559,981 Ordinary Shares of Tk.10.00 each at 1(One) [R]:2(Two) ratio i.e. 1 (One) Right Share for 2(Two) existing shares held on the record date totaling Tk.335,599,810/- .

Issue Price

The Issue Price per share has been approved in the 18th Annual General Meeting (AGM) of the Company held on April 24, 2014 at Tk.10.00 each at par totaling Tk.335,599,810/- offered on the basis of 01(R):02 i.e. 01 (One) Right Share for 02 (Two) existing shares held on the record date (subject to the approval of BSEC).

RISK FACTORS AND MANAGEMENT PERCEPTION ABOUT THE RISKS

Risk is always associated with investments and investing in the company involves inherent risk factors. There are a number of factors, both specific to BIFC and of a general nature, which may affect the future operating and financial performance of the BIFC and the value of an investment in BIFC. Some of these factors can be mitigated by the use of safeguards and appropriate risk management action. However, many are outside the control of BIFC and cannot be mitigated. The objective of risk management system of BIFC is to identify measure and manage risks in order to ensure the company's asset quality and protect our stakeholders.

The information given below does not assert to be exhaustive. Additional risks or uncertainties are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on BIFC's business, financial condition and operating results. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

Prior to accepting their Entitlements, Applicants should carefully consider the following risk factors, as well as the other information contained in this right offer documents.

INTEREST RATE RISK

Interest rate risk is the risk to which a financial institution is exposed because of future uncertainty of interest rate. Change in the interest rate may adversely affect the profitability of the company by narrowing the interest spread. Interest rates are typically determined by the supply of and demand for money in the economy. If at any given interest rate, the demand for funds is higher than supply of funds, interest rates tend to rise and vice versa.

Management Perception

Though BIFC cannot avoid all adverse impacts of change in interest rate arises due to change in economic conditions or government regulation, BIFC takes all available measures to insulate it's profitability. Asset Liability Committee (ALCO) of BIFC regularly analyzes interest rate sensitivity and maintains interest rate risk at an acceptable level with minimum fluctuation by carrying out asset liability gap analysis. ALCO sits periodically to assess the changes in the market and along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk.

FOREIGN EXCHANGE RATE RISK

Foreign exchange rate risk is a form of financial risk that arises from the potential change in the exchange rate of one currency in relation to another. Foreign exchange rate risk may occur at the time of translation as well as transaction. The market directly fluctuations in foreign exchange affects country's bond, equities, private property, manufacturing and all assets that are available to foreign investors.

Management Perception

Foreign Exchange of BIFC is minimal as most of the transactions are carried on local currency. BIFC is confident to significantly cushion the foreign currency risk through hedging by forward booking.

INDUSTRY RISK

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to prices, revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation. Financial industry of our country is facing tremendous competition and challenges. 31 NBFIs are operating business in our country and a number of organizations have applied for licenses to Bangladesh Bank.

Management Perception

To cope up industry risk, Management of BIFC is paying attention to increase its market shares. By the identification of customers' need and developing new products and services, BIFC is emphasizing on penetrating new market shares. Furthermore BIFC always believe that diversification of products & services and revenue streams are the best way to march forward. BIFC also concentrating on capacity building by enhancing professional capabilities of the employees, upholding professional ethics and modern infrastructural facility to compete with peer companies.

MARKET AND TECHNOLOGY- RELATED RISK

MARKET RISK

Market risk is the risk of loss arising from changes or adverse movements in the level of market prices of rates of financial instruments. Market risk comprises of interest rate risk, exchanges rate risk and equity risk.

Management Perception

BIFC's key objective of market risk management is managing the effects of adverse market movements on the company's earnings and capital effectively.

TECHNOLOGY RISK

In the global market of 21st century developed technology obsoletes the old services/product strategy. So the existing technology is not sufficient enough to cope up with future trends and needs.

Management Perception

The management of BIFC puts strong importance on upgrading BIFC's ICT continuously. Integrated leasing and accounting software for the operation of leasing and term finance, deposit product software are also in place in BIFC.

POTENTIAL OR EXISTING GOVERNMENT REGULATIONS:

The business activities of BIFC is fully controlled by policies, rules and regulation framed by government, that is policies related to Non Banking Financial Institutions determined by Bangladesh Bank .Sudden changing government policies in this regard may impact business operation of BIFC.

Management Perception

The Company operates under Company's Act-1991, Financial Institution Act, 1993, Taxation Policy adopted by NBR, Bangladesh Security And Exchange Commission (BSEC)'s Rule and Rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the institutions will not be affected.

POTENTIAL CHANGES IN THE GLOBAL OR NATIONAL POLICIES:

The performance of the company may be affected due to unavoidable circumstances in Bangladesh, as such political turmoil, war, terrorism, political unrest in the country may adversely affect the economy in general. Moreover, Natural disasters like Cyclone, Tide, and Earthquake may hamper normal performance of power generation.

Management Perception

The risk due to changes in global or national policies is beyond control for any company. Yet the company is well prepared for adoption of policies and preventive measures as and when required to reduce the risk. But severe natural calamities, which sometimes are unpredictable and unforeseen, have the potential to disrupt normal operations of BIFC. Political unrest leading to strikes, hortals etc. certainly plays negative impact in any business and BIFC is not an exception.

HISTORY OF NON-OPERATION, IF ANY

Is there any history for the Bank to become non-operative from its commercial operation?

Management Perception

Bangladesh Industrial Finance Company Limited (BIFC) is a joint venture Leasing and Financing Company, promoted by a group of' Foreign and Local Sponsors. Incorporated as a Public Limited Company in August 1996 and licensed by Bangladesh Bank as a Non-Bank Financial Institution in February 1998 and it has no history of non-operation till now. The Company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. Besides, the company's financial strength is satisfactory. It has very experienced Board of Directors and Management team to make the company more efficient and stronger for commercial operations. Moreover BIFC has been rendering innovative, customized, prompt and cost effective financial solutions to the socio-economic growth of the country, maintaining the highest standard of business ethics and Customers' satisfaction. So, the chance of becoming non-operative for BIFC is minimum.

OPERATIONAL RISK

Operational risk is the potential of loss resulting from failed or inadequate internal processes, people, systems and management, or from external events.

Management Perception

BIFC's operational risk management aims to minimize unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner. BIFC manages operational risks through internal control and compliance department that ensures that operational risks are properly identified, managed, monitored and reported in a structured and consistent manner. It reinforces the control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation. BIFC recognizes the importance of establishing a risk-awareness culture in managing operational risk through embedding risk management in the core processes.

CREDIT RISK

Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Credit risk could stem from both on- and off-balance sheet transactions. An institution is also exposed to credit risk from diverse financial instruments such as trade finance products and acceptances, foreign exchange, financial futures, swaps, bonds, options, commitments and guarantees.

Management Perception

BIFC as a financial institution cannot fully eliminate credit risk but risk can be managed to optimized the risk adjusted return. BIFC manages the credit risk both at individual account level as well as at portfolio level. BIFC established multi-tier approval process, independent Credit Risk Management (CRM) Unit. CRM Unit ensure in depth analysis of the borrower in view of managerial capacity, financial strength, industry prospect and macroeconomic scenario. The credit committee regularly meets to review new credit proposal as well as performance of existing portfolio.

LIQUIDITY RISK

Liquidity is the risk that the organization may not be able to meet cash flow obligation within a stipulated time. BIFC may lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution.

Management Perception

BIFC has a liquidity risk management system, dedicated to maintain suitable and sufficient funds to meet present and future liquidity obligations whilst utilizing the funds appropriately to take advantage of market opportunities as they arise. BIFC manages its liquidity mainly through domestic money and capital markets including repurchase markets. BIFC seeks to minimize its liquidity costs in line with the market situation by closely managing the liquidity position on a daily basis and restricting the holding of cash held above an appropriate level at any given time. As part of liquidity management, BIFC adheres to its funding plan, and exercises due care in using medium-term borrowings.

CAPITAL ADEQUACY RISK

Capital adequacy risk where the BIFC's doesn't have sufficient capital and reserves to do the business or to absorb unexpected losses arising out from credit, market and operational activities.

Management Perception

Capital management policy is crafted to ensure that, the Company maintains an adequate level of capital to support growth strategies and meets regulatory requirements and market expectations. NBFI's in Bangladesh required to comply Basel II Accord by 2012, which resulted changes to capital adequacy requirements. The Basel II Accord affected the risk weightings of different types of assets including minimizing market and operational risk. This in turn has a direct effect on the institution's capital adequacy ratio.BIFC always maintains the regulating ratios at satisfactiring level and the proposed issue of Rights Share shall enhance the capital base of the institutions, thus to help address capital adequacy risk.

RISK FROM THE COMPETITORS

Commercial banks are leaders of the lending market. It is estimated that, more than 90% market share of credit market is held by commercial banks. With the advantage of lower cost of fund, commercial banks may increase the market competition.

Management Perception

Commercial banks focus in providing mid-term and short term financing. Although commercial banks are currently the largest term loan providers, NBFI's play an important role in terms of advising, structuring and syndicating term loans for projects with special needs. BIFC has some advantages over commercial banks in this regard, such as flexibility of some terms of leading, quick disbursement, leasing and equity investment and the ability to syndicate/arrange fund from domestic sources. This strategic edge, coupled with a strong customer oriented approach, has created demand for BIFC financing despite the fact that, company changes a bit higher rates than the commercial banks due to higher cost of fund.

CHANGE IN REGULATORY POLICIES

Bangladesh Bank may increase the Statutory Liquidity Requirement (SLR) of NBFI's, which may create fund constrains for BIFC.

Management Perception

BIFC has substantial bank deposits as assets, which is accepted by Bangladesh Bank as SLR. As such, any change in SLR rate may not have impact upon the company.

ASSETS QUALITY RISK

Additional provisioning may be required due to deterioration in asset quality that will reduce the profit as well as the dividend of the Company.

Management Perception

Management of Bangladesh Industrial Finance Company Limited (BIFC) recognizes the risk and has so far demonstrated its ability to maintain reserves as per Bangladesh Bank guideline and proper management of its portfolio.

RISK FACTOR REGARDING NEGATIVE OPERATING CASH FLOW

On a cash flow statement, the operational cash flow clearly shows whether the way a company creates and manages its earnings provides it with sufficient cash to cover all operational expenses. If this cash flow is negative, the company cannot cover operations solely from running the business. Negative operational cash flow could signify a growing company that is hiring personnel, or it could signify a collections problem or poor debt structure.

On average businesses operating with negative cash flow were less profitable, less efficient and had poorer liquidity ratios than those operating with positive cash flow.

Management Perception

The main business of the company is to collect fund from different banks, financial institutions, corporate bodies and individuals in the form of term deposit and to invest the same in the form of term loan and lease finance. The amount received from the client in the form of installment payment is also used for reinvestment.

During the years 2012, 2011, 2010 and 2009 the company's lending portfolio and term deposit receipts (TDR) maturity grew faster than the fund generated from company day to day business operation .As a result the net operating cash flow of the company remained negative.

Management Steps

In order to come out of negative Cash Flow, Management of BIFC strengthened it's recovery process further, all levels of officials were incorporated in the recovery process depending on the significance of the case, likewise recovery strategy was tailored depending on the nature of the defaulter, which yielded good result. Side by side BIFC has put emphasis on deposit collection, deposit mobilization target was given to each employees. As a result BIFC came out of negative Cash Flow in the year 2013.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION

Subscription opens for the rights shares offer on **November 09, 2014** and subscription closes for the rights shares offer on **November 30, 2014**.

DECLARATION REGARDING UTILIZATION OF PREVIOUS FUND (IPO)

The Company went for Public Offering in the year 2006 to raise fund amounting to BDT 110,959,500.00 to enhance its normal leasing and lending business. The fund raised through the Public Offering was fully utilized for meeting the said purpose. The statement of fund utilization is given below:

Break-up of utilization of IPO Fund		
Sl. No.	Particulars	Amount in Taka
Receipt of Fund		
1	From IPO	110,959,500.00
2	Premium	-
	Total	**110,959,500.00**
Utilization of Fund		
1	Lease finance and Term Financing	110,959,500.00
	Total	**110,959,500.00**

Sd/-
Ahsanul Bari FCMA
EVP & Chief Financial Officer

Sd/-
Inamur Rahman
Managing Director

5 (FIVE) YEARS INFORMATION REGARDING AGM HELD AND DIVIDEND DECLARED BY THE COMPANY

Accounting year	AGM Title	Date of AGM held & Dividend Declared	Declared Dividend Rate (%)
December 31, 2009	14th AGM	May 19, 2010	Stock-22.50% Cash- Nil
December 31, 2010	15th AGM	May 12, 2011	Stock-25% Cash- Nil
December 31, 2011	16th AGM	June 19, 2012	Stock-10% Cash-Nil
December 31, 2012	17th AGM	July 04, 2013	Stock-5% Cash-Nil
December 31, 2013	18th AGM	April 24, 2014	Stock-5% Cash-Nil

PURPOSE OF THE RIGHTS ISSUE

As per Bangladesh Bank DFIM Circular No.-5 dated July 24, 2011, all Non-Banking Financial Institutions (NBFI) are required to increase their Paid-up Capital to Tk.100.00 (Taka one hundred) crore. The Paid-up Capital is also required to be increased to comply with Capital Adequacy Ratio (based on Risk Weighted Assets) due to increase in BIFC's investment in coming years. Accordingly, it has been decided that the Paid-up Capital of BIFC be increased by way of offering **Right Shares** to its shareholders on the basis of **1R:2** (i.e. One right share for every 2 existing shares held). The Company offers **33,559,981** ordinary shares at an issue price of **Tk. 10.00** each at par totaling **Tk. 335,599,810** (Taka thirty three crore fifty five lac ninety nine thousand eight hundred and ten) only.

Sd/-
Ahsanul Bari FCMA
EVP & Chief Financial Officer

Sd/-
Inamur Rahman
Managing Director

HIGHLIGHTS OF THE COMPANY

Sl. No.	Particulars
1	BIFC was incorporated a Public Limited Company in Bangladesh on August 10, 1996 under the Companies Act 1994 and listed in Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.
2	Commencement of Business of the Company on March 02, 1998.
3	The Authorized Capital of the Company is Tk.4,000.00 million and Paid-up Capital is Tk.639.23 million as on December 31, 2013.
4	The Company has been regularly holding the Annual General Meeting (AGM) since its incorporation.
5	The company has been paying off reasonable dividend to the shareholders.

Total equity structure of the Company is shown below:-

Sl. No.	Particulars	December 31, 2013 Taka
A	Paid-up Capital	639,237,750
	Statutory reserve	143,664,346
	General reserve	10,364,681
	Asset revaluation reserve	403,425,667
	Share money deposit	362
	Stock dividend	-
	Retained earnings	36,407,333
	Total Shareholders' Equity (Considering Revaluation Reserve)	**1,233,100,139**
	Less: Asset revaluation reserve	403,425,667
	Total Shareholders' Equity (Without considering revaluation surplus)	**829,674,472**
B	**Total Number of Shares** (Considering 5% Stock Dividend)	**67,119,963**
C	**Equity Based Value per Share/NAV per share considering revaluation surplus**	**18.37**
D	**Equity Based Value per Share/NAV per share without considering revaluation surplus**	12.36

FINANCIAL HIGHLIGHTS OF THE PREVIOUS YEARS

(Amount in BDT)

Particulars	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Share Capital	639,237,750	608,797,860	553,452,600	442,762,100	361,438,400
Total Equity	1,233,100,139	1,187,590,973	774,385,335	759,376,151	553,155,877
Net Profit after Tax	45,509,166	9,779,971	15,009,184	206,220,274	124,121,487
Number of Shares*	63,923,775	60,879,786	55,345,260	44,276,210	36,143,840
Face Value	10.00	10.00	10.00	10.00	10.00
NAV Per Share	19.29	19.51	13.99	17.15	15.30
EPS	0.71	0.16	0.27	4.66	3.43
Dividend	Cash: Nil	Cash: Nil	Cash: Nil	Cash: Nil	Cash: Nil
	Stock:5.00%	Stock:5.00%	Stock:10.00%	Stock:25.00%	Stock:22.50%
Cash flow from Operating activities	499,693,671	(13,929,212)	(537,087,842)	(628,072,225)	(32,333,682)
Net Operating Cash Flow per Share (NOCFPS)	7.82	(0.23)	(9.70)	(14.19)	(0.89)

* Considering value of share Tk.10.00 each

MARKET PRICE PER SHARE OF THE COMPANY FOR LAST 6 (SIX) MONTHS

Date	Market Performance (Amount in BDT)	
	Face Value	Price
Market price per share as on 29 May 2014	10.00	12.70
Market price per share as on 30 April 2014	10.00	13.40
Market price per share as on 31 March 2014	10.00	15.30
Market price per share as on 27 February 2014	10.00	17.20
Market price per share as on 30 January 2014	10.00	19.50
Market price per share as on 30 December 2013	10.00	17.30
Average Market Price per Share	**10.00**	**15.90**

Source: DSE Monthly Review, Considering Taka 10.00 per share

EXISTING SERVICES RENDERED BY THE COMPANY

Bangladesh Industrial Finance Company Limited (BIFC) has already launched various products and services since inception. The principal products and services of the Company are mentioned below:

LEASE FINANCE

Lease is a contractual relationship between lessor and Lessee for acquisition of an asset by the lessee (the Client). The lessor procure the asset for the lessee who has the full liberty to select the asset, supplier, price including other terms & conditions. Lease rental is determined based on acquisition cost and lease term. Rentals are payable usually on monthly basis.

Lease Finance is available for

- Capital machineries for industrial undertakings,
- Industrial equipments,
- Office equipments,
- Medical equipments,
- Commercial transport
- Construction equipments including Generators, Boilers etc.
- Other essential items and equipments for large trading companies, manufacturing, services and industries.

TERM LOAN

Financing in any business concern to meet up various regular capital / fixed expenditures like expansion of production line, modernization of manufacturing process, extension of capacity and space, purchase of fixed assets etc.

PROJECT FINANCE

Financial solution for an entire project provided through mix of different products and financial services offered by the company.

WORKING CAPITAL FINANCE

Loan facilities for a short term, generally for a period of one year to meet working capital need of clients.

SHORT TERM LOAN

Short Term Loan to different business concerns to meet urgent fund requirement for any interim period.

FACTORING

Client can avail a loan equivalent to a certain percentage of the receivable arising out of supply of goods or delivery of services on credit. BIFC will reimburse the balance amount on receiving payment from customer as per assignment of payment arrangement. The facility enables the client to enjoy steady flow of funds towards higher volume of business resulting from its revolving nature and multiple effects.

WORK ORDER FINANCING

Financing against work orders from reputed local and multinational companies to facilitate the client mobilizing adequate fund towards meeting delivery deadline.

SYNDICATION FINANCE

Syndication finance of BIFC's consists of the following products:

- Syndicated Term Finance
- Syndicated Lease Finance

Syndicated Term Finance	Financing by a group of financial organizations in which each lend an amount of money to a borrower for the same purpose. Project requiring large-scale investment for green field operation or for expansion, a syndication financing facility is required in the form of term loan, lease, working capital etc.
Syndicated Lease Finance	Mainly Asset based finance utilized by the customer for purchasing Machinery & Equipment under a syndication finance planning.

SME FINANCE

SME finance of BIFC's consists of the following products:

- Lease finance
- Term finance
- Woman entrepreneur loan

Lease Finance	This is a long term facility to support small and medium business entities for procurement of machineries, equipment, vehicle etc.
Term Finance	Financing to meet up various regular capital / fixed expenditures like expansion of production line, modernization of manufacturing process, extension of capacity and space, project set up etc. for SMEs.
Woman entrepreneur loan	Financing facilities targeting the Women SME Entrepreneurs.
Working capital	Short term loan up to one year or so to use as working capital or meet up any short-term requirements for SMEs.
Work order financing	This is a short term facility to support small and medium business entities in execution of work orders issued from government, reputed local/ multinational organizations.

BOARD OF DIRECTORS

Name of the Directors	Occupation	Designation	Address	
			Present/Business	Permanent
Ms. Umme Kulsum Mannan (Nominee of Pioneer Dress Ltd.)	Business	Chairman	63, Dilkusha C/A (1st Floor) Dhaka-1000	House#13, Road#87 Gulshan-2, Dhaka-1212
Ms. Tanzila Mannan (Nominee of Pioneer Dress Ltd.)	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	House#13, Road#87 Gulshan-2, Dhaka-1212
Ms. Tajrina Mannan (Nominee of Pioneer Dress Ltd.)	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	House#13, Road#87 Gulshan-2, Dhaka-1212
Mr. Md. Arshaad Ullah, FCMA (Nominee of Pioneer Dress Ltd.)	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	Cda Annex Building 2nd Floor, Chittagong
Mr. ANM Jahangir Alam	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	Vill- Bakhterpur (amin Bari), Post- Biroli Bazar Thana- Dhagon Bhuiyan Dist.- Feni
Mr. Jaroslav M. Vyskovsky (Nominee of Tees Mart Inc. USA)	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	45, Tudor City Place Apt.# 2118, NY 10017 New York, USA
Mr. Chan Sze Hung (Nominee of Five Continents Credit Ltd. Hong Kong)	Business	Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	12/F, Mansion House Flat#1202, 74-78 Nathan Road, Tsim She Tusi, Kowloon
Mr. Abbas Uddin Ahmed	Business	Independent Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	House#12, Road#25 Banani, Dhaka-1213
Brig. Gen. Khaled A. Karim (Retd.)	Business	Independent Director	63, Dilkusha C/A (1st Floor) Dhaka-1000	House#12, Road#14A Sector#4, Uttara Model Town, Dhaka-1213

MANAGEMENT & EXECUTIVES

Name of the Executives	Present Address	Educational Qualification	Designation	Occupation	Place of Posting
Mr. Inamur Rahman	House # 07 (4th floor), Road # 03, Sector # 03, Uttara Model Town, Dhaka -1230.	MBA	Managing Director	Service	Head Office
Mr. Ahsanul Bari FCMA	House # 39, Road # 19, Sector # 14, Uttara Model Town, Uttara, Dhaka-1230.	M.Com & FCMA	Executive Vice President & CFO	Service	Head Office
Mr. Ahamed Karim Chowdhury	194/4, Tejkunipara, Tejgaon Dhaka-1215.	MBA	Vice President & Company Secretary	Service	Head Office
Mr. Mohiuddin Ahmed	Flat- B-5, Road- -3, House-31, Gopibag, Dhaka-1000.	MBA	Vice President & Head of Accounts	Service	Head Office
Mr. Md. Aowlad Hossain	30, Bardhan Bari, Mirpur Dhaka-1216.	MBA	Vice President	Service	Head Office
Mr. Md. Mahbubur Rahman	House # E-9 , Road # 07 Mohanagar R/A, WAPDA Road, West Rampura, Dhaka	M.Com	Senior Assistant Vice President	Service	Head Office
Mr. Md. Anwarullah Sadeq	X-14/1, Road No # 1, Block # A, Chandgaon R/A Chittagong.	MBA	Senior Assistant Vice President & Branch Manager	Service	Chittagong Branch
Mr. Md. Taufikul Hakim	ENA PRIOM, 21/5, Khiljee Road, Mohammadpur,Dhaka.	M.SS	Assistant Vice President	Service	Head Office
Ms. Kazi Dilruba Akter	24/3 (1st Floor), 2C Mitali Road, Zigatola, Dhanmondi Dhaka.	MBA	Assistant Vice President	Service	Head Office
Mr. Md. Firozul Alam Chowdhury	754, West Shewrapara, Mirpur, Dhaka	MBA	Senior Principal Officer & Branch Manager	Service	Uttara Branch
Mr. Md. Akramul Haider	1598, South Dania (Bank Colony), Kadamtola Dhaka-1236.	M.Com	Principal Officer & Branch Manager	Service	Narayanganj Branch

Bangladesh Industrial Finance Company Limited

63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

As on December 31, 2013

Company Milestones		
Incorporation of the Company	10 August	1996
License from Bangladesh Bank	19 February	1998
Commencement of Business	02 March	
Sanction of First Lease Proposal	06 October	
Execution of First Lease Agreement	07 October	
First Letter of Credit Opened	08 april	1999
First Credit Line from Bank	31 May	
First Syndicated Lease Participation	18 August	2002
Relocation of Registered & Head Office	16 November	2003
Initial Public Offering (IPO)	20 August	2006
First Trade of share	15 november	
First Branch Opened (Chittagong)	03 December	2009
Completion of 12 years in Service	02 March	2010
Second Branch Opened (Uttara, Dhaka)	16 October	2011
Change of Face Value and Market lot of Share	29 November	
Third Branch Opened (Narayanganj)	28 December	

Stock Summary & Financial Information	
Authorized Capital	Tk.4,000.00 Million
Paid up Capital (Considering 5% Stock Dividend)	Tk.671.19 Million
Total Shareholders' Equity	Tk.1,233.10 Million
Total Assets	Tk.9,608.94 Million
Total Operating Income	Tk.186.75 Million
Net Cash from Operating activities	Tk.499.69 Million
No. of Employees	62 Persons

Others Information	
Managing Director	**Mr. Inamur Rahman**
Company Secratery	**Mr. Ahamed Karim Chowdhury**
Auditor	**A. Wahab & Co.** Chartered Accountants
Tax Advisor	**K. M. Hasan & Co.** Chartered Accountants
Legal Advisor	**Hasan and Associates** DCC Building (6th Floor) 65-66 Motijheel C/A, Dhaka-1000

BANKERS TO THE ISSUE OF RIGHTS ISSUE OF BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka	Rajshahi Br., Rajshahi	Barishal Br., Barishal	Bogra Br., Bogra
Chittagong Br., Chittagong	Khulna Br., Khulna	Sylhet Br., Sylhet	Local Office, Dhaka

National Bank Limited

Agrabad Branch, Ctg.	Dhanmondi Br. Dhaka	Gulshan Br. Dhaka	Kawran Bazar Br. Dhaka	Mohakhali Br. Dhaka
CDA Avenue Br. Ctg.	Foreign Exchange Branch. Dhaka	Imamgonj Br. Dhaka	Malibagh Br. Dhaka	Narayangonj Br. N.gonj.
Chawk Bazar Br. Ctg.	Gazipur Br. Gazipur	Jatrabari Br. Dhaka	Mirpur Br. Dhaka	New Eskaton Br. Dhaka
Savar Bazar Br. Savar	Sylhet Br. Sylhet	Uttara Br., Dhaka		

Southeast Bank Limited

Principal Branch, Dhaka	Bangshal Br. Dhaka	New Elephant Road Br. Dhaka	Laldighirpaar Br. Sylhet	Cox'sbazar Bazar Br. Cox's
Bashundhara Br. Dhaka	Corporate Branch, Dhaka	Shyamoli Br. Dhaka	Jubilee Road Br. Ctg.	Bandar Bazar br. Sylhet
Banasree Br. Dhaka	Dhanmondi Br.,Dhaka	Kakrail Br. Dhaka	Chouhatta Br. Sylhet	Agrabad Br. Ctg.
Banani Br. Dhaka	Uttara Br. Dhaka	Pragati Sarani Br. Dhakaa	Halishahar Br. Ctg.	Khatunganj Br. Ctg.

Mutual Trust Bank Limited

Agrabad Br., Chittagong	Comilla Br. Comilla	Gulshan Br., Dhaka	MTB Corporate Center Br.	Principal Br. Dhaka
Babu Bazar Br. Ctg.	Dhanmondi Br. Dhaka	Habigonj Br. Habigonj	Narayangonj Br. N.gonj.	Progati Sarani Br. Dhaka
Banani Br.,Dhaka	Dilkusha Br. Dhaka	Kakrail Br. Dhaka	Pallabi Br. Dhaka	Dania Br. Dhaka
Chawk Moghalful Br. Dhaka	Elephant Road br. Dhaka	Mohammadpur Br. Dhaka	Panthapath Br. Dhaka	Mirpur Br. Dhaka

Mercantile Bank Limited

Main Branch, Dhaka	Agrabad Br., Chittagong	Sylhet Br. Sylhet	Mirpur Br. Dhaka	Satmasjid Road Br. Dhaka
Dhanmondi Br. Dhaka	Banani Br.,Dhaka	Khatunganj Br., Ctg.	Uttara Br., Dhaka	Bogra Br., Bogra
Kawran Bazar Br. Dhaka	Rajshahi Br., Rajshahi	Mohakhali Br., Dhaka	Motijheelj Br., Dhaka	Gulshan Br., Dhaka
Feni Br. Feni	Barishal Br. Barishal	Comilla Br. Comilla	Narayangonj Br. N.gonj.	Progati Sarani Br. Dhaka

JUSTIFICATION OF THE ISSUE PRICE OF RIGHTS SHARES

The rights issue price at Tk.10.00 each per share is justified as per the guidelines of the Bangladesh Securities And Exchange Commission (BSEC) as given in the table below:

SUMMARY OF PRICING METHODOLOGY		
Valuation Methods		Offer Price Amount in Taka
Method 1	Net Asset Value per Share (Considering Revaluation Surplus)	18.37
	Net Asset Value per Share (Without Considering Revaluation Surplus)	12.36
Method 2	Average Market Price per Share	15.90

Method 1: Net Assets Value (NAV) per share

	PARTICULARS	December 31, 2013 Taka
A	**PROPERTY & ASSETS**	
	Cash	66,517,400
	In hand (Including foreign currencies)	503,833
	Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)	66,013,567
	Balance with other Banks and other Financial Institution	861,951,080
	Inside Bangladesh	861,951,080
	Outside Bangladesh	-
	Money at call and short notice	-
	Investments	378,977,858
	Government	-
	Others	378,977,858
	Loans and Advances	7,558,737,428
	Loans, cash credits, overdraft etc.	7,558,737,428
	Bills purchased & discounted	-
	Fixed assets including land, building, furniture and equipments	453,510,677
	Other Assets	289,246,858
	Non financial institutional assets	-
B	**TOTAL ASSETS**	9,608,941,301
C	LIABILITIES AND CAPITAL	
	Liabilities:	
	Borrowing from other banks, other financial institutions and agents	2,437,335,985
	Deposits and other accounts	4,656,676,761
	Current deposits and other accounts, etc.	-
	Bills payable	-
	Savings bank deposits	-
	Term deposits	4,629,463,441
	Bearer certificates of deposits	-
	Other deposits	27,213,320
	Other Liabilities	1,281,828,416
D	**TOTAL LIABILITIES**	8,375,841,162
E	Asset Revaluation Reserve	403,425,667
F=(B-D)	Net Assets Value considering Revaluation reserve	1,233,100,139
G	Net Assets Value Without considering Revaluation reserve	829,674,472
H	Number of Shares of Tk. 10.00 each outstanding*	67,119,963
I=F/H	Net Asset Value (NAV) per share considering Revaluation reserve	18.37
J=G/H	Net Asset Value (NAV) per share without considering Revaluation reserve	12.36

* Considering 5% Stock Dividend

NAV is also equivalent to the Equity Based Value per share which is depicted below:

Sl. No.	Particulars	December 31, 2013 Taka
A	Paid-up Capital	639,237,750
	Statutory reserve	143,664,346
	General reserve	10,364,681
	Asset revaluation reserve	403,425,667
	Share money deposit	362
	Stock dividend	-
	Retained earnings	36,407,333
	Total Shareholders' Equity (Considering Revaluation Reserve)	1,233,100,139
	Less: Asset revaluation reserve	403,425,667
	Total Shareholders' Equity (Without considering revaluation surplus)	829,674,472
B	Total Number of Shares (Considering 5% Stock Dividend)	67,119,963
C	Equity Based Value per Share /NAV per share considering revaluation surplus	18.37
D	Equity Based Value per Share /NAV per share without considering revaluation surplus	12.36

Method 2: Average Market Price per Share

Date	Market Performance (Amount in BDT)	
	Face Value	Price
Market price per share as on 29 May 2014	10.00	12.70
Market price per share as on 30 April 2014	10.00	13.40
Market price per share as on 31 March 2014	10.00	15.30
Market price per share as on 27 February 2014	10.00	17.20
Market price per share as on 30 January 2014	10.00	19.50
Market price per share as on 30 December 2013	10.00	17.30
Average Market Price per Share	**10.00**	**15.90**

Source: DSE Monthly Review, Considering Taka 10.00 per share

LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS

Bangladesh Industrial Finance Company Limited (BIFC) a listed Non-Banking Financial Institution (NBFI) was incorporated on August 10, 1996 under the Companies Act, 1994 and obtained its license as Non-Banking Financial Institution from Bangladesh Bank under the ambit of the Financial Institution Act, 1993 on February 19, 1998. The shares of the Company were listed in Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. on 15 November 2006. The Company commencement its business on March 02, 1998 and has successfully completed almost 16 (Sixteen) years of operation.

IMPLEMENTATION SCHEDULE

The proceeds received from right issue will be implemented in the following manner:

Purpose	Amount in Taka	Implementation Period
Financial assistance in the form of lease and term loan	335,599,810	03 months after receiving Rights Issue Fund
Total	**335,599,810**	

Sd/-
Ahsanul Bari FCMA
EVP & Chief Financial Officer

Sd/-
Inamur Rahman
Managing Director

QUANTIY OF SHARES HELD BY EACH DIRECTOR ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT

As on April 24, 2014

Name of the Directors	Position	Percentage (%)
Pioneer Dress Ltd. (Nominated by Ms. Umme Kulsum Mannan, Ms. Tanzila Mannan, Ms. Tajrina Mannan & Mr. Md. Arshaad Ullah, FCMA)	Director	5.82
Mr. A N M Jahangir Alam	Director	2.01
Tees Mart Inc. USA (Nominated by Mr. Jaroslav M. Vyskovsky)	Director	18.01
Five Continents Credit Ltd. Hong Kong (Nominated by Mr. Chan Sze Hung)	Director	19.39
Mr. Abbas Uddin Ahmed	Independent Director	N/A
Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	N/A
Total		**45.23**

COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY

As on April 24, 2014

Particulars	No. of Shares Held	Total Amount of Shares	% of Total Shares
Sponsors & Directors	41,733,841	417,338,410	62.18
General Public	17,827,062	178,270,620	26.56
Institutions	7,559,060	75,590,600	11.26
Government	Nil	Nil	Nil
Total	**671,19,963**	**671,199,630**	**100%**

BENEFICIAL OWNERS HOLDING SHARES 5% OR ABOVE

As per [Rule-(I)] of the Securities and Exchange Commission (Rights Issue) Rules 2006; The Following beneficial owners are holding shares 5% or above as on April 24, 2014:

Name	Address	Position	% of Total Shares
Five Continents Credit Ltd., Hong Kong	Unit # 303, 3/F Chevalier House, 45-51, Chatham Road South, Tsim Sha Tsui, Kowloon Hong Kong.	Sponsor	19.39
Tees mart Inc., USA	350, 5th Avenue, Suite # 2712, Empire State Building, New York, NY. 10118, USA.	Sponsor	18.01
Merrill and Forbes Inc., USA	112, W 34th St Ste 905, New York, NY.	Sponsor	12.60
Pioneer Dresses Ltd.	CDA Annex Building (2nd floor), Shaheed Suhrawardi Road, Agrabad, Chittagong.	Sponsor	5.82

Sd/-
Ahsanul Bari FCMA
EVP & Chief Financial Officer

Sd/-
Inamur Rahman
Managing Director

PUBLIC LISTED COMPANY UNDER COMMON MANAGEMENT

As per the Securities And Exchange Commission (Rights Issue) Rules, 2006; there is no Public Listed Company under the common Management of Bangladesh Industrial Finance Company Limited (BIFC).

CLASSIFIED INFORMATION & UNDERWRITERS

ISSUE MANAGERS	**BANCO FINANCE AND INVESTMENT LIMITED** Baitul View Tower (11th Floor), 56/1, Purana Paltan, Dhaka-1000	
	BMSL INVESTMENT LIMITED Shadharan Bima Tower (7th Floor), 37 Dilkusha C/A, Dhaka-1000	
AUDITOR	A. Wahab & Co. Chartered Accountants Hotel Purbani, Annex-2 (4th Floor), 1 Dilkusha C/A, Dhaka-1000	
BANKERS' TO THE ISSUE	Investment Corporation of Bangladesh (ICB) National Bank Limited Southeast Bank Limited Mercantile Bank Limited Mutual Trust Bank Limited	
COMPLIANCE OFFICER OF MANAGERS TO THE ISSUE	Mohammad Nuruzzaman Deputy Manager (BFIL)	Tanvir Ul Alam Assistant Manager (BFIL) · Ohidur Rahman (Ripon) Sr. Executive Officer (BMSL)
COMPANY'S COMPLIANCE OFFICER	Monir Ahmed Senior Officer	
LEGAL ADVISOR	Hasan and Associates DCC Building (6th Floor), 65-66 Motijheel C/A, Dhaka-1000	

Bangladesh Industrial Finance Company Limited (BIFC) is going to offer rights share of 33,559,981 Ordinary Shares at Tk.10.00 each at par totaling Tk.335,599,810 offered on the basis of 01(R): 02 i.e. 01 (One) Rights Share for 02 (Two) existing share held. As per Securities and Exchange Commission's guideline, the issuer of a listed security making rights issue shall appoint one or more underwriters licensed under **সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মার্চেন্ট ব্যাংকার ও পোর্টফোলিও ম্যানেজার) বিধিমালা, ১৯৯৬** to fully underwrite the rights issue on a firm commitment basis. Underwriting commission will be @ 0.25% on the underwritten amount and there will be no additional commission for take-up unsubscribe portion of shares if any.

Name of Underwriters	No. of Shares to be Underwritten	Offer price (BDT)	Total Amount of Underwritten (BDT)	% of Total Underwritten
BMSL Investment Limited Shadharan Bima Tower (7th Floor), 37 Dilkusha C/A, Dhaka-1000	12,059,981	10.00	120,599,810	35.94%
Banco Finance And Investment Limited Baitul View Tower (11th floor), 56/1 Purana Paltan, Dhaka-1000	17,500,000	10.00	175,000,000	52.14%
Alpha Capital Management Limited National Scout Bhaban (5th floor), 70/1, Inner Circular Road, Dhaka-1000	4,000,000	10.00	40,000,000	11.92%
Total	**33,559,981**	**10.00**	**335,599,810**	**100%**

UNDERWRITERS' OBLIGATION

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters (for full unsubscribed amount) in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Company Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Company Draft has been encashed and the Company's account has been credited. In any case, within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

[এসইসি/এসআরএমআইসি/২০০৭-১৮/১১৭৮/২৭০ তারিখঃ অক্টোবর ১২, ২০১১ নির্দেশনা অনুযায়ী, ভবিষ্যতে অনিষ্পন্ন অভিযোগসমূহ উল্লেখিত পন্থায় নিষ্পত্তি করতে হবে এবং উক্ত নির্দেশনা জারীর পরবর্তী সময়ে যে সকল রাইট শেয়ার পাবার অধিকারী সদস্যগণ আপত্তি উত্থাপন করবেন তা সংশ্লিষ্ট কোম্পানি কর্তৃক কমিশনে রাইট শেয়ার ক্রেডিট করার প্রতিবেদন দাখিল করার দিন হতে ষাট্ (৬০) দিনের মধ্যে নিষ্পত্তি পূর্বক কমিশনে অনুরুপভাবে অবহিত করবে।]

DIRECTORS' TAKE-UP IN THE RIGHTS OFFER

Directors are expected to exercise in full their portion of Rights Offer [Rule-8(Q)] is as under:

As on April 24, 2014

Name of the Directors	Position	Nos. of Shares Held*	No. of Rights Share Offered	No. of Rights Share to be Renounced	Reason of Renunciation
Pioneer Dress Ltd. (Nominated by Ms. Umme Kulsum Mannan, Ms. Tanzila Mannan, Ms. Tajrina Mannan & Mr. Md. Arshaad Ullah, FCMA)	Director	3,902,556	1,951,278	N/A	N/A
Mr. A N M Jahangir Alam	Director	1,352,422	676,211	N/A	N/A
Tees Mart Inc. USA (Nominated by Mr. Jaroslav M. Vyskovsky)	Director	12,090,171	6,045,085	N/A	N/A
Five Continents Credit Ltd. Hong Kong (Nominated by Mr. Chan Sze Hung)	Director	13,012,879	6,506,439	N/A	N/A
Mr. Abbas Uddin Ahmed	Independent Director	Nill	Nill	N/A	N/A
Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	Nill	Nill	N/A	N/A

* Considering 5% stock dividend

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

Basis of the Offer

The Company records its share register of members on **October 19, 2014** for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares are now being offered on a rights basis to the shareholders holding shares on the record date at **Tk.10.00** each at par in the ratio of 01(R): 02 i.e. 01 (one) right share for 02 (two) existing share held on the record date.

Entitlement

As a shareholder of the Company on the record date on **October 19, 2014** the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

Acceptance of the Offer

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filling in Application - Form A and submitting the same along with the application money to the Bankers to the Issue on or before the Closing Date of subscription of **November 30, 2014**.

Renunciation

A shareholder may renounce all or part of the shares he/she is entitled to in favour of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form-B. Renouncee(s) shall fill in Form-C appropriately.

General

All applications should be made on the printed form provided by the Company in this Rights Share Offer Documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money received in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

Condition of Subscription

Rights Offer of **33,559,981** Ordinary Shares of **Tk.10.00** each at par, totaling **Tk.335,599,810** offered on the basis of **01(R):02** i.e., 01 (one) right share for 02 (two) existing shares held by the Shareholder(s) whose name(s) appeared in the Company's Share Register at the record date as on **October 19, 2014.**

Payment of Share Price

Payments for the full value of Shares applied for shall be made with designated Branches of Bankers to the Issue by Cash/Pay Order/Demand Draft payable to "Bangladesh Industrial Finance Company Limited" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Company in the same town to which the application form has been submitted.

SUBSCRIPTION STATUS	
Opens on	Closes on
November 09, 2014	November 30, 2014
Within Banking Hours	

Any changes or extension regarding subscription period will be notified through national dailies.

Lock-in on Rights Share

The Rights Shares of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of three years from the date of closure of the rights share subscription. In the event of renunciation of rights shares by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period shall be operative.

As on April 24, 2014

Name of the Directors	Position	Nos. of Shares Held*	No. of Rights Share Offered	Date of Subscription Close	Expiry Date of Lock-in
Pioneer Dress Ltd. (Nominated by Ms. Umme Kulsum Mannan, Ms. Tanzila Mannan, Ms. Tajrina Mannan & Mr. Md. Arshaad Ullah, FCMA)	Director	3,902,556	1,951,278	2014	03 years lock-in from the date of subscription close
Mr. A N M Jahangir Alam	Director	1,352,422	676,211	2014	03 years lock-in from the date of subscription close
Tees Mart Inc. USA (Nominated by Mr. Jaroslav M. Vyskovsky)	Director	12,090,171	6,045,085	2014	03 years lock-in from the date of subscription close
Five Continents Credit Ltd. Hong Kong (Nominated by Mr. Chan Sze Hung)	Director	13,012,879	6,506,439	2014	03 years lock-in from the date of subscription close
Mr. Abbas Uddin Ahmed	Independent Director	Nill	Nill	N/A	N/A
Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	Nill	Nill	N/A	N/A

* Considering 5% stock dividend

Others

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by November 30, 2014 or by such later date as may be notified through national dailies to that effect.

MATERIAL CONTRACTS

Bankers to the Issue

Investment Corporation of Bangladesh (ICB), Southeast Bank Limited, National Bank Limited, Mercantile Bank Limited and Mutual Trust Bank Limited has accorded their consent to act as the Banker to the Issue and will collect the subscriptions money of the Rights Offer in cash/cheque/pay order/draft etc. through their designated branches as mentioned.

Significant clauses of Bnakers to the Issue agreement are as follows:

- ✓ The Company shall issue 33,559,981 Rights shares of Tk.10.00 each at par share amounting to Tk.335,599,810 in accordance with the consent of the Bangladesh Securities & Exchange Commission (BSEC) and relevant Securities and Exchange Commission (Rights Issue) Rules, 2006.
- ✓ The company shall pay commission to the Bank at the rate of 0.10% of the amount of subscription money to be collected.
- ✓ The company shall comply with any other formalities required under law of regulatory bodies for raising fund publicly.

The rights issue subscriptions money collected from the shareholders by the Bankers to the issue will be remitted to the Company's **SND No.0002-0320002857** with **Mutual Trust Bank Limited, Principal Branch**.

Underwriters

Name of Underwriters
BMSL Investment Limited Shadharan Bima Tower (7th Floor), 37 Dilkusha C/A, Dhaka-1000
Banco Finance And Investment Limited Baitul View Tower (11th floor), 56/1 Purana Paltan, Dhaka-1000
Alpha Capital Management Limited National Scout Bhaban (5th floor), 70/1, Inner Circular Road, Dhaka-1000
Total

Significant clauses of underwriting agreement are as follows:

- ✓ The Company shall issue 33,559,981 Ordinary Shares of Tk.10.00 each in accordance with the approval of the Bangladesh Securities and Exchange Commission and the provisions of this Agreement.
- ✓ Company shall within 10 (ten) days of the closure of subscription call upon the underwriter to take-up the unsubscribed shares.
- ✓ Underwriter should pay for in cash in full for such unsubscribed shares within 15 (fifteen) days after being valled upon to do so.
- ✓ The Company Shall pay to the Underwriter an underwriting commission at the rate of **0.25% (zero point Twenty five percent)** of the value at issue price of the shares hereby agreed to be underwritten by the Underwriter.
- ✓ The Company shall comply with any other formalities required under the laws/rules of the land.

Manager to the Issue

Banco Finance and Investment Limited and BMSL Investment Limited are appointed as Managers to the Issue of the rights issue of the Company. Accordingly, an agreement was made between the Issue Managers and the Company. The Company will pay lump-sum issue management fee amounting **BDT667,000 & BDT400,000** respectively to the Managers to the Issue.

Vendor's Agreement

Bangladesh Industrial Finance Company Limited (BIFC) has not entered into any vendor's agreement except normal course of business.

Contract for Acquisition of Property

This is to certify that.Bangladesh Industrial Finance Company Limited (BIFC) has not acquired any property, plant and equipments during the year 2013.

FORM - A
[rule 5 and rule 8(t)]

DECLARATION (DUE DILIGENCE CERTIFICATE) ABOUT RESPONSIBILITY OF THE ISSUE MANAGER IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

Place: Dhaka
Dated: April 24, 2014

For
(Name of Managers to the Issue)

BMSL Investment Limited
Banco Finance And Investment Limited

Sd/-
(Managing Director/Chief Executive Officer)

FORM - B
[rule 6 and rule 8(t)]

DECLARATION (DUE DILIGENCE CERTIFICATE) ABOUT RESPONSIBILITY OF THE UNDERWRITER(S) IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

This rights share offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

Place: Dhaka
Dated: April 24, 2014

For
(Name of Underwriters)

BMSL Investment Limited
Alpha Capital Management Limited
Banco Finance And Investment Limited

Sd/-
(Managing Director/Chief Executive Officer)

FORM- C
SECURITIES AND EXCHANGE COMMISSION (RIGHT ISSUE) RULES, 2006
[see rule 8(h), 8(i) and 8 (t)]

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements for year ended December 31, 2013 of **Bangladesh Industrial Finance Company Limited** in accordance with the Bangladesh Standards of Auditing and we state that we have obtained all the information and explanations which we have required and after due verification thereof, we report that, in our opinion:

(a) These financial statements have been drawn up in accordance with the requirements of The Securities and Exchange Rules, 1987, as amended, the Companies Act, 1994 and other relevant laws where applicable and the Bangladesh Accounting Standards.

(b) These financial statements which are in agreement with the books of account of the issuer company give a true and fair view of the state of its affairs as at December 31, 2013 and of the result of its operations and cash flows for the year then ended.

(c) Proper books of account have been kept by the issuer company as required by the relevant laws; and

(d) The expenditure incurred was for the purposes of the issuer company's business.

We also certify that the above issuer company has declared the following dividend for each of the following five years immediately preceding the issue of rights share offer document under the Securities and Exchange Commission (Rights Issue) Rules, 2006, and that the company has duly paid off the following amounts of the declared dividend mentioned against respective year:

Financial Year	Date of Dividend Declaration	Rate (%)		Total Amount (Tk.)	Total Paid (Tk.)
		Cash	Stock		
2009	May 19,2010	Nil	22.50%	8,13,23,640	8,13,23,640
2010	May 12,2011	Nil	25.00%	11,06,90,472	11,06,90,472
2011	June 19,2012	Nil	10.00%	5,53,45,260	5,53,45,260
2012	July 04,2013	Nil	5.00%	304,39,890	304,39,890
2013	March 24,2014	Nil	5.00%	3,19,61,880	-

* 5% stock dividend approved by the shareholders in the 18th AGM held on April 24, 2014

Sd/-
A. Wahab & Co.
CHARTERED ACCOUNTANTS

Dated: Dhaka, April 24, 2014

FORM-D
[see rule 8(t)]

DUE DILIGENCE CERTIFICATE BY THE DIRECTORS ABOUT THEIR PERSONAL RESPONSIBILITY IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006. We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made. In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/- **Ms. Umme Kulsum Mannan** Chairman (Nominee of Pioneer Dress Ltd.)	Sd/- **Ms. Tanzila Mannan** Director (Nominee of Pioneer Dress Ltd.)
Sd/- **Ms. Tajrina Mannan** Director (Nominee of Pioneer Dress Ltd.)	Sd/- **Mr. Md. Arshaad Ullah, FCMA** Director (Nominee of Pioneer Dress Ltd.)
Sd/- **Mr. A N M Jahangir Alam** Director	Sd/- **Mr. Jaroslav M. Vyskovsky** Director (Nominee of Tees Mart Inc. USA)
Sd/- **Mr. Chan Sze Hung** Director (Nominee of Five Continents Credit Ltd. Hong Kong)	Sd/- **Mr. Abbas Uddin Ahmed** Independent Director

Sd/-
Brig. Gen. Khaled A. Karim (Retd.)
Independent Director

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

We have audited the accompanying Balance Sheet of Bangladesh Industrial Finance Company Limited, as of December 31, 2013 and the related Profit and Loss Account, Cash Flows Statement, Statement of changes in Equity and Liquidity Statement together with accounting policies & explanatory notes for the year then ended. Preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) as applicable. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the Company's affairs as of December 31, 2013 and the results of its operations and its cash flows for the year then ended and comply with Companies Act 1994, Financial Institutions Act 1993, the Bangladesh 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 purpose 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 Company's Balance Sheet and Profit and Loss Account as well as Cash Flow statement dealt with by this report are in agreement with the books of accounts;

d) The expenditure incurred and payments made were for the purposes of the Company's business;

e) The financial statements have been drawn up in conformity with the rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;

f) The information and explanations required by us have been received and found satisfactory;

g) Adequate provision has been made for Investments considered to be doubtful;

h) The records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;

i) The Company has followed the instructions issued by the Bangladesh Bank in the matters of loans, advances & leases classification, provisioning and suspension of interest;

j) The Company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets; and

k) 80 percent of the risk-weighted assets have been reviewed spending over 1200 hours.

Sd/-
A. WAHAB & CO.
CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Balance Sheet

As on December 31, 2013

	Notes	31-12-2013	31-12-2012
		Amount in Taka	
PROPERTY AND ASSETS			
Cash	4	**66,517,400**	**43,941,383**
Cash in hand (including foreign currency)	4.1	503,833	5,325,141
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	4.2	66,013,567	38,616,242
Balance with banks and other financial institutions	5	**861,951,080**	**689,536,407**
Inside Bangladesh		861,951,080	689,536,407
Outside Bangladesh		-	-
Money at call & short notice	6	-	-
Investments	7	**378,977,858**	**400,381,068**
Government		-	-
Others		378,977,858	400,381,068
Loans, advances and leases	8	**7,558,737,428**	**6,901,878,895**
Loans, cash credits, overdrafts, etc.	8.a	7,558,737,428	6,901,878,895
Bills purchased and discounted	8.b	-	-
Fixed assets including land, building, furniture & equipment's	9	453,510,677	455,901,883
Other assets	10	289,246,858	240,588,206
Non-financial institutional assets		-	-
Total assets		**9,608,941,301**	**8,732,227,842**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from banks, other financial institutions and agents	11	2,437,335,985	2,768,914,919
Deposits and other accounts	12	**4,656,676,761**	**3,671,126,516**
Current deposits and other accounts, etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	12.1	4,629,463,441	3,644,449,235
Bearer certificates of deposits		-	-
Other deposits	12.2	27,213,320	26,677,281
Other liabilities	13	1,281,828,416	1,104,595,434
Total liabilities		**8,375,841,162**	**7,544,636,869**
Capital/shareholders' equity			
Total shareholders' equity		**1,233,100,139**	**1,187,590,973**
Paid-up capital	14.2	639,237,750	608,797,860
Statutory reserve	15	143,664,346	134,562,513
General reserve	16	10,364,681	32,980,594
Asset revaluation reserve	17	403,425,667	403,425,667
Share money deposit		362	362
Stock dividend		-	-
Retained earnings	18	36,407,333	7,823,977
Total Liabilities & Shareholders' Equity		**9,608,941,301**	**8,732,227,842**

Bangladesh Industrial Finance Company Limited

Balance Sheet (Continued)
As on December 31, 2013

	Notes	Amount in Taka 31-12-2013	31-12-2012
Off- Balance Sheet Items			
Contingent liabilities		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		-	-
Net Assets Value Per Share (NAV) (Restated)	19	19.29	18.58

The annexed notes 1 to 58 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**A N M Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Subject to our separate report of even date
Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Profit & Loss Account

For the year ended December 31, 2013

	Notes	Amount in Taka 31-12-2013	31-12-2012
Interest income	21	1,296,368,535	1,265,408,318
Less: interest paid on deposits & borrowings etc.	22	1,125,430,257	1,000,338,221
Net interest income		**170,938,278**	**265,070,097**
Income from investments	23	12,833,809	11,064,081
Commission, exchange and brokerage	24	-	-
Other operating income	25	2,985,929	3,717,113
		15,819,738	**14,781,194**
Total operating income		**186,758,016**	**279,851,291**
Salaries and allowances	26	55,391,347	46,847,411
Rent, taxes, insurance, electricity etc.	27	5,423,281	5,400,923
Legal expenses	28	3,360,988	1,839,425
Postage, stamps, telecommunication etc.	29	942,355	800,245
Stationery, printing, advertisement etc.	30	1,854,061	1,190,323
Chief Executive Officer's salary and other fees	31	4,497,000	3,176,482
Directors' fees	32	325,000	320,000
Auditor's fees	33	110,000	145,000
Losses from loans, advances & lease finance		-	-
Repairs & depreciation of financial institution's assets	34	4,418,845	4,494,317
Other expenses	35	10,114,046	7,370,770
Total operating expenses		**86,436,923**	**71,584,896**
Profit before provision		**100,321,093**	**208,266,395**
Provision for loans, advances and leases	36	13,437,374	105,685,197
Provision for diminution in value of investments	37	4,450,449	5,819,986
Provisions for other assets etc.		-	-
Total provision		**17,887,823**	**111,505,183**
Total profit before tax		**82,433,270**	**96,761,212**
Provision for tax		36,924,104	86,981,241
Net profit after tax		**45,509,166**	**9,779,971**
Appropriations			
Statutory reserve		9,101,833	1,955,994
General reserve		-	-
Dividend, etc		-	-
Retained earnings		**36,407,333**	**7,823,977**
Basic Earnings Per Share (EPS) (Restated)	38	**0.71**	**0.15**

The annexed notes 1 to 58 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**A N M Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Subject to our separate report of even date

Sd/-

(A. WAHAB & CO.)

CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Cash Flow Statement

For the year ended December 31, 2013

			Amount in Taka	
		Notes	31-12-2013	31-12-2012
	Cash flows from operating activities			
	Interest receipt in cash		1,331,240,635	1,112,247,961
	Interest payment in cash		(1,009,403,349)	(946,713,849)
	Dividend receipt in cash		6,725,434	10,449,329
	Fees & commission receipt in cash		-	-
	Recovery of loans previously written off		-	-
	Cash payments to employees		(53,712,356)	(46,320,902)
	Cash payments to suppliers		(912,516)	(3,368,277)
	Income tax paid		(45,975,386)	(14,735,190)
	Cash receipts from other operating activities	39	2,586,257	3,717,113
	Cash payments for other operating activities	40	(23,412,193)	(17,631,806)
	Operating cash before changes in operating assets/liabilities		**207,136,526**	**97,644,379**
	Increase/(decrease) in operating assets and liabilities			
	Statutory deposits		-	-
	Purchases/sale of trading securities		-	-
	Loans, advances & leases to banks & other FIs		8,336,209	(5,958,488)
	Loans, advances & leases to customers		(688,208,245)	(573,224,193)
	Other assets	41	(1,199,106)	(3,586,953)
	Deposits received from banks & other FIs		2,402,500	(3,695,000)
	Deposits received from customers		982,611,706	489,686,518
	Other liabilities account of customer		536,039	(2,575,235)
	Trading liabilities		-	-
	Other liabilities	42	(11,921,958)	(12,220,240)
			292,557,145	**(111,573,591)**
A)	**Net cash from operating activities**		**499,693,671**	**(13,929,212)**
	Cash flows from investing activities			
	Cash from sale of securities		36,385,182	56,432,483
	Payment for purchase of securities		(10,376,000)	-
	Purchase/sale of property, plant & equipment's		380,000	(711,837)
B)	**Net cash from investing activities**		**26,389,182**	**55,720,646**
	Cash flows from financing activities			
	Receipts of long term loan/ issuance of debt securities		912,906,250	863,175,000
	Repayments of loan & redemption of debt securities		(753,657,683)	(781,576,625)
	Net drawdown/(payment) of short term loan		(490,827,501)	(141,609,930)
	Receipts from issue of ordinary shares		-	-
	Dividend paid in cash		486,771	(7,695)
C)	**Net cash from financing activities**		**(331,092,163)**	**(60,019,250)**
D)	**Net increase/(decrease) in cash & cash equivalents (A+B+C)**		**194,990,690**	**(18,227,816)**
E)	Effects of exchange rate changes on cash & cash equivalents		-	-
F)	Cash and cash equivalents at the beginning of the year		733,477,790	751,705,606
G)	**Cash and cash equivalents at the end of the year (D+F)**	43	**928,468,480**	**733,477,790**
	Net Operating Cash Flow per Share (NOCFPS)		**7.82**	**(0.22)**

The annexed notes 1 to 58 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**A N M Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Subject to our separate report of even date

Sd/-

(A. WAHAB & CO.)

CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Statement of Changes in Equity
For the year ended December 31, 2013

Amount in Taka

Particulars	Paid-up capital	Share money deposit	Statutory reserve	General reserve	Asset revaluation reserve	Retained earnings	Total
Balance as on January 01, 2013	608,797,860	362	134,562,513	32,980,594	403,425,667	7,823,977	1,187,590,973
Changes in accounting policy							
Dividend for 2012:							
Stock Dividend	30,439,890	-	-	(22,615,913)	-	(7,823,977)	-
Restated balance	639,237,750	362	134,562,513	10,364,681	403,425,667	-	1,187,590,973
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains/losses not recognized in the income statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	45,509,166	45,509,166
Appropriation during the year	-	-	9,101,833	-	-	(9,101,833)	-
Balance as on December 31, 2013	639,237,750	362	143,664,346	10,364,681	403,425,667	36,407,333	1,233,100,139
Balance as on December 31, 2012	608,797,860	362	134,562,513	32,980,594	403,425,667	7,823,977	1,187,590,973

The annexed notes 1 to 58 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**A N M Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Subject to our separate report of even date
Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Liquidity Statement
(Analysis of Maturity of Assets and Liabilities)
As on December 31, 2013

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	503,833	-	-	-	-	503,833
Balance with Bangladesh Bank and its agent bank(s)	66,013,567	-	-	-	-	66,013,567
Balance with banks and other financial institutions	761,951,080	50,000,000	50,000,000	-	-	861,951,080
Money at call and short notice	-	-	-	-	-	-
Investments	232,905,923	-	11,559,867	17,012,068	117,500,000	378,977,858
Loans, advances and Leases	256,166,587	974,313,378	2,720,608,773	3,542,194,747	65,453,943	7,558,737,428
Fixed assets including land, building, furniture & equipment's	-	-	-	9,281,535	444,229,142	453,510,677
Other assets	1,647,214	-	141,098,356	141,408,718	5,092,570	289,246,858
Non-financial institutional assets	-	-	-	-	-	-
Total assets (A):	**1,319,188,204**	**1,024,313,378**	**2,923,266,996**	**3,709,897,068**	**632,275,655**	**9,608,941,301**
Liabilities:						
Borrowings from banks, other financial institutions and agents	228,117,495	190,080,576	712,118,750	1,304,927,042	2,092,122	2,437,335,985
Term Deposits	707,595,823	648,896,249	1,979,546,286	1,293,135,903	289,180	4,629,463,441
Other deposits	10,767,751	1,791,996	1,512,941	10,303,173	2,837,459	27,213,320
Other liabilities	320,742,094	134,027,776	136,205,172	690,853,374	-	1,281,828,416
Total liabilities (B):	**1,267,223,163**	**974,796,597**	**2,829,383,149**	**3,299,219,492**	**5,218,761**	**8,375,841,162**
Net liquidity gap (A - B):	**51,965,041**	**49,516,781**	**93,883,847**	**410,677,576**	**627,056,894**	**1,233,100,139**

The annexed notes 1 to 58 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**A N M Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Subject to our separate report of even date
Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Dated: Dhaka, March 23, 2014

Bangladesh Industrial Finance Company Limited

Notes to the Financial Statements
For the year ended December 31, 2013

1 General information

1.1 Legal status of the Company

Bangladesh Industrial Finance Company Limited (BIFC) is a Non-Banking Financial Institution established under the Financial Institutions Act, 1993. The Company was incorporated as a Public Limited Company on August 10, 1996 under the Companies Act, 1994. It started operation after obtaining License from Bangladesh Bank on February 19, 1998. The Company went for public issue of shares in 2006, and listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. in Bangladesh.

The registered office of the company is located at 63, Dilkusha C/A (1st floor), Dhaka-1000. The operations of the company are being carried out through its four branches located in Dhaka, Chittagong and Narayanganj.

1.2 Nature of business activities

The company offers diversified products and services, which include lease finance, term finance, housing finance, syndicated finance, bridge finance, real estate finance, SME finance, bill discounting, work order finance, personal finance, etc. The main focus is to identify and select emerging sector for financing and maintaining quality portfolio.

The company has launched a sound number of attractive deposit schemes to accommodate the requirement of several classes of people. Deposit schemes include Term Deposit, Double Money Deposit, Triple Money Deposit, Periodical Income Deposit, Monthly Saving Scheme (MSS), etc.

2 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities in accordance with the DFIM circular no. 11 dated 23 December 2009 (''First Schedule'' (Section 38) of Bank Companies Act. 1991) and requirement of the Financial Institutions Act 1993; the Companies Act 1994; Bangladesh Accounting Standard (BAS); Bangladesh Financial Reporting Standards (BFRS); the Bangladesh Securities and Exchange Rules, 1987; the rules and regulations issued by the Bangladesh Bank and the listing regulations of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

In the year 2009, Bangladesh Bank promulgated DFIM circular no. 11 dated 23 December 2009 suggesting uniform presentation and disclosure requirement within the industry. As a result, the company compromised with the usual presentation of the financial statements.

2.1 Statement of cash flows

The statement of Cash Flows has been prepared in accordance with Bangladesh Accounting Standards 7, 'Statement of Cash Flows' under direct method as recommended by Bangladesh Bank and Bangladesh Securities and Exchange Rules 1987.

2.2 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The estimates and associated assumptions are based on historical experience and various related factors that are believed to be reasonable under the circumstances, the result of which may differ from these estimates and judgments.

Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets and provisions for loans, advances and leases; investment, gratuity and income tax. However, the estimates and underlying assumption are reviewed on an ongoing basis and the actual result is recognized in the period in which the estimates are revised.

2.3 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires Management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year. In accordance with the guidelines as prescribed by 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.

2.4 Status of compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The financial statements of the company include the balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement and accounting policy & explanatory notes to the financial statements. These financial statements are required to be prepared and presented within a framework of rules and guidelines - some mandatory and some recommendatory. The Companies Act, 1994 requires the production of the following as a part of the annual report:

- Board of Directors' report
- Auditors' report
- Balance sheet and
- Profit and loss account

In addition to the above, the Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires the production of a Cash Flow Statement and Statement of Changes in Equity as a part of the Financial Statements. The Companies Act, 1994 provides basic requirements for accounting and reporting applicable to all companies incorporated in Bangladesh. The Bangladesh Securities and Exchange Commission (BSEC) of Bangladesh regulates financial reporting practices of listed companies. Listed companies are required to comply with BSEC's accounting and disclosure requirements. The Bangladesh Securities and Exchange Rules, 1987, requires listed companies to follow Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise of International Accounting standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh.

As of December 31, 2013 status and applicability of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) in the case of the company are as under:

BAS No.	Name of BAS	Applicability	Remarks
BAS 1	Presentation of financial statement	Applied	
BAS 2	Inventories	Not applicable	
BAS 7	Statement of cash flows	Applied	
BAS 8	Accounting policies, changes in accounting estimates and errors	Applied	
BAS 10	Events after the balance sheet date	Applied	
BAS 11	Construction contracts	Not applicable	
BAS 12	Income taxes	Applied	
BAS 14	Segment reporting	N/A	
BAS 16	Property, plant & equipment	Applied	
BAS 17	Leases	Applied	
BAS 18	Revenue	Applied	
BAS 19	Employee benefits	Applied	
BAS 20	Accounting of Government grants and disclosure of Government assistance	N/A	
BAS 21	The effects of changes in foreign exchange rates	Applied	
BAS 23	Borrowing costs	Applied	
BAS 24	Related party disclosures	Applied	
BAS 26	Accounting and reporting by retirement benefit plans	Applied	
BAS 27	Separate financial statements	Not applicable	
BAS 28	Investments in associates and joint venture	Not applicable	
IAS 29	Financial reporting in hyperinflationary economics		Not yet adopted by ICAB
BAS 31	Interest in joint ventures	Not applicable	
BAS 32	Financial instruments: presentation	Applied	
BAS 33	Earnings per share	Applied	
BAS 34	Interim financial reporting	Applied	
BAS 36	Impairment of assets	Applied	
BAS 37	Provisions, contingent liabilities and contingent assets	Applied	
BAS 38	Intangible assets	Applied	
BAS 39	Financial instruments: recognition and measurement	Applied	
BAS 40	Investment property	Not applicable	
BAS 41	Agriculture	Not applicable	

BFRS No.	Name of BFRS	Applicability	Remarks
BFRS 1	First-time adoption of international financial reporting standards	Not applicable	
BFRS 2	Share-based payment	Not applicable	
BFRS 3	Business combinations	Not applicable	
BFRS 4	Insurance contracts	Not applicable	
BFRS 5	Non-current assets held for sale and discontinued operations	Not applicable	
BFRS 6	Exploration for and evaluation of mineral resources	Not applicable	
BFRS 7	Financial instruments: disclosures	Applied	
BFRS 8	Operating segments	Not applicable	
IFRS 9	Financial instruments		Not yet adopted by ICAB
BFRS 10	Consolidated financial statements	Not applicable	
BFRS 11	Joint arrangements	Not applicable	
BFRS 12	Disclosure of interests in other entities	Not applicable	
BFRS 13	Fair value measurement	Not applicable	

2.5 Consistency

In accordance with the BAS and BFRS framework for the presentation of financial statements, the company apply the accounting disclosure principles consistently from one period to next period, where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS 8 ''accounting policies, changes in accounting estimates and errors''.

3 Significant accounting policies

3.1 Accounting for leases

As per Bangladesh Accounting Standard (BAS) 17 ''Leases'' lease operations are divided into finance lease and operating lease. The company has been following finance method of accounting for lease transactions made under finance lease. The company does not hold any assets under operating lease.

The aggregate lease receivables including un-guaranteed residual value 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 asset constitutes the unearned lease income. Initial direct costs in respect of lease (if any) are charged as and when such costs 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 accordance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

3.2 Accounting for loans

Loans operation consists of term loans, housing finance and staff loans, books of accounts for which are maintained based on the accrual method of accounting. If the installments are fallen overdue beyond three months, then the loan accounts are treated as Special Mention Account (SMA). Interest accrued on Special Mention Account (SMA) and classified accounts credited to interest suspense account. Outstanding loans are accounted for as loans, advances and Leases (assets) of the Company.

3.3 Investments

Investment in securities are classified broadly in two categories and accounted for as under:

Investment in quoted shares

Investments in quoted shares (listed securities) are carried at cost. Adequate provision has been made considering each individual investment (where cost is less than market price) as guided by Bangladesh Bank. Unrealized gain or losses are not recognized in the profit and loss account.

Investment in unquoted shares

Investment in unquoted shares/unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Stock dividends received against investment in shares are recorded at zero value in the books of accounts.

3.4 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, cash with Bangladesh Bank and its agent bank(s) and balance with banks and other financial institutions in the form of current deposit, short term deposit and fixed deposits.

3.5 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with First Schedule'' (Section 38) of Bank Companies Act. 1991 on residual maturity term of assets and liabilities as on the reporting date based on the following basis:

i) Balance with banks and other financial institutions, money at call and short notice, etc. are on the basis of their maturity term.

ii) Investments are on the basis of their respective maturity.

iii) Loans, advances and leases are on the basis of their repayment schedule.

iv) Fixed assets are on the basis of their estimated useful lives.

v) Other assets are on the basis of their realization/amortization.

vi) Borrowing from banks, other financial institutions and agents, etc. are as per their maturity/repayment terms

vii) Term deposits and other deposits are on the basis of their maturity term and past trend of withdrawal by the depositors.

viii) Other liabilities are on the basis of their payment/adjustments schedule.

3.6 Fixed assets including land, building, furniture & equipment's

The cost of an item of property, plant and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Company's own fixed assets are stated at cost less accumulated depreciation. The cost of acquisition of any asset comprises of it's purchase price and any directly attributable cost of bringing the asset to it's working condition for its intended use as per Bangladesh Accounting Standard (BAS) 16 ''property, plant and equipment's''.

3.6.1 Subsequent expenditure on fixed assets

Subsequent expenditure, such as repairs and maintenance, on property, plant and equipment's is normally charged off as revenue expenditure in the period in which it is incurred. In situation subsequent expenditure only recognized as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance. All other costs are recognized to the profit and loss account as expenses. All upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.6.2 Disposal of fixed assets including land, building, furniture & equipment's

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the profit and loss account, which is determined with reference to the net book value of the assets' and net sales proceeds.

3.6.3 Depreciation on fixed assets

Depreciation on Company's own fixed assets is charged to amortize the cost of assets throughout their estimated useful lives, using the reducing balance method - in accordance with Bangladesh Accounting Standard (BAS) 16 ''Property, Plant and Equipments''. Full year depreciation has been charged on addition during the year irrespective of date of acquisition and period of use, while no depreciation is charged on any asset in the year of its disposal. The rates of depreciation used are as under:

Particulars	Rate
Land	nil
Furniture & fixture	10% p.a
Electrical equipment	15% p.a
Motor vehicle	20% p.a
Office equipment	15% p.a
Interior decoration	10% p.a

3.7 Intangible assets and amortization of intangible assets

Intangible assets comprise the value of software acquired for company's day to day operation and record keeping.

3.7.1 Basis of recognition

An intangible asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with bas 38 ''intangible assets''. Accordingly, these assets are stated in the balance sheet at cost less accumulated amortization.

3.7.2 Subsequent expenditure

Subsequent expenditure on assets is capitalized only when it increases the future economic benefits in the specification to which it relates. All other expenditure is charged in the profit & loss account as expense.

3.7.3 Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates which are five years.

3.8 Impairment of assets

The company's assets are appraised at each balance sheet date for impairment. If there is any indication of impairment, the company estimates the recoverable amount of such assets; impairment losses if any, is recognized in the profit & loss account while the carrying amount of the asset exceeds it's recoverable amount.

3.9 Accounts receivables

Accounts receivable represents rental and installments due against loans, advances and leases from clients but yet to receive. Receivable at the balance sheet date is stated at amounts, which are considered realisable. A specific provision is made for receivables considered to be doubtful for recovery.

3.10 Other receivable

Other receivable includes accrued IDCP (interest during construction period), accrued interest on fixed deposit. These receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

3.11 Provision for doubtful accounts

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per Bangladesh Bank guidelines. In addition, a general provision has also been made by the Company to cover unforeseen losses on all loans, advances and leases and investments excluding those for which a specific provision has been made. The provision is considered adequate to meet probable future losses.

3.12 Provisions and accrued expenses

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

3.13 Payment of dividend

Interim dividends are recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the BAS 10: ''events after the balance sheet date''. Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

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 in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

3.14 Revenue recognition

Revenue is recognized in accordance with Bangladesh Accounting Standard (BAS) 18: ''revenue'' unless otherwise mentioned or otherwise guided by the separate BAS/BFRS.

3.14.1 Income from leases

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 an accrual basis over the lease terms, as per Bangladesh Bank Guidelines. No lease income is accounted for as revenue where any lease rental is in arrears for 03 (three) months and above. In case of lease account for more than 5 (five) years period, no lease income is accounted for as revenue where any lease rental is in arrears for 06 (six) months and above.

3.14.2 Income from loans, advances and leases

Interest on loans, advances and leases is recognized when interest is accrued. No interest on loans and advances is accounted for as revenue where any portion of capital or interest is in arrears for 03 (three) months and above. In case of loans and advances for more than 5 (five) years period, no interest on loans is accounted for as revenue where any portion of capital or interest is in arrears for 06 (six) months and above.

3.14.3 Dividend income

Dividend income is recognized on cash basis in the period in which the dividend was received. Dividend income from preference share is recognized on accrual basis considering the establishment of right to receive the same.

3.14.4 Capital gain on sale of shares

Capital gain from sale of share securities is recognized on realized basis i.e. only when the securities are sold. Unrealized capital gain is not recognized as income.

3.14.5 Fee based revenue

Fee based revenues are recognized as income on cash basis i.e. as and when realized.

3.15 Bank loans

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans in accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

3.16 Borrowing costs

According to Bangladesh Accounting Standard 23 ''borrowing cost'', all borrowing costs are recognized as expenses in the period in which they are incurred.

3.17 Interest suspense

As per Bangladesh Bank guidelines, lease income and interest on term finance overdue three months and above period are not recognized as revenue and credited to interest suspense account. In case of lease and loan account more than 5 years period and housing finance, lease income and interest income overdue six months and above period are not recognized as revenue and credited to interest suspense account.

3.18 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements in accordance with Bangladesh Accounting Standard 37 ''provisions, contingent liabilities and contingent assets''. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company.

3.19 Related party disclosure

The Company has entered into transactions with other parties in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: ''related party disclosure''. The terms of related party transactions are not different from those that could have been obtained from third parties. Related party transactions are disclosed in the note no. 45 of this report.

3.20 Statutory reserve

Financial Institutions Regulations 1994 requires NBFI's to transfer 20 percent of its current year's profit to reserve fund until such reserve equals to its paid up share capital. In conformity with the above requirement, the company transfers 20 percent of net profit to statutory reserve before declaration of dividend.

3.21 Earnings per share (EPS)

The Company calculates earnings per share in accordance with Bangladesh Accounting Standard (BAS) 33 ''earnings per share'', which has been shown in the face of profit & loss account and the computation is stated in note-38.

3.21.1 Basic earnings per share

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

3.21.2 Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies. Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2013, there was no scope for dilution and hence no diluted EPS is required to be calculated.

3.21.3 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 ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares were outstanding as a proportion of the total number of days in the year.

3.22 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the balance sheet date.

Deferred Tax:

As per BAS 12 "income taxes", the management of BIFC thinks that no amount is required to be maintained on account of deferred Tax. However, no provision has been made during the period as per decision of the management.

Status of assessment:

Income tax assessment of the company has been completed since inception to assessment year 2004-2005 (accounting year ended 31 December 2003) and assessment year 2006-2007 (accounting year ended 31 December 2005). A reference application has been filed against Tribunal Order to the High Court Division, the Supreme Court of Bangladesh for the assessment year 2005-2006 (accounting year ended 31 December 2004) and assessment for the year 2007-2008 (accounting year ended 31 December 2006). Assessment for the year 2008-2009 (accounting year ended 31 December 2007), assessment for the year 2009-2010 (accounting year ended 31 December 2008), assessment for the year 2010-2011 (accounting year ended 31 December 2009) and assessment for the year 2011-2012 (accounting year ended 31 December 2010) are under Taxes Appellate Tribunal. Assessment for the year 2012-2013 (accounting year ended 31 December 2011) is under appeal before the commissioner of taxes (Appeal). Assessment for the year 2013-2014 (accounting year ended 31 December 2012) is under assessment with the income tax authority.

3.23 Employee benefit

The company maintained the following employee benefit plan in compliance with Bangladesh Accounting Standard 19 "employee benefits":

3.23.1 Provident fund

The company operates a contributory provident fund scheme for it's employee which is recognized by the National Board of Revenue (NBR) and administrated by a Board of Trustees. Both the company and employee contribute to the fund on equal basis at a predetermined rate.

3.23.2 Gratuity scheme

The company operates a non-funded gratuity scheme. Employees are entitled to gratuity benefit after completion 5 (five) years satisfactory service. The gratuity is paid on the basis of last basic pay drawn and is payable at the rate of one month's basic pay for every completed year of service.

3.23.3 Group life insurance scheme

The company has a Group Life Insurance Scheme for all it's permanent employees.

3.23.4 Group hospitalization insurance scheme

The company has a group hospitalization insurance scheme for all it's permanent employees.

3.23.5 Performance bonus

The employees of the company are entitled to annual performance bonus which is determined on the basis of company as well as individual employee's performance and subject to approval by the Board of Directors of the company.

3.23.6 Employee personal loan scheme

The company provides personal loan facility to its employee as per loan scheme of the company.

3.23.7 Other benefits

The employees of the company are also entitled to privilege leave encashment benefit, death-cum-survival benefit under superannuation fund, etc.

3.24 Policies and objectives adapted for financial risk management

The Board of Directors guides and formulates the basic philosophy relating to optimal implementation of strategy to cater to the financial risk and capital deployed for investment.

In order to ensure maximum return to shareholders, the Company emphasizes on maintaining strong capital base to attain high credit rating, which enables growth, as well as portray good image and meet the regulatory requirements.

The management of the company takes account to the following factors, which affects the financial risks that are faced from time to time.

Credit risk

Credit risk arises when an obligor fails to perform its obligations under a trading or loan contract or when its ability to perform such obligations is impaired. This risk is compounded if the assigned collateral only covers the claim made to the clients or if its value is variable or uncertain. Credit risk does not arise only when a borrower defaults on payment of a loan but also when its repayment capability declines.

Mitigants

Credit policies are designed to create monitor and manage credit risk in a manner that complies with all applicable laws and regulations. The credit policies also include utilizing appropriate, accurate and timely tools to measure credit risk and maintaining acceptable levels if overall credit risk for the entire portfolio. More are discussed in sections followed.

Liquidity risk

Liquidity risk is the current and prospective risk that the company, though solvent, either does not have sufficient financial resources available to meet its liability when they fall due or can secure them only at excessive cost. Liquidity risk arises from the inability to manage unplanned changes in funding sources.

Mitigants

The policy of the company is to maintain and manage the fund in such a manner so that any short and long term commitment are not affected due to mismatch of tenure. The risks involved in liquidity are regularly looked after by the Treasury Department as per the guidance of the Asset Liability Management Committee (ALCO) from time to time.

Market risk

Market risk relates to potential loss arising from and adverse change in market risk factors, including commodity prices, interest rates, credit spreads and equity prices.

Mitigants

The assets Liability Committee (ALCO) of the company regularly meets to assess the change in interest rate, market conditions, carry out asset liability maturity gap analysis, re pricing of products and thereby takes effective measures to monitor and control interest rate risk.

Apart from major financial risks, the organization also faces non-financial risk among which following are prominent:

Operational risk

Operational risk is the risk of direct or indirect loss or damage resulting from inadequate or failed internal processes or systems or from human error or external events. Operational risk is therefore inherent in all activities within the company.

Mitigants

Appropriate internal control systems can reduce operational risk within acceptable level. BIFC established an effective and efficient internal control & compliance department (ICCD) to ensure the implement of policies and statutory requirements to encounter such risk. Internal Control and Compliance committee of BIFC works to ensure effective and efficient operations, reliable financial reporting and compliance with laws and regulations.

Information and communication technology risk

This risk may arise from malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking etc.

Mitigants

To manage IT related risk, the company has adopted excellent disaster recovery back up facilities in emergency situation. In addition, the company has check and balance system in every steps of its standard procedures of operations.

Strong credit policy formulation by top management:

- The Board of Directors of the company guides and formulates the basic philosophy relating to optimal implementation of strategy to cater to the financial risk and capital deployed for investment.
- The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been detailed.

Credit manual updated with recent industry information

- Credit policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

Thorough credit approval process:

- **Meeting regulatory requirements and industry best practices:** All credit facility comply regulatory requirements including Financial Institution Act and Bangladesh Bank guidelines & circulars as amended from time to time. The company considers Guidelines for managing core risks of financial institutions issued by the Country's central bank, Bangladesh Bank; vide FID circular no. 10 dated September 18, 2005 for management of risks.

- **Multilayer credit evaluation process:** To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loans are very frequent and comparatively less risky, lower sanctioning authority is set to improve the turnaround time and associated risk. Bigger loans require more scrutiny as the associated risk is higher. So sanctioning authority is higher as well.

Rigorous due diligence process followed

- BIFC downloads credit report from the credit information bureau (CIB) of Bangladesh Bank. The report is scrutinized by top management to understand the liability condition and repayment behavior of the client.
- BIFC takes banker's opinions from client's banks as well as suppliers' and buyers' opinion to understand the market position and reputation of our proposed customers.
- BIFC discourages financing to low net worth or highly leveraged customer; who might jeopardize their repayment commitment or even in worse situation may face liquidity problem.
- BIFC evaluates customer repayment performance before providing credit facility though financial analysis, ensure adequate insurance coverage for funded assets, seeking external legal opinion and taking collateral security to reduce risk.
- BIFC provides credit facility to productive and legitimate business activities, which are financially viable with strong focus on cash flow generation, have market demand and socially desirable; and will not invest for unproductive purposes or speculative ventures.

Constant credit monitoring and recovery process

- **Existence of control mechanism for early warning:** Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It enables the company to grow its credit portfolio with ultimate objective to protect the interest of stakeholders.
- **Continuous monitoring by top management:** The management credit committee (MCC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The MCC critically reviews projects considering the current global economic situation and its probable impact on the project.
- **Centralized Credit Administration:** BIFC has already established a centralized credit administration department and a process manual. The credit risk management department regularly monitors and follows up credit risk related matter and recommend and implement appropriate measures to counter associated risk. The CRM time to time reviews projects from risk point of view and assists the management in creating a high quality credit portfolio and maximize return from risk based assets.

3.25 Litigation

The company is no party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loan/lease payment. The company however, provides adequate provisions against any doubtful payments.

3.26 Basel II & its implementation

To cope with the international best practices and to make the capital more risk sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by Bangladesh Bank. At the end of test run period, Basel accord regime has started and the guidelines namely ''Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institution (CAMD)'' have come fully into force from January 01, 2012 with its subsequent supplements/ revisions. Instructions regarding Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), and disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

3.27 Reporting period

Financial statements of the company cover twelve months period from January 01, to December 31, consistently.

3.28 Offsetting

No assets or liability has been offset or reduce by any other assets unless a legal right for set-off exists and the offsetting presents the expectation as to the realization or settlement of the assets or liability.

		Amount in Taka	
		31-12-2013	31-12-2012
4	**Cash**		
	This is made up as follows:		
	Cash in hand **(note: 4.1)**	503,833	5,325,141
	Balance with Bangladesh Bank & its agent bank (s) **(note: 4.2)**	66,013,567	38,616,242
		66,517,400	**43,941,383**
4.1	**Cash in hand**		
	This is made up as follows:		
	Local currency	503,833	5,325,141
	Foreign currency	-	-
		503,833	**5,325,141**
4.2	**Balance with Bangladesh Bank & its agent bank (s)**		
	This is made up as follows:		
	Balance with Bangladesh Bank **(note: 4.2.1)**	66,013,567	38,616,242
	Balance with Bangladesh Bank's agent bank **(note: 4.2.2)**	-	-
		66,013,567	**38,616,242**
4.2.1	**Balance with Bangladesh Bank**		
	This is made up as follows:		
	Local currency	66,013,567	38,616,242
	Foreign currencies	-	-
		66,013,567	**38,616,242**
4.2.2	**Balance with Bangladesh Bank's agent bank**		
	This is made up as follows:		
	Local currency	-	-
	Foreign currencies	-	-
		-	**-**

4.3 **Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR)**

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with the section 19 of the Financial Institutions Act, 1993, Rule 5 of Financial Institutions Regulations 1994 and subsequent DFIM Circular # 06, dated November 06, 2003, DFIM Circular # 02 dated November 10, 2004.

		31-12-2013	31-12-2012
4.3.1	**Cash Reserve Requirement (CRR): 2.5% of Term Deposits (excluding Bank & FI Deposits)**		
	This is made up as follows:		
	Required reserve	61,723,851	37,904,770
	Actual reserve held with Bangladesh Bank (note-4.2.1)	66,013,567	38,616,242
	Surplus / (deficit)	**4,289,716**	**711,472**
4.3.2	**Statutory Liquidity Requirement (SLR): 5% (including 2.5% CRR) of average liabilities**		
	This is made up as follows:		
	Required reserve	178,845,002	124,770,210
	Actual reserve held **(note- 4.3.3)**	928,468,480	733,477,790
	Surplus / (deficit)	**749,623,478**	**608,707,580**
4.3.3	**Held for Statutory Liquidity Reserve (SLR)**		
	This is made up as follows:		
	Cash in hand **(note: 4.1)**	503,833	5,325,141
	Balance with Bangladesh Bank and its agent bank(s) **(note: 4.2)**	66,013,567	38,616,242
	Balance with other bank and financial institutions **(note-5)**	861,951,080	689,536,407
	Money at call on short notice **(note: 6)**	-	-
		928,468,480	**733,477,790**

	Amount in Taka	
	31-12-2013	31-12-2014

4.3.4 **Balance with Bangladesh Bank and its agent bank(s)**

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the Cash Reserve Requirement (CRR). As required by Bangladesh Bank, CRR @ 2.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2013 CRR have been maintained properly.

5 **Balance with banks and other financial institutions**

This is made up as follows:

	31-12-2013	31-12-2014
Inside Bangladesh **(note: 5.1)**	861,951,080	689,536,407
Outside Bangladesh	-	-
	861,951,080	**689,536,407**

5.1 **Inside Bangladesh**

This is made up as follows:

a) Current deposit account

	31-12-2013	31-12-2014
BRAC Bank Ltd., Gulshan Branch, Dhaka	250,574	250,574
Commercial Bank of Ceylon Ltd., Dhaka	11,307	11,307
The City Bank Ltd., Uttara Branch, Dhaka	293,437	70,931
Dhaka Bank Ltd., Local Office, Dhaka	2,726	3,703
EXIM Bank of BD Ltd., Motijheel Branch, Dhaka	35,486	36,756
EXIM Bank of BD Ltd., Panthapath Branch, Dhaka	5,844	5,844
EXIM Bank of BD Ltd., Satmasjid Road Branch, Dhaka	440	440
Janata Bank Ltd., Local Office, Dhaka	15,056	16,206
Mercantile Bank Ltd., Main Branch, Dhaka	101,771,935	546,387,734
Prime Bank Ltd., Motijheel Branch, Dhaka	1,182,845	7,477,531
Shahjalal Islami Bank Ltd., Dhanmondi Branch, Dhaka	249	(597,078)
Social Islami Bank Ltd., Principal Branch, Dhaka	32,147	1,503,648
Southeast Bank Ltd, Principal Branch, Dhaka	1,291,533	1,970,774
Southeast Bank Ltd., Uttara Branch, Dhaka	3,334	4,653
	104,896,913	**557,143,023**

b) Short term deposit account

	31-12-2013	31-12-2014
Bank Alfalah Ltd., Motijheel Branch, Dhaka	37,983	1,366
Bank Asia Ltd., Principal Office, Dhaka	601,095	18,177
Bangladesh Commerce Bank Ltd., Principal Office, Dhaka	190,244	185,397
The City Bank Ltd., Principal Branch, Dhaka	29,071	1,471,480
Dhaka Bank Ltd., Local Office, Dhaka	640,173	495,347
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	91,250	87,128
Jamuna Bank Ltd., Banani Branch, Dhaka	89,248	87,164
Mercantile Bank Ltd., Main Branch, Dhaka	536,650,746	8,903,325
Mutual Trust Bank Ltd., Principal Branch, Dhaka	2,900,884	5,026,235
Mutual Trust Bank Ltd., Jubly Road Branch, Chittagong	96,461	96,461
Mutual Trust Bank Ltd., Narayangonj Branch	686,607	575,691
Pubali Bank Ltd., Principal Branch, Dhaka	3,268	5,306
Social Islami Bank Ltd., IDB Bhaban Branch, Dhaka	55,884	57,155
Southeast Bank Ltd., Mohammadpur Branch, Dhaka	2,652	2,066
Southeast Bank Ltd., Principal Branch, Dhaka	2,932,188	1,740,283
Standard Bank Ltd., Foreign Exchange Branch, Dhaka	108,775,309	6,475,803
The HSBC Dhaka Offfice	24,083	24,083
The Trust Bank Ltd., SKB Branch, Dhaka	10	1,111
Uttara Bank Ltd., Local Office, Dhaka	585,182	243,683
Mercentile Bank Ltd., Agrabad Branch, Chittagong	58,413	301,330
Mutual Trust Bank Ltd., Agrabad Branch, Chittagong	2,603,416	6,594,793
	657,054,167	**32,393,384**

	Amount in Taka	
	31-12-2013	31-12-2014
C) Fixed deposits		
With banks (note: 5.1.1)	50,000,000	50,000,000
With other financial institutions (note: 5.1.2)	50,000,000	50,000,000
	100,000,000	100,000,000
Total (A+B+C):	861,951,080	689,536,407

5.1.1 With banks

This is made up as follows:

Mercantile Bank Ltd.	50,000,000	50,000,000
	50,000,000	50,000,000

5.1.2 With other financial institutions

This is made up as follows:

First Lease Finance and Investment Limited	50,000,000	50,000,000
	50,000,000	50,000,000

Fixed deposits are maintained with commercial banks and Non-bank financial institutions for maintaining Statutory Liquidity Ratio (SLR) as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain Statutory Liquidity Ratio (SLR) @ 5% including the CRR of 2.5% on total liabilities, excluding loans from banks and financial institutions. BIFC maintains this reserve mostly in the form of deposits.

5.2 Residual maturity groupings of balance with banks and other financial institutions

This is made up as follows:

Upto 1 month	761,951,080	589,536,407
More than 1 month but not more than 3 months	50,000,000	50,000,000
More than 3 months but not more than 1 year	50,000,000	50,000,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	861,951,080	689,536,407

6 Money at call on short notice

This is made up as follows:

With banks	-	-
With financial institutions	-	-
	-	-

7 Investments

This is made up as follows:

In Government securities		
Treasury bills	-	-
National investment bonds	-	-
Bangladesh Bank bills	-	-
Government notes/bonds	-	-
Prize bonds	-	-
Others	-	-
	-	-
Other investments		
Preference shares (note-7.1)	28,571,935	40,131,801
Ordinary shares (note 7.2)	350,405,923	360,249,267
Debenture and bonds	-	-
Others	-	-
	378,977,858	400,381,068

		Amount in Taka	
		31-12-2013	31-12-2012
7.1	**Preference shares**		
	This is made up as follows:		
	Quoted shares	-	-
	Unquoted shares (note: 7.1.1)	28,571,935	40,131,801
		28,571,935	40,131,801
7.1.1	**Unquoted shares**		
	This is made up as follows:		
	Energypac Confidence Power Venture Ltd.	6,763,935	10,145,901
	Summit Uttaranchol Power Co. Ltd. & Summit Purbanchol Power Co. Ltd.	21,808,000	29,985,900
		28,571,935	40,131,801
7.2	**Ordinary shares**		
	This is made up as follows:		
	Quoted shares (note 7.2.1)	232,905,923	242,749,267
	Unquoted shares (note 7.2.2)	117,500,000	117,500,000
		350,405,923	360,249,267
7.2.1	**Quoted shares**		
	This is made up as follows:		
	<u>Name of the Company</u>		
	Al Arafa Islami Bank Ltd.	10,241,837	10,241,837
	Bangladesh Thai Aluminium Ltd.	9,999,443	9,999,443
	Bextex Ltd.	60,000,000	60,000,000
	Beximco Pharmaceutical Ltd.	11,503,685	11,503,685
	BRAC Bank Ltd.	7,397,400	7,397,400
	BSRM Steels Ltd.	44,832,675	44,832,675
	Confidence Cement Ltd.	4,448,128	4,448,128
	Dhaka Bank Ltd.	1,618,980	1,618,980
	Envoy Textiles Ltd.	9,933,333	17,500,000
	EXIM Bank of BD Ltd.	566,650	566,650
	Grameen Phone Ltd.	16,679,500	16,679,500
	Grameen One: Scheme Two	3,270,500	3,270,500
	IPDC of Bangladesh Ltd.	2,192,270	2,192,270
	Jamuna Bank Ltd.	125,000	125,000
	Jamuna Oil Company Ltd.	14,191,243	26,843,920
	Khulna Power Company Ltd.	7,831,189	7,831,189
	Makson Spinning Mills Ltd.	4,535,000	4,535,000
	Phoenix Finance & Investments Ltd.	7,362,875	7,362,875
	Prime Bank Ltd.	745,000	745,000
	Prime Finance & Investments Ltd.	4,742,746	4,742,746
	Summit Power Ltd.	1,788,469	312,469
	Titas Gas Transmission & Dist. Co. Ltd.	8,900,000	-
		232,905,923	242,749,267
7.2.2	**Unquoted shares**		
	This is made up as follows:		
	BanglaLion Comunications Ltd.	107,500,000	107,500,000
	GMG Airlines Ltd.	10,000,000	10,000,000
		117,500,000	117,500,000

The company has invested an amount of Tk. 107,500,000 to BanglaLion Communications Ltd. against 10,750,000 Ordinary Shares of Tk. 10 each. BanglaLion Communications Ltd. is a Private Ltd. company which provides wireless internet with latest wireless broadband techonology and BIFC is one of the sponsor shareholders of the company. The company holds 5% shares of the total share of Banglalion Communications Ltd.

The company has also invested an amount of Tk.10,000,000 to GMG Airlines Ltd. against 200,000 ordinary shares of Tk. 50 each including a premium of Tk.40 per share. During the year 2012, BIFC received 20,000 shares of Tk.10 each from GMG Airlines Ltd. against 10% stock dividend which is recoded at zero value in the books of accounts. So, total shares of GMG Airlines Ltd. stands at 220,000.

7.3 Sector wise investments in securities at cost

This is made up as follows:

	31-12-2013	31-12-2012
Banking companies	20,694,867	20,694,867
Non-banking financial institutions	14,297,891	14,297,891
Insurance companies	-	-
Investment companies	3,270,500	3,270,500
Fuel & power	52,382,836	75,119,379
Manufacturing companies and others	288,331,764	286,998,431
	378,977,858	400,381,068

7.4 Residual maturity groupings of investments

This is made up as follows:

	31-12-2013	31-12-2012
Upto 1 month	232,905,923	242,749,267
More than 1 month but not more than 3 months	-	-
More than 3 months but not more than 1 year	11,559,867	8,177,900
More than 1 year but not more than 5 years	17,012,068	31,953,901
More than 5 years	117,500,000	117,500,000
	378,977,858	400,381,068

(A schedule of investment in shares is given in Annexure- A)

8 Loans, advances and leases

This is made up as follows:

	31-12-2013	31-12-2012
Loans, cash credits, overdrafts, etc. (note: 8.a)	7,558,737,428	6,901,878,895
Bills purchased and discounted (note: 8.b)	-	-
	7,558,737,428	6,901,878,895

8.a Loans, cash credits, overdrafts, etc.

This is made up as follows:

Inside Bangladesh

	31-12-2013	31-12-2012
Lease receivable (note: 8.1)	860,103,883	1,005,354,124
Advance against lease (note: 8.2)	42,123,371	42,123,371
Term loans (note: 8.3)	6,609,141,229	5,829,669,721
Housing finance	30,455,375	9,120,174
Staff loan (note: 8.4)	16,913,570	15,611,505
Overdrafts	-	-
Cash credit	-	-
	7,558,737,428	6,901,878,895
Outside Bangladesh	-	-
	7,558,737,428	6,901,878,895

	Amount in Taka	
	31-12-2013	31-12-2012

8.1 Lease receivable

This is made up as follows:

Principal receivable (note: 8.1.1)	611,668,773	758,021,213
Accounts Receivable	248,435,110	247,332,911
	860,103,883	1,005,354,124

8.1.1 Principal receivable

This is made up as follows:

Gross lease receivable	1,012,394,041	1,171,417,406
Less: unearned lease income	400,725,268	413,396,193
	611,668,773	758,021,213

8.2 Advance against lease

These represent amount disbursed for procurement of leased assets, which are yet to be executed. Upon execution of lease account, advances will be transferred to lease.

8.3 Term loans

This is made up as follows:

Principal outstanding	6,226,736,612	5,442,298,054
Accounts receivable	382,404,617	387,371,667
	6,609,141,229	5,829,669,721

8.4 Staff loans

This is made up as follows:

Housing finance	4,214,195	4,822,914
Term loan	12,699,375	10,788,591
	16,913,570	15,611,505

8.5 Residual maturity grouping of loans, advances and leases:

This is made up as follows:

Receivable:

On demand	-	-
Upto 1 month	256,166,587	504,629,881
More than 1 month but not more than 3 months	974,313,378	1,658,971,051
More than 3 months but not more than 1 year	2,720,608,773	3,018,724,393
More than 1 year but not more than 5 years	3,542,194,747	1,688,253,550
More than 5 years	65,453,943	31,300,020
	7,558,737,428	6,901,878,895

8.6 Loans, advances and leases on the basis of significant concentration

8.6.1	Loans, advances and leases to directors and their allied concerns	10,644,973	13,794,996
8.6.2	Loans, advances and leases to CEO & Sr. Executives/Officers	16,913,570	15,611,505
8.6.3	Loans, advances and leases to customer groups	7,531,178,885	6,872,472,394

Loans, advances and leases allowed to individual customer exceeding 30% of the Financial Institution's total capital

Total outstanding amount to such customers at end of the year	:	Nil	Nil
Number of such types of customers	:	Nil	Nil
Amount of classified investments thereon	:	Nil	Nil
Measures taken for recovery	:	N/A	N/A

8.6.4 **Loans, advances and Leases on the basis of industrial sectors**

As per Bangladesh Bank circular, sector wise loans, advances and leases are as follows:

Sector	As at 31 December 2013		As at 31 December 2012	
	Amount	Percentage	Amount	Percentage
Trade and commerce	941,643,140	12.46%	764,023,867	11.07%
Industry:				
A) Garments and knitwear	974,435,035	12.89%	771,346,745	11.18%
B) Textile	755,524,086	10.00%	727,009,627	10.53%
C) Jute and jute products	48,851,115	0.65%	44,131,455	0.64%
D) Food production and processing industry	38,643,111	0.51%	53,238,653	0.77%
E) Plastic industry	5,017,574	0.07%	5,648,928	0.08%
F) Leather and leather-goods	29,421,105	0.39%	42,613,215	0.62%
G) Iron, steel and engineering	734,450,303	9.72%	392,734,122	5.69%
H) Pharmaceuticals and chemicals	24,088,685	0.32%	75,466,843	1.09%
I) Cement and allied industry	145,978,876	1.93%	246,332,965	3.57%
J) Telecommunication and information technology	888,752,940	11.76%	1,220,103,403	17.68%
K) Paper, printing and packaging	243,472,093	3.22%	54,946,964	0.80%
L) Glass, glassware and ceramic industry	2,868,674	0.04%	8,910,512	0.13%
M) Ship manufacturing industry	143,373,917	1.90%	39,912,848	0.58%
N) Electronics and electrical products	88,313,560	1.17%	5,039,317	0.07%
O) Power, gas, water and sanitary service	217,390,080	2.88%	35,653,180	0.52%
P) Transport and aviation	170,152,315	2.25%	245,352,728	3.55%
Agriculture	44,139,057	0.58%	96,020,549	1.39%
Housing	351,451,306	4.65%	295,982,606	4.29%
Others:				
A) Merchant banking	80,310,026	1.06%	40,000,000	0.58%
B) Margin loan	-	-	-	-
C) Others	1,630,460,430	21.55%	1,737,410,368	25.17%
Total	**7,558,737,428**	**100.00%**	**6,901,878,895**	**100.00%**

8.6.5 **Geographical location-wise concentration of loans, advances and leases:**

This is made up as follows:

Division	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Dhaka	6,908,234,060	91.39%	5,473,473,234	79.30%
Chittagong	650,503,368	8.61%	1,428,405,661	20.70%
Total	**7,558,737,428**	**100.00%**	**6,901,878,895**	**100.00%**

	Amount in Taka	
	31-12-2013	**31-12-2012**
8.7 **Grouping of loans, advances and leases as per classification rules of Bangladesh Bank**		
This is made up as follows:		
Unclassified		
Standard including staff loans	6,674,318,536	5,762,749,791
Special Mention Account (SMA)	109,439,721	296,368,058
	6,783,758,257	**6,059,117,849**
Classified		
Substandard	74,334,629	205,301,922
Doubtful	68,874,286	168,606,323
Bad or loss	631,770,256	468,852,801
	774,979,171	**842,761,046**
	7,558,737,428	6,901,878,895

		31-12-2013	31-12-2012
		Amount in Taka	
8.8	**Particulars of loans, advances and leases**		
(i)	Loans considered good in respect of which the Financial Institution is fully secured	512,450,425	491,104,258
(ii)	Loans considered good for which the Financial Institution holds no security other than the debtor's personal guarantee	6,215,885,914	5,732,889,976
(iii)	Loans considered good which is secured by the personal guarantee of one or more parties in addition to the personal guarantee of the debtors	830,401,089	677,884,661
(iv)	Loans adversely classified; provisions not maintained there against	-	-
		7,558,737,428	6,901,878,895
(v)	Loans due by directors or officers of the Financial Institution or any of them either separately or jointly with any other person (note: 8.4)	16,913,570	15,611,505
(vi)	Loans due from companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents or, in case of private companies as members	10,644,973	13,794,996
(vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Financial Institution or any of them either separately or jointly with any other persons (note: 8.4)	16,913,570	15,611,505
(viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Financial Institution have interest as directors, partners or managing agents, or in the case of private companies as members	10,644,973	13,794,996
(ix)	Due from Banking Companies	6,157,673	11,338,621
(x)	Classified loans for which interest has not been charged (note: 8.7)	774,979,171	842,761,046
	a) Increase/ (decrease) of provision (note: 13.1a)	12,728,750	109,204,492
	b) Amount of loans written off	14,235,758	-
	c) Amount realised against loans previously written off	-	-
	d) Amount of provision kept against loans classified as bad/loss on the balance sheet date	218,995,776	182,594,675
	e) Amount of interest credited to the interest suspense account (note: 13.3)	179,287,098	156,348,470
(xi)	Amount of loans written off		
	Current year	14,235,758	-
	Cumulative to date	27,350,760	13,115,002
	The amount of written off loans for which law suit filed	27,350,760	13,115,002

8.b **Bills purchased and discounted**

No bill has been purchased or discounted during the year.

		Amount in Taka	
		31-12-2013	31-12-2012
9	**Fixed assets including land, building, furniture & equipment's**		
	This is made up as follows:		
	A. Cost		
	Land and land development	440,000,000	440,000,000
	Furniture & fixture	3,750,093	3,750,093
	Electrical appliance	2,587,994	2,587,994
	Motor vehicles	1,302,090	11,303,090
	Interior decoration	7,251,820	7,251,820
	Office equipment	5,173,075	5,153,075
	Intangible assets	1,250,000	1,250,000
		471,315,072	471,296,072
	B. Accumulated depreciation		
	Furniture & fixture	1,471,900	1,218,768
	Electrical appliance	1,277,362	1,046,074
	Motor vehicles	8,085,954	7,282,760
	Interior decoration	2,497,053	1,968,746
	Office equipment	3,222,126	2,877,841
	Intangible assets	1,250,000	1,000,000
		17,804,395	15,394,189
	C. Written down value at December 31 (A-B)		
	Land and land development	440,000,000	440,000,000
	Furniture & fixture	2,278,193	2,531,325
	Electrical appliance	1,310,632	1,541,920
	Motor vehicles	3,216,136	4,020,330
	Interior decoration	4,754,767	5,283,074
	Office equipment	1,950,949	2,275,234
	Intangible assets	-	250,000
		453,510,677	455,901,883

For details please refer to "**Annexure- B**"

The company acquired 11 kathas land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka which was revalued in the year 2012 at Tk.440,000,000 from existing Tk.36,574,333. Thus the value of the said land increased by Tk.403,425,667 which was shown as assets revaluation reserve.

		31-12-2013	31-12-2012
10	**Others assets**		
	This is made up as follows:		
	A. Income generating other assets		
	Income receivable	-	-
		-	-
	B. Non-income generating		
	Stock of stamp	9,954	6,304
	Advance rent, advertisement etc. **(note: 10.1)**	1,175,971	1,892,329
	Receivable against sale of shares **(note: 10.2)**	1,637,260	47,446
	Receivable against dividend **(note: 10.3)**	176,391	263,802
	Security deposits **(note: 10.4)**	904,237	904,237
	Prepaid expenditure **(note: 10.5)**	144,244,689	95,652,636
	Branch adjustment account **(note: 10.6)**	-	-
	Suspense account	-	495,188
	Others **(note: 10.7)**	141,098,356	141,326,264
		289,246,858	240,588,206
	Total (A+B):	289,246,858	240,588,206

		Amount in Taka	
		31-12-2013	31-12-2012

10.1 Advance rent, advertisement etc.

These represents rent paid to land-lord in advance for office premises.

10.2 Receivable against sale of shares

This is made up as follows:

	31-12-2013	31-12-2012
Anchor Securities Ltd.	1,589,814	-
International Leasing Securities Ltd.	46,019	46,019
Fareast Stocks & Bonds Ltd.	1,427	1,427
	1,637,260	47,446

10.3 Receivable against dividend

These represents dividend receivable against preference share

10.4 Security deposits

This is made up as follows:

	31-12-2013	31-12-2012
Deposits with BTTB and mobile operator	28,000	28,000
Deposits with CDBL	400,000	400,000
Deposits with landlord	350,000	350,000
Others	126,237	126,237
	904,237	904,237

10.5 Prepaid expenditure

This is made up as follows:

	31-12-2013	31-12-2012
Advance payment for land	2,343,333	2,343,333
Building construction	1,845,000	780,667
Advance payment of tax (note: 10.5.1)	129,765,691	83,790,305
Others	10,290,665	8,738,331
	144,244,689	95,652,636

10.5.1 Advance payment of tax

This is made up as follows:

	31-12-2013	31-12-2012
Income tax refundable (note: 10.5.1.1)	5,309,867	5,309,867
Advance income tax (note: 10.5.1.2)	124,455,824	78,480,438
	129,765,691	83,790,305

10.5.1.1 Income tax refundable

Year-wise break-up are as follows:

Assessment year	Income year	Amount
2003-2004	2002	4,042,297
2004-2005	2003	971,703
2006-2007	2005	295,867
		5,309,867

10.5.1.2 Advance income tax

Year-wise break-up are as follows:

Assessment year	Income year	Amount
2005-2006	2004	1,200,331
2007-2008	2006	7,384,177
2008-2009	2007	7,878,688
2009-2010	2008	6,590,386
2010-2011	2009	8,731,427
2011-2012	2010	9,013,223
2012-2013	2011	22,947,016
2013-2014	2012	14,735,190
2014-2015	2013	45,975,386
		124,455,824

	Amount in Taka	
	31-12-2013	31-12-2012

10.6 **Branch Adjustment Account**

The books of accounts with regards to inter branch are reconciled and there is no material differences, which may affect the financial statements significantly.

10.7 **Others**

This is made up as follows:

	31-12-2013	31-12-2012
Receivable against interest on grace period	37,300	37,300
Receivable against IDCP	32,788,859	32,780,925
Receivable against LPI	106,666,109	106,692,286
Accrued interest on fixed deposit	1,606,088	1,815,753
	141,098,356	**141,326,264**

11 **Borrowings from banks, other financial institutions and agents**

This is made up as follows:

	31-12-2013	31-12-2012
In Bangladesh **(note: 11.1)**	2,437,335,985	2,768,914,919
Outside Bangladesh	-	-
	2,437,335,985	**2,768,914,919**

11.1 **In Bangladesh**

This is made up as follows:

	31-12-2013	31-12-2012
Refinance against SME loan from Bangladesh Bank **(note: 11.1.1)**	120,108,092	160,769,525
Term loan from banks **(note: 11.1.2)**	2,167,934,479	1,968,024,479
Short term loan**(note: 11.1.3)**	19,293,414	440,120,915
Money at call & short notice **(note: 11.1.4)**	130,000,000	200,000,000
	2,437,335,985	**2,768,914,919**

11.1.1 Bangladesh Bank (BB) introduced a refinance scheme to support the development small enterprise under the scheme Small and Medium Enterprise (SME) by way of providing refinance facilities under the terms and conditions of BB's FID Circular No. 01, dated May 02, 2004. Under this scheme, the company claims the refinance facility from Bangladesh Bank on a quarterly basis, whose repayment was made as per schedule fixed by Bangladesh Bank.

11.1.2 **Term loan from banks**

This is made up as follows:

	31-12-2013	31-12-2012
Bank Al Falah Limited	-	7,491,434
Bank Asia Limited	-	18,329,899
Basic Bank Limited	54,124,794	90,761,538
Dhaka Bank Limited	53,598,062	67,449,834
Jamuna Bank Limited	-	3,385,145
Mercantile Bank Limited	234,420,781	124,529,235
Midland Bank Limited	50,327,924	-
Mutual Trust Bank Limited	376,251,507	507,849,928
National Bank Limited	190,988,795	106,539,492
NRB Commercial Bank Limited	103,627,055	-
One Bank Limited	-	20,801,791
Prime Bank Limited	33,009,884	57,642,756
Pubali Bank Limited	72,929,752	123,520,910
Shahjalal Islami Bank Limited	547,615,782	368,220,687
Sonali Bank Limited	5,248,000	36,270,361
Southeast Bank Limited	33,751,260	80,375,572
Standard Bank Limited	2,133,435	27,440,941
Uttara Bank Limited	409,907,448	327,414,956
	2,167,934,479	**1,968,024,479**

		Amount in Taka	
		31-12-2013	31-12-2012

11.1.3 **Short term loan**

This is made up as follows:

Bangladesh Finance and Investment Co. Ltd.	-	60,000,000
BASIC Bank Limited	-	50,000,000
Mercantile Bank Limited	19,293,414	30,120,915
Phoenix Finance and Investment Limited	-	110,000,000
Premier Leasing and Finance Limited	-	40,000,000
The City Bank Limited	-	150,000,000
	19,293,414	440,120,915

11.1.4 **Money at call & short notice**

This is made up as follows:

Eastern Bank Limited	-	100,000,000
Mutual Trust Bank Limited	50,000,000	-
Southeast Bank Limited	20,000,000	100,000,000
The Farmers Bank Limited	60,000,000	-
	130,000,000	200,000,000

11.2 **Analysis by security against borrowing from banks, other financial institutions and agents**

This is made up as follows:

Secured (note: 11.2.1)	2,167,934,479	1,968,024,479
Unsecured	269,401,506	800,890,440
	2,437,335,985	2,768,914,919

11.2.1 The loans are secured by first ranking Pari Passu Security Sharing Agreement (PPSSA) among the lenders on all present and future assets both moveable and immovable by deed of Floating Charge and Letter of Hypothecation, which is registered with the Registrar of Joint Stock Companies and Firms.

11.3 **Maturity wise classification of loan**

This is made up as follows:

Repayable on demand	130,000,000	200,000,000
Within 1 month	98,117,495	525,120,915
Over 1 months but not more than 3 months	190,080,576	138,834,119
Over 3 months but not more than 1 year	712,118,750	580,865,048
Over 1 year but not more than 5 years	1,304,927,042	1,324,094,837
Over 5 years	2,092,122	-
	2,437,335,985	2,768,914,919

12 **Deposits & other accounts**

This is made up as follows:

Term deposits (note: 12.1)	4,629,463,441	3,644,449,235
Other deposits (note: 12.2)	27,213,320	26,677,281
	4,656,676,761	3,671,126,516

12.1 **Term deposits**

This is made up as follows:

Term deposit from banks and FIs	2,111,207,500	2,108,805,000
Term deposit from other than banks & FIs (note: 12.1.1)	2,518,255,941	1,535,644,235
	4,629,463,441	3,644,449,235

		Amount in Taka	
		31-12-2013	31-12-2012
12.1.1	**Term deposit from other than banks & FI**		
	This is made up as follows:		
	General term deposits	2,469,709,290	1,499,669,875
	Double benefit scheme	44,436,441	33,033,040
	Monthly savings scheme (MSS)	4,110,210	2,941,320
		2,518,255,941	1,535,644,235
12.1.2	**Residual maturity grouping of deposits & other accounts:**		
	This is made up as follows:		
	From banks & Fis Payable:		
	On demand	-	-
	Upto 1 month	380,000,000	50,000,000
	In more than 1 month but less than 6 months	1,291,207,411	1,550,805,000
	In more than 6 months but less than 1 year	440,000,089	508,000,000
	In more than 1 year but within 5 years	-	-
	In more than 5 year but within 10 years	-	-
		2,111,207,500	2,108,805,000
	From other than banks & Fis Payable:		
	On demand	-	-
	Upto 1 month	327,595,823	246,793,365
	In more than 1 month but less than 6 months	254,988,838	717,825,470
	In more than 6 months but less than 1 year	642,246,197	461,470,047
	In more than 1 year but within 5 years	1,293,135,903	109,265,143
	In more than 5 year but within 10 years	289,180	290,210
		2,518,255,941	1,535,644,235
	Unclaimed deposits aging 10 years or more	-	-
12.2	**Other deposits**		
	This is made up as follows:		
	Other deposits-banks and FIs	-	-
	Other deposits-other than banks & FIs **(note: 12.2.1)**	27,213,320	26,677,281
		27,213,320	26,677,281
12.2.1	**Other deposits-other than banks & FIs**		
	This is made up as follows:		
	Lease advance	27,213,320	26,677,281
		27,213,320	26,677,281
12.2.2	**Residual maturity grouping of Other deposits-other than banks & FIs**		
	This is made up as follows:		
	Repayable on demand	-	-
	Within 1 month	10,767,751	9,062,269
	Over 1 months but not more than 3 months	1,791,996	120,105
	Over 3 months but not more than 1 year	1,512,941	2,987,852
	Over 1 year but not more than 5 years	10,303,173	13,008,138
	Over 5 years	2,837,459	1,498,917
		27,213,320	26,677,281

		Amount in Taka	
		31-12-2013	31-12-2012
13	**Other liabilities**		
	This is made up as follows:		
	Provision for loans, advances and leases (note: 13.1)	319,759,353	317,420,253
	Provision for diminution in value of investments (note 13.2)	127,740,647	123,290,198
	Interest suspense (note: 13.3)	179,287,098	156,348,470
	Withholding tax payable	4,003,443	4,732,870
	VAT payable	359,553	273,884
	Excise duty payable	48,540	52,440
	Provision for taxation (note: 13.4)	285,941,584	249,017,480
	Dividend payable	4,353,838	3,867,067
	Financial expenses payable (note: 13.5)	306,504,267	190,477,360
	Payable against gratuity	12,069,826	8,749,534
	Accrued expenses and other payable	10,530,558	7,939,869
	Sundry deposits	31,229,709	42,426,009
	Provision for off-balance sheet items	-	-
		1,281,828,416	1,104,595,434
13.1	**Provision for loans, advances and leases**		
	This is made up as follows:		
	(a) Specific provision against classified loans, advances and leases		
	Opening balance	247,606,657	138,402,165
	Less: fully provided debts written off during the year	11,098,274	-
	Add: recovery of amounts previously written off	-	-
	Add: specific provision for the year	-	-
	Less: provision released or no longer required	-	-
	Add: net provision charged to profit and loss account	12,728,750	109,204,492
	Provision held at the end of the year	249,237,133	247,606,657
	(b) General provision against unclassified loans, advances and leases		
	Opening balance	69,813,596	73,332,891
	Provision made during the year	708,624	(3,519,295)
	Balance at the end of the year	70,522,220	69,813,596
	Total (a+b):	319,759,353	317,420,253
13.2	**Provision for diminution in value of investments**		
	This is made up as follows:		
	Opening balance	123,290,198	117,470,212
	Provision made during the year	4,450,449	5,819,986
	Balance at the end of the year	127,740,647	123,290,198
13.3	**Interest suspense**		
	This is made up as follows:		
	Opening balance	156,348,470	124,373,886
	Add: amount transferred during the year	122,844,310	114,100,393
	Less: amount recovered during the year	96,731,498	82,125,809
	Less: amount written off during the year	3,174,184	-
	Balance at the end of the year	179,287,098	156,348,470

	Amount in Taka	
	31-12-2013	31-12-2012

13.4 Provision for taxation

This is made up as follows:

Balance at the beginning of the year	249,017,480	162,036,239
Add: Provision made during the year	36,924,104	86,981,241
Less: Adjustment during the year	-	-
Balance at the end of the year	**285,941,584**	**249,017,480**

Year wise break up of provision for taxation:

Assessment year	Accounting year		
2007-2008	2006	111,404	111,404
2008-2009	2007	20,399,529	20,399,529
2009-2010	2008	14,611,475	14,611,475
2010-2011	2009	25,000,000	25,000,000
2011-2012	2010	32,500,000	32,500,000
2012-2013	2011	69,413,831	69,413,831
2013-2014	2012	86,981,241	86,981,241
2014-2015	2013	36,924,104	-
		285,941,584	249,017,480

Provision for income tax has been made at the rate prescribed in Finance Act, 2013 on the accounting profit made during the year after considering some of the taxable add back of income and disallowance of expenditure.

13.5 Financial expenses payable

This is made up as follows:

Interest on Term deposits	305,698,512	189,419,980
Interest on term loan	11,298	-
Interest on money at call loan and short notice	151,011	702,361
Interest on monthly savings scheme	643,446	355,019
	306,504,267	190,477,360

14 Capital

14.1 Authorized capital

400,000,000 ordinary shares of Tk. 10 each	4,000,000,000	4,000,000,000

14.2 Issued, subscribed and Paid up capital

As at December 31, 2013 a total of 63,923,775 (FY 2012: 60,879,786) ordinary shares of Tk. 10 each were issued, subscribed and fully paid up.	639,237,750	608,797,860

The above balance is made up as follows:

Opening balance	608,797,860	553,452,600
Add. Bonus shares issued during the year	30,439,890	55,345,260
	639,237,750	608,797,860

14.3 Mode of allotment of shares

This is made up as follows:

Issued against cash	215,608,000	215,608,000
Bonus share issued	423,629,750	393,189,860
Issued other than cash/bonus share	-	-
	639,237,750	608,797,860

		Amount in Taka	
		31-12-2013	31-12-2012

Year wise allotment of shares are as follows:

Year	Mode of allotment	No of shares	Value of shares	Cumulative balance
1996	Cash	500000	5,000,000	5,000,000
1998	Cash	2000000	20,000,000	25,000,000
2002	Cash	1859240	18,592,400	43,592,400
2005	Bonus share	871820	8,718,200	52,310,600
2006	Bonus share	6904920	69,049,200	121,359,800
2006	Cash	6105610	61,056,100	182,415,900
2006	Cash - IPO	11095950	110,959,500	293,375,400
2008	Bonus share	2933750	29,337,500	322,712,900
2009	Bonus share	3872550	38,725,500	361,438,400
2010	Bonus share	8132370	81,323,700	442,762,100
2011	Bonus share	11069050	110,690,500	553,452,600
2012	Bonus share	5534526	55,345,260	608,797,860
2013	Bonus share	3043989	30,439,890	639,237,750

14.4 Group wise paid up share capital:

Particulars of shareholders	Share Holding %	31-12-2013	31-12-2012
GROUP – A (Local)			
Sponsor shareholders:			
Pioneer Dresses Limited	5.82	37,167,200	35,397,340
Mr. Mohiuddin Ahmed	1.86	11,909,780	11,342,650
Mr. Rais Uddin Ahmed	1.27	8,103,710	7,717,820
Mr. Abdul Aziz Khan	1.22	7,786,200	7,415,430
Mr. A N M Jahangir Alam	2.01	12,880,210	12,266,870
	12.18	77,847,100	74,140,110
General shareholders:			
Financial institutions and others	11.26	71,994,530	70,559,680
Individual	26.56	169,778,060	159,699,910
	37.82	241,772,590	230,259,590
	50.00	319,619,690	304,399,700
GROUP – B (Foreign)			
Sponsor shareholders:			
Five Continents Credit Ltd., Hong Kong	19.39	123,932,190	118,030,660
Tees Mart Inc. (TMI), USA	18.01	115,144,490	109,661,420
Merrill & Forbes Inc., USA	12.60	80,541,380	76,706,080
	50.00	319,618,060	304,398,160
Total (A+B)	100.00	639,237,750	608,797,860

None of the CFO, company secretary and top five salaried executives of the financial institution has any shareholdings of the company as on reporting date.

14.5 Range wise classification of shareholders by holding as at 31-12-2013 as required by regulation 37 and of the listing regulation of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited:

Shareholding range	No. of shareholders	No. of shares	% of holdings
Less than 500	2,964	485,333	0.76%
500 to 5,000	3,263	5,251,566	8.22%
5,001 to 10,000	346	2,413,371	3.77%
10,001 to 20,000	172	2,384,300	3.73%
20,001 to 30,000	57	1,432,715	2.24%
30,001 to 40,000	21	716,295	1.12%
40,001 to 50,000	8	355,615	0.56%
50,001 to 100,000	28	2,007,386	3.14%
100,001 to 1,000,000	29	9,735,214	15.23%
1,000,001 to 1,000,000,000	10	39,141,980	61.23%
Total :	6,898	63,923,775	100.00%

The shares of the company were listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 15 November 2006 and traded at Tk. 17.30 at Dhaka Stock Exchange at the end of the year 2013.

	Amount in Taka	
	31-12-2013	31-12-2012

14.6 Capital requirement

This is made up as follows:

Paid up capital		
Paid-up capital	639,237,750	608,797,860
Required paid up capital	1,000,000,000	1,000,000,000
Deficit in paid up capital	**(360,762,250)**	**(391,202,140)**

The company is subject to the regulatory capital requirement as stipulated in DFIM circular no 05 dated 4 July 2011 of Bangladesh Bank. The capital requirement for non-banking financial institutions is neither ratio-based nor risk based. The regulatory authority requires a non-bank financial institutions to have a minimum paid up capital of Tk.100.00 crore.

15 Statutory reserve

This is made up as follows:

Opening balance	134,562,513	132,606,519
Add: addition during the year	9,101,833	1,955,994
	143,664,346	**134,562,513**

16 General reserve

This is made up as follows:

Opening balance	32,980,594	32,980,594
Add: addition during the year	-	-
Less: transferred to retained earnings	22,615,913	-
	10,364,681	**32,980,594**

17 Asset revaluation reserve

This is made up as follows:

Opening balance	403,425,667	-
Add: Addition during the year	-	403,425,667
Less: Transferred to Retained earnings	-	-
	403,425,667	**403,425,667**

The company acquired 11 kathas of land located at 65/1, DIT Extension Road, Purana Paltan, Dhaka. The said land was revalued in the year 2012 from Tk.36,574,333 to Tk.440,000,000. Thus the value of the said land increased by Tk.403,425,667 which was shown as assets revaluation reserve.

18 Retained earnings

This is made up as follows:

Opening balance	7,823,977	55,345,260
Less: cash dividend for last year	-	-
Less: stock dividend for last year	(30,439,890)	(55,345,260)
Add: transferred from stock dividend	-	-
Add: profit for the year	45,509,166	9,779,971
Less: transferred to statutory reserve	(9,101,833)	(1,955,994)
Less: transferred from general reserve	22,615,913	-
	36,407,333	**7,823,977**

19 Net asset value per share

This is made up as follows:

Total assets	9,608,941,301	8,732,227,842
Total liabilities	8,375,841,162	7,544,636,869
Net assets:	**1,233,100,139**	**1,187,590,973**
Weighted average number of ordinary shares:		
Opening Ordinary shares	60,879,786	55,345,260
Bonus shares issued	3,043,989	5,534,526
Weighted average number of ordinary shares at 31 December	63,923,775	60,879,786
Restated weighted average number of ordinary shares	63,923,775	63,923,775
Net assets value per share	19.29	19.51
Net assets value per share (restated)	19.29	18.58

		Amount in Taka	
		31-12-2013	31-12-2012
20	**Profit and loss account**		
	This is made up as follows:		
	Income		
	Interest, discount and similar income **(note: 21)**	1,296,368,535	1,265,408,318
	Dividend income **(note: 23)**	6,638,023	10,237,936
	Commission, exchange and brokerage **(note: 24)**	-	-
	Gains less losses arising from dealing securities **(note: 23)**	6,195,786	826,145
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-financial institution's assets	-	-
	Other operating income **(note: 25)**	2,985,929	3,717,113
	Profit less losses on interest rate changes	-	-
		1,312,188,273	1,280,189,512
	Expenses		
	Interest paid on deposits & borrowing **(note: 22)**	1,125,430,257	1,000,338,221
	Losses on loans, advances and leases	-	-
	Administrative expenses	73,911,999	60,752,137
	Other expenses **(note: 35)**	10,114,046	8,070,770
	Depreciation on FI's assets	2,410,878	2,761,989
		1,211,867,180	1,071,923,117
	Income over expenditure	100,321,093	208,266,395
21	**Interest income**		
	This is made up as follows:		
	Interest income from loans & leases **(note-21.1)**	1,280,487,800	1,231,338,225
	Interest income from money at call & short notice	-	-
	Interest income from placement with banks & other FIs **(note: 21.2)**	15,880,735	34,070,093
		1,296,368,535	1,265,408,318
21.1	**Interest income from loans & leases**		
	This is made up as follows:		
	Interest income from leases	135,451,904	196,503,377
	Interest income from term finance	1,140,636,131	1,032,456,044
	Interest income from housing finance	2,390,384	394,145
	Interest income from staff loan	2,009,381	1,984,659
		1,280,487,800	1,231,338,225
21.2	**Interest income from placement with banks & other FIs**		
	This is made up as follows:		
	Interest income from fund placements	13,915,333	33,034,485
	Interest income from STD accounts	1,965,402	1,035,608
		15,880,735	34,070,093
22	**Interest paid on deposits & borrowings etc.**		
	This is made up as follows:		
	Interest paid on deposits	721,060,528	562,064,242
	Interest paid on borrowings **(note-22.1)**	404,369,729	438,273,979
		1,125,430,257	1,000,338,221

		Amount in Taka	
		31-12-2013	31-12-2012
22.1	**Interest paid on borrowings**		
	This is made up as follows:		
	Interest paid on term loan	376,353,514	407,668,183
	Interest paid on bond	-	-
	Interest paid on overdraft loan	213,553	600,030
	Interest paid on call loan	19,746,664	22,345,783
	Interest paid on re-financing loan from Bangladesh Bank	8,055,998	7,659,983
		404,369,729	438,273,979
23	**Income from Investments**		
	This is made up as follows:		
	Capital gain on sale of shares	6,195,786	826,145
	Dividend income	6,638,023	10,237,936
		12,833,809	11,064,081
24	**Commission, exchange & brokerage**		
	This is made up as follows:		
	Commission	-	-
	Exchange earnings	-	-
	Brokerage	-	-
		-	-
25	**Other operating income**		
	This is made up as follows:		
	Service charge	1,379,519	1,221,422
	Reimbursement of documentation costs	425,700	234,880
	Gain on disposal of leased assets	661,600	299,034
	Other income (note: 25.1)	519,110	1,961,777
		2,985,929	3,717,113
25.1	**Other income**		
	This is made up as follows:		
	This is made up as follows:		
	Gain/(loss) on sale of fixed assets	399,672	-
	Miscellaneous income	119,438	1,961,777
		519,110	1,961,777
26	**Salary & allowances**		
	This is made up as follows:		
	Salaries	38,071,620	32,992,155
	Provident fund	2,179,898	1,869,932
	Bonus	11,367,507	8,597,196
	Gratuity	3,772,322	3,388,128
		55,391,347	46,847,411
27	**Rent, taxes, insurance, electricity etc.**		
	This is made up as follows:		
	Rent, rates & taxes	3,682,411	3,698,232
	Insurance	624,602	605,833
	Power & electricity	1,038,953	1,019,831
	Water & sewerage	77,315	77,027
		5,423,281	5,400,923

		Amount in Taka	
		31-12-2013	31-12-2012
28	**Legal expenses**		
	This is made up as follows:		
	Professional/legal fees	3,360,988	1,839,425
	Other	-	-
		3,360,988	1,839,425
29	**Postage, stamps, telecommunication etc**		
	This is made up as follows:		
	Postage & courier expenses	90,898	40,690
	Stamp & court fees	198,785	153,412
	Telephone, fax & e-mail	652,672	606,143
		942,355	800,245
30	**Stationery, printing, advertisements etc.**		
	This is made up as follows:		
	Printing & stationary	316,745	397,514
	Advertisement and publicity	1,537,316	792,809
		1,854,061	1,190,323
31	**Chief executive officer's salary and other fees**		
	This is made up as follows:		
	Basic	2,220,000	1,590,583
	Other allowances	1,685,000	1,061,249
	Provident fund	222,000	154,650
	Bonus	370,000	370,000
		4,497,000	3,176,482
32	**Directors' fees**		
	This is made up as follows:		
	Meeting fees	325,000	320,000
		325,000	320,000

Tk. 5,000.00 (Taka Five thousand) only is paid per meeting to each Director as fees for attending the Board of Directors Meeting and Board Audit Committee Meeting.

33	**Auditor's fees**		
	This is made up as follows:		
	Audit fees including special audit fee in 2012	110,000	145,000
		110,000	145,000
34	**Repair & depreciation of financial institution's assets**		
	This is made up as follows:		
	Repair & maintenance (note 34.1)	2,007,967	1,732,328
	Depreciation (note 34.2)	2,160,878	2,511,989
	Amortization (annexure- B)	250,000	250,000
		4,418,845	4,494,317
34.1	**Repair & maintenance**		
	This is made up as follows:		
	Office premises	453,490	305,927
	Office equipment	618,545	578,073
	Office furniture & fixtures	4,670	5,164
	Vehicles	931,262	843,164
		2,007,967	1,732,328
34.2	**Depreciation**		
	This is made up as follows:		
	Land	-	-
	Furniture & fixture	253,132	280,665
	Electrical appliance	231,288	267,564
	Motor vehicles	803,866	1,005,082
	Interior decoration	528,307	571,163
	Office equipment	344,285	387,515
		2,160,878	2,511,989

Details of depreciation and amortisation are shown in "annexure - B"

		Amount in Taka	
		31-12-2013	31-12-2012
35	**Other expenses**		
	This is made up as follows:		
	Traveling & conveyance	227,294	253,241
	Books and periodicals	66,820	72,879
	Entertainment & public relations	647,690	633,605
	Training fee	-	35,524
	Motor vehicle expenses	1,015,998	1,400,645
	Commission on share trading	73,582	17,390
	Govt. excise duty	245,110	47,190
	Registration/ renewal fee	2,253,264	704,106
	Donations	935,000	-
	AGM expenses	2,745,334	1,769,763
	Service charge	342,032	49,275
	Medical expenses	-	72,739
	Security services	595,771	554,381
	Bank charge	548,497	942,481
	CDBL fee	171,694	657,191
	Business promotional expense	100,000	-
	Uniforms & apparels	71,960	67,550
	Miscellaneous expenses	74,000	92,810
		10,114,046	7,370,770
36	**Provision for loans, advances & leases**		
	This is made up as follows:		
	General provision against unclassified loans, advances & leases	708,624	(3,519,295)
	Specific provision against classified loans, advances & leases	12,728,750	109,204,492
		13,437,374	105,685,197
37	**Provision for diminution in value of investments**		
	This is made up as follows:		
	Provisions for dealing securities	-	-
	Provisions for investment securities (note: 37.1)	4,450,449	5,819,986
		4,450,449	5,819,986
37.1	**Provisions for investment securities**		
	This is made up as follows:		
	Quoted securities	4,450,449	5,819,986
	Un-quoted securities	-	-
		4,450,449	5,819,986

38 **Earnings per share (EPS)**

Earnings per share (EPS) is calculated in accordance with Bangladesh Accounting Standard 33 "earnings per share", which has been shown on the face of profit & loss account.

Basic earnings per share

Basic earnings per share has been calculated dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. According to BAS 33, "earnings per share" (EPS) for the year 2012 has been restated for issuance of 3,043,989 bonus share during the year 2013.

	31-12-2013	31-12-2012
Net profit attributable to the ordinary shareholders	45,509,166	9,779,971
(Net profit after tax)		
Weighted average number of ordinary shares		
Ordinary shares at 1 January	60,879,786	55,345,260
Bonus shares issued	3,043,989	5,534,526
Weighted average number of ordinary shares at 31 December	63,923,775	60,879,786
Restated weighted average number of ordinary shares	63,923,775	63,923,775
Earnings per share	0.71	0.16
Earnings per share (restated)	0.71	0.15

		Amount in Taka	
		31-12-2013	31-12-2012

Diluted earnings per share

The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the year 2013 and hence no diluted earnings per share is required to be calculated.

39 Cash receipts from other operating activities

This is made up as follows:

	31-12-2013	31-12-2012
Service charge	1,379,519	1,221,422
Reimbursement-documentation costs	425,700	234,880
Gain on disposal of leased assets	661,600	299,034
Miscellaneous income	119,438	1,961,777
	2,586,257	3,717,113

40 Cash payments for other operating activities

This is made up as follows:

	31-12-2013	31-12-2012
Rent, taxes, insurance, electricity, etc.	5,418,253	5,392,642
Legal expenses	3,360,988	1,839,425
Postage, stamp, telecommunication, etc.	932,221	816,566
Advertisements, etc.	1,537,316	792,809
Directors' fees	325,000	320,000
Auditors' fee	150,000	90,000
Repairs and maintenance	2,174,189	1,554,675
Traveling & conveyance	227,294	253,241
Books and periodicals	66,820	72,879
Entertainment & public relations	648,290	633,605
Training fee	-	35,524
Motor vehicle expenses	1,015,998	1,400,645
Commission on share trading	73,582	17,390
Govt. excise duty	245,110	47,190
Registration/renewal fee	2,253,264	704,106
Donations	935,000	-
AGM expenses	2,745,334	1,769,763
Service charge	342,032	49,275
Medical expenses	-	72,739
Bank charge	548,498	942,481
CDBL fee	171,694	657,191
Buisness promotional expense	100,000	-
Uniforms & apparels	71,960	67,550
Miscellaneous expenses	69,350	102,110
	23,412,193	17,631,806

41 Other assets

This is made up as follows:

	31-12-2013	31-12-2012
Stock of stamp	(3,650)	32,909
Advance rent, advertisement etc.	716,358	756,358
Security deposits	-	(22,000)
Prepaid expenditure	(2,616,667)	(7,907,232)
Branch adjustment account	-	-
Suspense account	495,188	100,000
Accrued interest on fixed deposit	209,665	3,453,012
Cash (increase)/ decrease in other assets	(1,199,106)	(3,586,953)

42 Other liabilities

This is made up as follows:

	31-12-2013	31-12-2012
Withholding tax payable	(729,427)	(5,813,376)
VAT payable	85,669	(109,616)
Excise duty payable	(3,900)	(51,250)
Benevolent fund	(78,000)	55,000
Sundry deposits	(11,196,300)	(6,300,998)
Net increase/ (decrease) in other liabilities	(11,921,958)	(12,220,240)

	Amount in Taka	
	31-12-2013	31-12-2012

43 **Cash and cash equivalent**

This is made up as follows:

	31-12-2013	31-12-2012
Cash in hand **(note: 4.1)**	503,833	5,325,141
Balance with Bangladesh Bank & its agent bank (s) **(note: 4.2)**	66,013,567	38,616,242
Balance with banks & other financial institutions **(note: 5)**	861,951,080	689,536,407
	928,468,480	733,477,790

44 **Disclosures on the board audit committee**

a) **Composition of audit committee**

The audit committee consists of the following directors of the Board:

Name	Status with the company	Status with the committee	Educational qualification
Mr. Abbas Uddin Ahmed	Independent Director	Chairman	B.A. (Hons.)
Ms. Tanzila Mannan	Director	Member	BBA
Ms. Tazrina Mannan	Director	Member	BBA
Mr. ANM Jahangir Alam	Director	Member	B.Com
Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	Member	B.Sc

The Company Secretary acts as secretary of the board of audit committee.

All the members of the "board audit committee" have considerable experience and expertise in the banking and financial sector.

b) **Meeting of audit committee**

During the year 2013, the audit committee of the board held 04 (four) meetings in which among others, the following issues were discussed and decided:

- Reviewed the company's draft financial statements for the year ended on December 31, 2012;
- Recommended and advised the board on appointment of external auditors for the year 2013 and their audit fee;
- Analysied and reviewed the periodic reports on internal control and compliance reported by the internal auditor;
- Analysied and reviewed the risk assessment report on clients and credit risk administration evaluation report;
- Reviewed the periodic report on written-off cases of lease and loan accounts;
- Reviewed the report on pending legal cases of defaulting clients and recommended further courses of action;
- Analysied and reviewed the periodic financial statements including quarterly financial statement;
- Reviewed the Management report of the external auditors and scrutinized the management responses and courses of action adopted;
- Reviewed Bangladesh bank inspection report on the inspection along with company's reply and recommended required compliance by the management to the observations made in the report.

The audit committee held 04 (four) meetings during the year 2013. On invitation, Managing Director of the company and Chief Financial Officer (CFO) attended the meetings to meet the queries of the audit committee and took directives to improve the overall operational efficiency of the company. The directives of the audit committee are complied with.

45 Related party disclosures

45.1 Particulars of directors

Sl. no.	Name of the director	Designation	Address	% of shares as at December 31, 2013
1	Ms. Umme Kulsum Mannan (Nominee of Pioneer Dresses Ltd.)	Chairman	House # 13, Road # 87 Gulshan-2, Dhaka -1212	5.82 (Share holding of Pioneer Dresses Ltd.)
2	Mr. Chan Sze Hung (Nominee of Five Continents Credit Ltd. Hong Kong)	Director	12/F Mansion House Flat No. 1202, 74 – 78 Nathan Road, Hong Kong	19.39 (Share holding of Five Continents Credit Ltd. Hong Kong)
3	Mr. ANM Jahangir Alam	Director	Bakhterpur, Amin Bari, Post: Biroli Bazar, Thana – Dhagon Bhuiyan, Dist. – Feni.	2.01
4	Ms. Tanzila Mannan (Nominee of Pioneer Dresses Ltd.)	Director	House # 13, Road # 87 Gulshan-2, Dhaka -1212	5.82 (Share holding of Pioneer Dresses Ltd.)
5	Ms. Tajrina Mannan (Nominee of Pioneer Dresses Ltd.)	Director	House # 13, Road # 87 Gulshan-2, Dhaka -1212	5.82 (Share holding of Pioneer Dresses Ltd.)
6	Mr. Md. Arshad Ullah (Nominee of Pioneer Dresses Ltd.)	Director		5.82 (Share holding of Pioneer Dresses Ltd.)
7	Mr. Jaroslav M. Vyskovsky (Nominee of Tees Mart Inc., USA.)	Director	45, Tudor City Place Apt. # 2118, NY 10017 New York, USA	18.01 (Share holding of Tees Mart Inc., USA.)
8	Mr. Abbas Uddin Ahmed	Independent Director	House # 12, Road # 25 Banani, Dhaka- 1213.	-
9	Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	House - 12, Road - 14 A Sector - 4, Uttara Model Town Dhaka-1230.	-

45.2 Name of the Directors and their interest in different entities:

Sl. No.	Name of the directors	Status in the FI	Name of firms/companies where they have interest
1	Ms. Umme Kulsum Mannan (Nominee of Pioneer Dresses Ltd.)	Chairman	Delta Fashions Ltd. Dressco Ltd. Alfa Textile Ltd. Pioneer Dresses Ltd. Glory Industries Ltd. Peninsula Garments Ltd. Sunknit Textiles Ltd. Sunpack Industries Ltd. Sunman Textiles Ltd. Deep Sea Trawling Co. Ltd. Eastern Insurance Co. Ltd. Quasen Saewhan Co. Ltd. Sunglory Apparels Ltd. Sunman Motors Ltd. South Asian Airlines Ltd. Golden Horizon Ltd. Sunflower Garments Ltd. Sunman Sweaters Ltd. Yeakub Garments Ltd. Sunman Button & Zipper Ind. Ltd. Ishuqpur Sweater Ltd. National Beverage Industries Ltd. Golden Height Ltd. Sunman Pharmaceuticals Ltd. Sunman Knit Fabrics Ltd. Sunman Spinning Mills Ltd. Banglalion Communications Ltd. Sunman Corporation Ltd. Sunman Capital Papers Ltd. Capital Board Mills Ltd. Sunman Industrial Corporation Ltd. Glory Properties Ltd.
2	Mr. Chan Sze Hung (Nominee of Five Continents Credit Ltd. Hong Kong)	Director	-
3	Mr. ANM Jahangir Alam	Director	-
4	Ms. Tanzila Mannan (Nominee of Pioneer Dresses Ltd.)	Director	Banglalion Communications Ltd.
5	Ms. Tajrina Mannan (Nominee of Pioneer Dresses Ltd.)	Director	South Asian Airlines Ltd.
6	Mr. Md. Arshad Ullah (Nominee of Pioneer Dresses Ltd.)	Director	-
7	Mr. Jaroslav M. Vyskovsky (Nominee of Tees Mart Inc., USA.)	Director	-
8	Mr. Abbas Uddin Ahmed	Independent Director	Summit Power Ltd. Bangladesh Commerce Bank Ltd.
9	Brig. Gen. Khaled A. Karim (Retd.)	Independent Director	Banglalion Communications Ltd.

45.3 Transactions with directors and their related entities

Amount in Taka

Name of the party	Name of directors	Related by	Nature of transaction	31-12-2013	31-12-2012	Status of loans and advances
Golden Horizon Ltd.	Ms. Umme Kulsum Mannan	Common Directors	Term Finance	10,644,973	13,682,806	Standard
South Asian Airlines Ltd.	Ms. Umme Kulsum Mannan	Common Directors	Lease Finance	-	112,190	-
Mr. Abbas Uddin Ahmed	Mr. Abbas Uddin Ahmed	Independent Directors	Term Deposit	(2,000,000)	(2,000,000)	-

45.4 Significant contracts where FI is a party and wherein directors have interest: Nil

45.5 Shares issued to directors & executives without consideration or exercisable at discount: Nil

45.6 Lending policies to related parties

Landing to related parties is effected as per requirements of Section 14(e) of the Financial Institutions Act, 1993

45.7 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Company Act 1991 Nil

45.8 Investments in securities of directors and their related concern

Name of the company	Name of directors	Related by	Nature of security	Face value	% of share holding
BanglaLion Communications Ltd.	Ms. Umme Kulsum Mannan	Common Director	Equity Share (Investment)	107,500,000	5

46 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk.36,000 p.a. or above were 62.

47 Directors of the company & meeting of the board

At the end of the year under audit, there were 9 Directors on the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and ex-officio director of the company. There were 8 meetings of the board of directors held during the year 2013.

48 Reporting currency and level of precision

The figures reported in the financial statements are in Bangladeshi Taka, which has been rounded off to the nearest Taka.

49 Comparative information

Comparative information has been exposing in respect of the year 2013 for all numerical information in the financial statements for understanding of current year's financial statements. Previous year's figures have been restated and rearranged whenever considered necessary to ensure comparability with current period.

50 Legal proceedings

The company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

51 Foreign currency exposure profile

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

52 **Financial highlights**

Key financial highlights of the company are annexed as **Annexure-B**.

53 **Interim financial statements**

The company publishes its interim financial statements quarterly as required by the Bangladesh Securities and Exchange Commission.

54 **Restriction on payment of cash dividend**

As per DFIM circular 09 dated 4 November 2009 of Bangladesh Bank a non-banking financial institution cannot declare cash dividend if it's capital is below the required level. The company yet to meet the requirement of Bangladesh Bank.

55 **Geographical area of operation**

The company is currently operating in Chittagong and Narayangonj along with its other branches at Uttara and Dilkusha in Dhaka.

56 **Impact of inflation and changing prices**

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities. Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular BAS/BFRS specifically suggests to measure some assets/liabilities at fair value. Such as, BAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

57 **Events after balance sheet date**

The Board of Directors in it's 127th meeting held on March 23, 2014 recommended 5% stock dividend against per share of Tk. 10 each i.e. 1 (one) bonus share for every 20 (twenty) shares held. The shareholders whose name appears in the Register of Members on the ''Record Date'' are entitled to the bonus share.

The above is subject to approval by the shareholders in the 18th Annual General Meeting, scheduled to be held on April 24, 2014 at 10:30 A.M. at the ''IDEB Bhaban Complex'', Institution of Diploma Engineers, Bangladesh, 160/A, Kakrail, VIP Road, Dhaka.''

58 **Date of authorization of financial statements**

The board of directors of the company in its 127th meeting held on March 23, 2014 has approved the financial statement for the year ended December 31, 2013.

Sd/-	Sd/-	Sd/-	Sd/-
Ahamed Karim Chowdhury	**Inamur Rahman**	**ANM Jahangir Alam**	**Umme Kulsum Mannan**
Company Secretary	Managing Director	Director	Chairman

Investment in quoted ordinary shares

Annexure-A

(Amount in Taka)

Sl. No.	Name of the Company	No. of shares held	Face value per share	Average cost per share	Total cost	Quoted rate per share as on Dec 31, 2013	Total market value as on Dec 31, 2013	Unrealised gain/(loss)
01	Al Arafa Islami Bank Ltd.	212,355	10.00	48.23	10,241,837	19.10	4,055,981	(6,185,857)
02	Bangladesh Thai Aluminium Ltd.	182,772	10.00	54.71	99,994,433	30.40	5,556,269	(4,443,175)
03	Beximco Ltd.	287,500	10.00	208.70	60,000,000	32.20	9,257,500	(50,742,500)
04	Beximco Pharmaceutical Ltd.	104,167	10.00	110.44	11,503,685	47.20	4,916,682	(6,587,003)
05	BRAC Bank Ltd.	138,000	10.00	53.60	7,397,400	32.60	4,498,800	(2,898,600)
06	BSRM Steels Ltd.	210,000	10.00	213.49	44,832,675	68.70	14,427,000	(30,405,675)
07	Confidence Cement Ltd.	16,536	10.00	269.00	4,448,128	123.90	2,048,810	(2,399,318)
08	Dhaka Bank Ltd.	30,160	10.00	53.68	1,618,980	18.80	567,008	(1,051,972)
09	Envoy Textiles Ltd.	307,750	10.00	32.28	9,933,333	54.30	16,710,825	6,777,492
10	EXIM Bank Ltd.	16,929	10.00	33.47	566,650	12.90	218,384	(348,266)
11	Grameenphone Ltd.	55,200	10.00	302.16	16,679,500	200.90	11,089,680	(5,589,820)
12	Grameen One: Scheme Two	100,000	10.00	32.71	3,270,500	17.60	1,760,000	(1,510,500)
13	IPDC of Bangladesh Ltd.	34,100	10.00	64.29	2,192,270	20.00	682,000	(1,510,270)
14	Jamuna Bank Ltd.	18,757	10.00	6.66	125,000	16.30	305,739	180,739
15	Jamuna Oil Company Ltd.	61,688	10.00	230.05	14,191,243	191.80	11,831,758	(2,359,484)
16	Khulna Power Co. Ltd.	56,692	10.00	138.14	7,831,189	49.10	2,783,577	(5,047,612)
17	Makson Spinning Mills Ltd.	60,375	10.00	75.11	4,535,000	19.90	1,201,463	(3,333,538)
18	Phoenix Finance & Investments Ltd.	46,800	10.00	157.33	7,362,875	35.90	1,680,120	(5,682,755)
19	Prime Bank Ltd.	17,820	10.00	41.81	745,000	25.90	461,538	(283,462)
20	Prime Finance & Investments Ltd.	16,800	10.00	282.31	4,742,746	26.70	448,560	(4,294,186)
21	Summit Power Ltd.	45,150	10.00	39.61	1,788,469	38.40	1,733,760	(54,709)
22	Titas Gas Transmission & Dist. Co. Ltd.	121,000	10.00	73.55	8,900,000	73.80	8,929,800	29,800
		2,140,551			232,905,923		105,165,254	(127,740,670)

Investment in unquoted ordinary shares

(Amount in Taka)

Sl. No.	Name of the Company	No. of shares held	Face value per share	Average cost per share	Total cost
01	BanglaLion Comunications Ltd.	10,750,000	10.00	10.00	107,500,000
02	GMG Airlines Ltd.	220,000	10.00	45.45	10,000,000
	Total	10,970,000			117,500,000

Investment in preference shares

(Amount in Taka)

Sl. No.	Name of the Company	No. of shares held	Face value per share	Average cost per share	Total cost	Rate of preference dividend
01	Energypac Confidence Power Venture Ltd.	67,639	100.00	100.00	6,763,935	12.75%
02	Summit Uttaranchol Power Co. Ltd. & Summit Purbanchol Power Co. Ltd.	2,180,800	10.00	10.00	21,808,000	10.50%
	Total	2,248,439			28,571,935	

Schedule of fixed assets for the year ended December, 2013

Annexure-B
(Amount in Taka)

Particulars	Land	Furniture & fixture	Electrical appliance	Motor vehicles	Interior decoration	Office equipment	Intangible assets	Total
COST (A)								
Balance at 1 Jan, 2013	440,000,000	3,750,093	2,587,994	11,303,090	7,251,820	5,153,075	1,250,000	471,296,072
Addition during the year	-	-	-	-	-	20,000	-	20,000
Adjustment during the year	-	-	-	1,000	-	-	-	1,000
Balance at 31 Dec. 2013	440,000,000	3,750,093	2,587,994	11,302,090	7,251,820	5,173,075	1,250,000	471,315,072
DEPRECIATION (B)								
Rate (%)	0%	10%	15%	20%	10%	15%	20%	
Balance at 1 Jan. 2013	-	1,218,768	1,046,074	7,282,760	1,968,746	2,877,841	1,000,000	15,394,189
Charged during the year	-	253,132	231,288	803,866	528,307	344,285	250,000	2,410,878
Adjustment during the year	-	-	-	672	-	-	-	672
Balance at 31 Dec. 2013	-	1,471,900	1,277,362	8,085,954	2,497,053	3,222,126	1,250,000	17,804,395
WDV at Dec. 31, 2013 (A-B)	440,000,000	2,278,193	1,310,632	3,216,136	4,754,767	1,950,949	-	453,510,677
WDV at Dec. 31, 2012	440,000,000	2,531,325	1,541,920	4,020,330	5,283,074	2,275,234	250,000	455,901,883

During the year the company disposed the following fixed assets:

Type of Assets	:	Motor Vehicle
Cost	:	1,000.00
Accumulated depreciation	:	672.32
Book value	:	327.68
Sale proceeds	:	400,000.00
Gain/(loss) on disposal	:	399,672.32
Buyer	:	Mr. Md. Ansar Uddin Ahmed
Type of Buyer	:	Outsider
Mode of disposal	:	Competitive qoutation

High Lights

Annexure-C
(Amount in Taka)

Sl. No.	Particulars	2013	2012
1	Paid-up capital (note-14.2)	639,237,750	608,797,860
2	Total capital (note-13.1b, 14.2,15,16,17/2 & 18)	1,101,909,163	1,055,691,373
3	Capital surplus / (deficit) (note-14.6)	(360,762,250)	(391,202,140)
4	Total assets	9,608,941,301	8,732,227,842
5	Total deposits (note-12.1)	4,629,463,441	3,644,449,235
6	Total loans, advances and leases (note-8)	7,558,737,428	6,901,878,895
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio (sl. no. 6/sl. no. 5) (Times)	1.63	1.89
9	Percentage of classified loans, advances and leases against total loans, advances and leases (note- 8.7)	10.25%	12.21%
10	Profit after tax and provision	45,509,166	9,779,971
11	Amount of loans classified during the year (note-8.7)	774,979,171	842,761,046
12	Provisions kept against classified loans (note-13.01.a)	249,237,133	247,606,657
13	Provision surplus / (deficit)	156,000	-
14	Cost of fund	15.28%	16.83%
15	Interest earning assets (note-5.1.b+5.1.c+7+8)	8,694,769,454	7,434,653,348
16	Non-interest earning assets (note-4+5.1.a+9+10)	914,171,849	1,297,574,495
17	Return on investment (ROI) (PAT/(Average equity+Average long term borrowings)	1.19%	0.26%
18	Return on assets (ROA) ((sl. no. 10/sl. no. 4) (Times)	0.47%	0.11%
19	Income from investment (note-24)	12,833,809	11,064,081
20	Earnings per share (Taka) (note:38)	0.71	0.15
21	Net income per share (Taka)	0.71	0.15
22	Price earning ratio (times)	24.30	160.14

AUDITORS' REPORT UNDER SECTION 135(1) AND PARAGRAPH 24(1) OF PART-II OF THE SCHEDULE-III OF THE COMPANIES ACT, 1994
BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED

We, as the auditors of Bangladesh Industrial Finance Company Limited for the years ended December 31, 2009 & December 31, 2013 and those for the years ended December 31, 2010, December 31, 2011 and December 31, 2012 were audited by Malek Siddiqui Wali, Chartered Accountants in pursuance of Section 135(1) and paragraph 24(1) of Part-II of the Schedule III of the Companies Act, 1994 report that;

1. The Company was incorporated in Bangladesh on August 10, 1996 as a public limited company under the Companies Act, 1994. The Company obtained license as a non-banking financial institution on February 19, 1998 as required under Section 4(1) of the Financial Institution Act, 1993. Bangladesh Industrial Finance Company Limited has prepared the following statement of assets and liabilities, statement of operating results and Cash Flow Statement for the years ended December 31, 2009, 2010, 2011, 2012 and 2013, which were submitted to us. Our responsibility is to review the audited financial statements and to confirm that related information have been correctly extracted from the relevant audited financial statements.

   We have reviewed the relevant audited comparative financial statements of the company over the last five years and confirm that following information have been correctly extracted from those audited financial statements:

2. The statement of Assets and Liability is as under:

	Balance Sheet				
	Amount in Taka				
	31-12-2013	31-12-2012	31-12-2011	31-12-2010	31-12-2009
PROPERTY AND ASSETS					
Cash	66,517,400	43,941,383	28,315,090	19,260,494	13,500,293
Cash in hand (including foreign currency)	503,833	5,325,141	666,163	17,522	46,884
Balance with Bangladesh bank & its agent bank(s) (including foreign currency)	66,013,567	38,616,242	27,648,927	19,242,972	13,453,409
Balance with other banks and financial institutions	861,951,080	689,536,407	723,390,516	585,189,189	628,540,256
Inside Bangladesh	861,951,080	689,536,407	723,390,516	585,189,189	628,540,256
Outside Bangladesh	-	-	-	-	-
Money at call & short notice	-	-	-	-	-
Investments	378,977,858	400,381,068	453,810,492	512,071,158	403,154,830
Government	-	-	-	-	-
Others	378,977,858	400,381,068	453,810,492	512,071,158	403,154,830
Loans, advances and leases	7,558,737,428	6,901,878,895	6,175,810,987	5,176,632,529	3,693,602,602
Loans, cash credits, overdrafts, etc.	7,558,737,428	6,901,878,895	6,175,810,987	5,176,632,529	3,693,602,602
Bills purchased and discounted	-	-	-	-	-
Fixed assets including land, building, furniture & equipment's	453,510,677	455,901,883	54,526,369	54,379,316	52,908,794
Other assets	289,246,858	240,588,206	186,404,658	113,757,148	200,750,036
Non-financial institutional assets	-	-	-	-	-
Total Assets	9,608,941,301	8,732,227,842	7,622,258,112	6,461,289,834	4,992,456,811
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other financial institutions, banks and agents	2,437,335,985	2,768,914,919	2,828,926,476	2,218,473,667	1,810,574,732
Deposits and other accounts	4,656,676,761	3,671,126,516	3,236,437,241	2,968,732,772	2,308,566,329
Current deposits and other accounts, etc.	-	-	77,979,523	196,384,164	43,810,832
Bills payable	-	-	-	-	-
Savings bank deposits	-	-	-	-	-
Term deposits	4,629,463,441	3,644,449,235	3,158,457,718	2,772,348,608	2,264,755,497
Bearer certificates of deposits	-	-	-	-	-
Other deposits	27,213,320	26,677,281	-	-	-
Other liabilities	1,281,828,416	1,104,595,434	782,509,060	514,707,244	320,159,873
Total Liabilities	8,375,841,162	7,544,636,869	6,847,872,777	5,701,913,683	4,439,300,934
Capital/Shareholders' Equity					
Total Shareholders' Equity	1,233,100,139	1,187,590,973	774,385,335	759,376,151	553,155,877
Paid-up capital	639,237,750	608,797,860	553,452,600	442,762,100	361,438,400
Statutory reserve	143,664,346	134,562,513	132,606,519	129,604,682	88,360,627
General reserve	10,364,681	32,980,594	32,980,594	40,012,883	20,012,883
Asset revaluation reserve	403,425,667	403,425,667		-	-
Share money deposit	362	362	362	362	362
Stock dividend	-	-	-	28	88
Retained earnings	36,407,333	7,823,977	55,345,260	146,996,096	83,343,517
Total Liabilities & Shareholders' Equity	9,608,941,301	8,732,227,842	7,622,258,112	6,461,289,834	4,992,456,811
Net Assets value	1,233,100,139	1,187,590,973	774,385,335	759,376,151	553,155,877
Net Assets Value per share (Considering Tk.10)	19.29	19.51	13.99	17.15	15.30
Net Assets Value per share (Considering Tk.100)	192.90	195.07	139.92	171.51	153.04

3. The statement of Operating Result of the Company is as under:

	Profit & Loss Account				
	Amount in Taka				
	31-12-2013	31-12-2012	31-12-2011	31-12-2010	31-12-2009
Interest income	1,296,368,535	1,265,408,318	1,042,854,880	653,380,718	547,609,905
Less: interest paid on deposits & borrowings etc.	1,125,430,257	1,000,338,221	815,665,470	539,993,305	459,720,011
Net interest income	170,938,278	265,070,097	227,189,410	113,387,413	87,889,894
Income from investments	12,833,809	11,064,081	37,647,237	300,752,308	135,470,644
Commission, exchange and brokerage	-	-	-	-	-
Other operating income	2,985,929	3,717,113	1,448,339	3,941,454	3,768,552
	15,819,738	14,781,194	39,095,576	304,693,762	139,239,196
Total operating income	186,758,016	279,851,291	266,284,986	418,081,175	227,129,090
Salaries and allowances	55,391,347	46,847,411	35,099,515	40,088,803	27,566,636
Rent, taxes, insurance, electricity etc.	5,423,281	5,400,923	4,624,372	4,460,377	3,306,805
Legal expenses	3,360,988	1,839,425	2,501,095	1,311,650	1,501,414
Postage, stamps, telecommunication etc.	942,355	800,245	902,650	880,753	627,323
Stationery, printing, advertisement etc.	1,854,061	1,190,323	4,524,898	2,633,967	2,931,423
Chief Executive Officer's salary and other fees	4,497,000	3,176,482	5,959,751	6,476,000	5,476,000
Directors' fees	325,000	320,000	431,000	365,000	159,000
Auditor's fees	110,000	145,000	90,000	80,000	55,000
Losses from loans, advances & lease finance	-	-	-	-	-
Repairs & depreciation of financial institution's assets	4,418,845	4,494,317	4,786,939	4,827,531	4,628,874
Other expenses	10,114,046	7,370,770	15,336,483	33,758,905	10,513,420
Total operating expenses	86,436,923	71,584,896	74,256,703	94,882,986	56,765,895
Profit before provision	100,321,093	208,266,395	192,028,283	323,198,189	170,363,195
Provision for loans, advances & lease finance	13,437,374	105,685,197	11,510,389	80,965,732	55,751,630
Provision for diminution in value of investments	4,450,449	5,819,986	96,094,879	3,512,183	(34,509,922)
Provisions for other assets etc.	-	-	-	-	-
Total provision	17,887,823	111,505,183	107,605,268	84,477,915	21,241,708
Total profit before tax	82,433,270	96,761,212	84,423,015	238,720,274	149,121,487
Provision for tax	36,924,104	86,981,241	69,413,831	32,500,000	25,000,000
Net profit after tax	45,509,166	9,779,971	15,009,184	206,220,274	124,121,487
Appropriations					
Statutory reserve	9,101,833	1,955,994	3,001,837	41,244,055	24,824,297
General reserve	-	-	-	20,000,000	20,000,000
Dividend, etc.	-	-	-	-	-
Retained earnings	36,407,333	7,823,977	12,007,347	144,976,219	79,297,190
Earnings Per Share (EPS) (Considering Tk.10 per share)	0.71	0.16	0.27	4.66	3.43
Earnings Per Share (EPS) (Considering Tk.100 per share)	7.12	1.61	2.71	46.58	34.34

4. The statement of Cash Flows of the Company is as under:

		Amount in Taka				
		31-12-2013	31-12-2012	31-12-2011	31-12-2010	31-12-2009
	Cash flows from operating activities:					
	Interest receipt in cash	1,331,240,635	1,112,247,961	988,678,123	617,337,621	538,315,031
	Interest payment in cash	(1,009,403,349)	(946,713,849)	(773,885,846)	(520,772,441)	(458,620,822)
	Dividend receipt in cash	6,725,434	10,449,329	19,048,163	22,937,588	20,031,086
	Fees & commission receipt in cash	-	-	-	-	-
	Recovery of loans previously written off	-	-	-	-	-
	Cash payments to employees	(53,712,356)	(46,320,902)	(44,794,095)	(38,242,054)	(28,551,031)
	Cash payments to suppliers	(912,516)	(3,368,277)	(2,442,837)	(948,010)	(2,600,478)
	Income tax paid	(45,975,386)	(14,735,190)	-	-	-
	Cash receipts from other operating activities	2,586,257	3,717,113	1,448,339	3,941,454	2,953,481
	Cash payments for other operating activities	(23,412,193)	(17,631,806)	(26,679,505)	(42,823,706)	(18,009,575)
	Operating cash before changes in operating assets/liabilities	207,136,526	97,644,379	161,372,342	41,430,452	53,517,692
	Increase/(decrease) in operating assets and liabilities:					
	Statutory deposits	-	-	-	-	-
	Purchases/sale of trading securities	-	-	-	-	-
	Loans, advances & leases to banks & other FIs	8,336,209	(5,958,488)	2,664,735	(2,513,517)	(8,403,386)
	Loans, advances & leases to customers	(688,208,245)	(573,224,193)	(961,287,143)	(1,320,584,822)	(1,133,724,650)
	Other assets	(1,199,106)	(3,586,953)	(18,675,326)	(3,380,592)	8,901,875
	Deposits received from banks & other FIs	2,402,500	(3,695,000)	122,231,000	54,324,645	814,844,355
	Deposits received from customers	982,611,706	489,686,518	263,878,109	453,268,467	225,255,801
	Other liabilities account of customer	536,039	(2,575,235)	(118,404,641)	152,583,368	9,282,963
	Trading liabilities	-	-	-	-	-
	Other liabilities	(11,921,958)	(12,220,240)	11,133,082	(3,200,226)	(2,008,332)
		292,557,145	(111,573,591)	(698,460,183)	(669,502,677)	(85,851,374)
A)	**Net cash from operating activities**	499,693,671	(13,929,212)	(537,087,842)	(628,072,225)	(32,333,682)
	Cash flows from investing activities:					
	Cash from sale of securities	36,385,182	56,432,483	85,401,603	3,549,610,543	973,156,929
	Payment for purchase of securities	(10,376,000)	-	(8,709,050)	(3,362,601,475)	(634,718,340)
	Purchase/sale of property, plant & equipment's	380,000	(711,837)	(3,178,320)	(4,750,843)	(7,511,473)
B)	**Net cash from investing activities**	26,389,182	55,720,646	73,514,233	182,258,225	330,927,116
	Cash flows from financing activities:					
	Receipts of long term loan/ issuance of debt securities	912,906,250	863,175,000	737,700,000	1,096,850,000	727,550,000
	Repayments of loan & redemption of debt securities	(753,657,683)	(781,576,625)	(791,577,137)	(688,746,323)	(609,923,349)
	Net drawdown/(payment) of short term loan	(490,827,501)	(141,609,930)	664,329,944	(204,742)	(138,144,581)
	Receipts from issue of ordinary shares	-	-	-	-	-
	Dividend paid in cash	486,771	(7,695)	376,724	324,199	(31,532,873)
C)	**Net cash from financing activities**	(331,092,163)	(60,019,250)	610,829,531	408,223,134	(52,050,803)
D)	**Net increase/(decrease) in cash & cash equivalents (A+B+C)**	194,990,690	(18,227,816)	147,255,923	(37,590,866)	246,542,631
E)	Effects of exchange rate changes on cash & cash equivalents	-	-	-	-	-
F)	Cash and cash equivalents at the beginning of the period	733,477,790	751,705,606	604,449,683	642,040,549	395,497,918
G)	Cash and cash equivalents at the end of the period (D+E+F)	928,468,480	733,477,790	751,705,606	604,449,683	642,040,549

5. The Statement of Dividend Declared:

Particulars	2013	2012	2011	2010	2009
Cash Dividend	-	-	-	-	-
Stock Dividend	5.00%	5.00%	10.00%	25.00%	22.50%

6. The Company has no subsidiary.
7. Figures relating to previous years have been rearranged wherever considered necessary.

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Dated: Dhaka, April 27, 2014

কে এম হাসান এন্ড কোং
K. M. Hasan & Co.
Chartered Accounts

Hometown Apartment (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone: 9351457, 9351564, 8358817
Fax: 880-2-9345792
Email: kmh_co@yahoo.com

Certificate of compliances of conditions of the corporate governance guidelines to the shareholders of Bangladesh Industrial Finance Company Limited

We have examined the compliances of conditions of the corporate governance guidelines of the Bangladesh Securities and Exchange commission (''BSEC'') by Bangladesh Industrial Finance Company Limited as stipulated in clause 7(i) of the BSEC notification no SEC/ CMRRCD/ 2006-158/134/admin/44 dated 7August 2012during the year ended December 31, 2013.

The compliances of conditions of the corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the company's management. Our examination for the purpose of issuing this certificate was limited to the examining of procedures and implementations thereof adopted by the company for ensuring the compliance of conditions of corporate governance guidelines and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received thereon.

To the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the corporate governance guidelines as stipulated in the above mentioned notification dated 7 August 2012 of Bangladesh Securities Exchange Commission.

Sd/-
Md. Amirul Islam FCA, FCS
Senior Partner

Place: Dhaka
Date: April 9, 2014

Bangladesh Industrial Finance Company Limited
63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

Folio/BO Account No :
Name :
Address :

LETTER OF OFFER FOR RIGHTS ISSUE

Dear Shareholder (s)

We are pleased to inform you that the Board of Directors in its meeting recommended to issue **33,559,981** Ordinary Shares as rights shares of **Tk.10.00** each at par an issue price of Tk.10.00 each at the rate of 01 [R]:02 i.e. 01 (one) right share for every 02 (two) existing shares held, which was approved by the Shareholders in the Annual General Meeting (AGM) held on April 24, 2014. As a registered Shareholder as on **October 19, 2014** (Record date for entitlement), you are entitled to subscribe your rights share.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments. You may, however, renounce your rights in respect of all or part of your entitlement in favor of others in which case the Renunciation Form-B and Form-C annexed here to be submitted duly filled in by you and the renouncee(s) along with necessary payments.

The rights cannot be exercised for fraction of a share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by P.O/DD/Cheque @ **Tk.10.00** each at par and to be deposited with any of the Branches of Bankers to the Issue during Companying hours from **November 09, 2014** to **November 30, 2014** (both days inclusive). Any extension of time will be notified through national dailies. Payments through P.O/DD/Cheque, must be payable to "**Bangladesh Industrial Finance Company Limited (Rights Issue)**" and must be drawn on a Company in the same town where the Branch of Bankers to the Issue in which the application form has been submitted is situated. It is to be noted that all transactions above **Tk.1.00** lac must be effected through Demand Draft/Crossed Cheque/Pay Orders.

The offer will be deemed to have been declined if completed Application **Form-A** and/or Renunciation **Form-B** and **Form-C** with necessary payments have not been received by **November 30, 2014** or by such later date as may be notified through national dailies to that effect.

A self-explanatory Rights Share Offer Documents is attached for your kind information and evaluation.

By order of the Board

Sd/-
Inamur Rahman
Managing Director

"শেয়ার বাজারে বিনিয়োগ ঝুকিপূর্ণ।
জেনে ও বুঝে বিনিয়োগ করুন"

Application Form-A

BIFC

63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

Rights Offer of **33,559,981** Ordinary Shares of **Tk.10.00** each at par totaling **Tk.335,599,810** offered on the basis of **01(R):02** i.e. 01 (one) Right share for 02 (two) existing share held on the record date **October 19, 2014.**

SUBSCRIPTION STATUS	
Opens on	Closes on
November 09, 2014	November 30, 2014
Within Banking Hours	

FORM OF ACCEPTANCE AND APPLICATION FOR SHARES

The Managing Director Dated: ………………/…………..…/2014
Bangladesh Industrial Finance Company Limited
63, Dilkusha Commercial Area (1st Floor), Dhaka-1000

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and Subject to the Memorandum and Articles of Association of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @ Tk.10.00 each per share in cash or by Draft/Pay order/Cheque on…………………………………………... dated ……………………………………. drawn on ………………………………………………….. Bank……………………………………………. Branch.

Holder's Folio/BO Account No.	No. of Shares held at the close of business on October 19, 2014	No. of Shares offered	No. of Shares Accepted	Total Amount Paid

Yours faithfully,

1. Name (in block letters) :
   Address : Signature

2. Name (in block letters) :
   Address : Signature

BO Account No.																

As per provision of the Depository Act, 1999 and regulations made thereunder, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

………

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk. ……………………….…………(Taka……………………………………………………………………….………)only from Mr./Ms.……………………………………………………………….Folio/BO Account No.…………………………………………………... for………………………………………………………………….…………………..no.(s) of rights shares of **Bangladesh Industrial Finance Company Limited** in Cash/PayOrder/Draft/ChequeNo.………………..…date……………..of……………………….Bank…………………Branch.

Application Sl. No.
Date

(Bank's Seal)

Signature of Receiving Officer

''শেয়ার বাজারে বিনিয়োগ ঝুকিপূর্ণ।
জেনে ও বুঝে বিনিয়োগ করুন''

Renunciation Form-B

63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

Rights Offer of 33,559,981 Ordinary Shares of Tk.10.00 each at par totaling Tk.335,599,810 offered on the basis of 01(R):02 i.e. 01 (one) Right share for 02 (two) existing share held on the record date October 19, 2014.

SUBSCRIPTION STATUS	
Opens on	Closes on
November 09, 2014	November 30, 2014
Within Banking Hours	

FORM OF RENUNCIATION

The Managing Director
Bangladesh Industrial Finance Company Limited
63, Dilkusha Commercial Area (1st Floor), Dhaka-1000

Dated: ………………/…………..…/2014

Dear Sir,

I/We hereby renounce my/our rights to the shares offered to me/us as noted below in favor of person(s) accepting the same and signing in application by renouncee(s) and apply for allotment in his/her/their name(s).

Holder's Folio/BO Account No.	No. of Shares held at the close of business on October 19, 2014	No. of Shares offered	No. of Shares Renounced	Value of Shares Renounced

Yours faithfully,

1. Name (in block letters) :
Address : Signature

2. Name (in block letters) :
Address : Signature

Name(s) of Renouncee(s)		BO A/C No.
1	Name:	
2	Name:	

N.B. Use photocopy in case of renouncement favoring more than 2 (two) persons

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) account number in the application form.

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

"শেয়ার বাজারে বিনিয়োগ ঝুকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন"

Renunciation Form-C

BIFC

63, Dilkusha Commercial Area (1st Floor), Dhaka-1000
Phone: +88-02-9558039, **Fax:** +88-02-9562636
E-mail: bifc@bol-online.com, **Website:** www.bifcol.com

APPLICATION BY RENOUNCEE(S)

The Managing Director
Bangladesh Industrial Finance Company Limited
63, Dilkusha Commercial Area (1st Floor), Dhaka-1000

Dated: ………………/…………..…./2014

Dear Sir,

As the shareholder(s) at pre-page has/have renounced his/her/their rights to the shares offered, in my/our favor, I/We do hereby apply for the number of share noted above as renounced, by making payment of Tk. …………………………………. being the value of ……………..……………………Share @ **Tk.**10.00 each at par.

Yours faithfully,

1 Signature:	2 Signature:
Name (in block letters):	Name (in block letters):
S/O. D/O. W/O.:	S/O. D/O. W/O.:
Address:	Address:
BO No.	BO No.

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

Signature of the Renouncer(s):	1	2

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) account number in the application form.

Note: Folio No. is to be mentioned only in case of existing shareholder(s). Incomplete or incorrectly filled application form may be rejected.

………

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk. ………………………..…………(Taka…………………………………………………………………………..………)only from Mr./Ms……………………………………………………………………………Folio/BO Account No……………………………………………………... for……………………………………………………………………..………………..no.(s) of rights shares of **Bangladesh Industrial Finance Company Limited** in Cash/PayOrder/Draft/ChequeNo………………..….date……………..of…………………………Bank…………………Branch.

Application Sl. No.
Date

(Bank's Seal)

Signature of Receiving Officer