INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

UTC Building, Level-16,
8 Panthapath, Kawranbazar,
Dhaka-1215, G.P.O. Box-619, Bangladesh
Tel : 9114385, 8111235, 8117526, 9143157
Fax : 8116663, E-mail : contact@idcol.org
www.idcol.org

Annual Report 2007-2008



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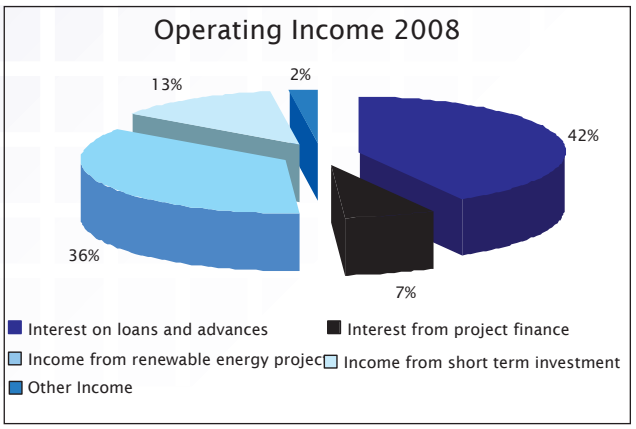
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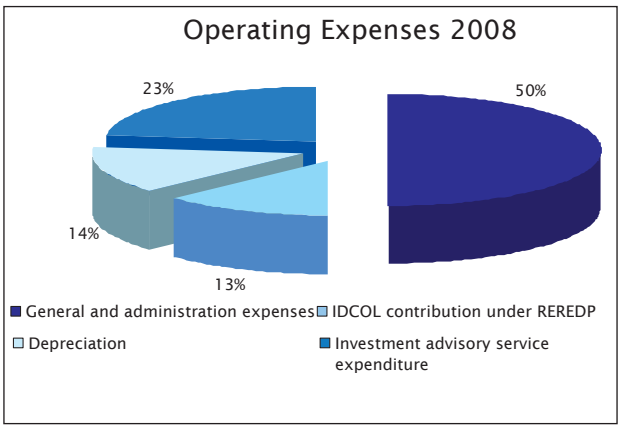
contents

Notice of AGM	02
Board of Directors	03
Management	04
Bankers	05
Directors' report	06-11
Auditors' report	12
Accounts	13-30
Balance sheet	13
Profit & loss account	14
Statement of the changes in equity	15
Cash flow statement	16
Notes to the accounts	17-30
Schedule of fixed asset	21
IDCOL profile	31-38
Shonchalok	39
Prospects of Renewable Energy in Bangladesh	40-42

Accounts

During the reporting period total revenue of the Company was BDT 285.9 million out of which BDT 20.4 million was received as fee income from the projects financed; BDT 102.5 million as income from renewable energy projects; BDT 119.4 million as interest from loans and advances; and BDT 36.9 million as income from short-term investments.





During the same period the Company's operating expenses were BDT 19.8 million. Overall, during the reporting period the Company has earned, before tax and provision, a profit of BDT 266 million. Provision for loans and advances of BDT 0.18 million and provision for tax of BDT 125.9 million have been made. The retained earning of the Company at the commencement of the reporting period was BDT 48.0 million, out of which BDT 40 million had been used to increase Company's paid-up capital. Retained earning at the end of the reporting period was BDT 148 million. The Board has proposed payment of BDT 40 million as dividends to the Government and issuance of bonus share of BDT 100 million to increase the Company's paid up capital to Tk.500 million leaving a balance of BDT 18.1 million as retained earning to be carried forward to the Financial Year 2008-2009.



10th Annual General Meeting of IDCOL



IDCOL handovers Dividend cheque to Honourable Finance Advisor

Auditors

Shareholders had appointed M/s. S. F. Ahmed & Co. as auditors for the Company's accounts for the Financial Year 2007-2008.

Significant events during post-reporting period

- Asian Development Bank signed agreement to provide US$ 165 million to IDCOL under 'Public Private Infrastructure Development Fund'.
- IDCOL has received EUR 2.05 million from GTZ to provide grant facility for additional 50,000 solar home systems.
- The World Bank is considering to provide necessary grant and credit for financing of additional 300,000 solar home systems.
- The Islamic Development Bank is considering to provide US$ 18 million soft loan for IDCOL solarhome system program.
- Disbursement of BDT 600 million for four small power plants of 110 MW capacity in total by Summit Uttaranchal and Purbanchal Power Company Ltd. has been started.
- Disbursement of BDT 200 million for 34.5MW power plant of Venture Energy Resources Ltd. has been started.
- USD 3 million for an International Gateway project by Bangla Trac Communications Ltd. has been sanctioned.
- BDT 200 million for an Interconnection Exchange by M&H Telecom Ltd. has been sanctioned.
- A fund of BDT 250 million refinancing facility to commercial banks and FIs to support IT enabled services industry of Bangladesh has been established. Government is considering to provide additional BDT 250 million under this fund.
- Investment of BDT 500 million in Senior, Non-convertible, Unsecured Term Bond issued by GrameenPhone Limited has been made.
- BDT 500 million for 51 MW power plant by Barakatullah Electrodynamics Limited has been sanctioned.
- IDCOL is working with the World Bank to implement a pilot project on Improved Cooking Stove (ICS).
- IDCOL Board has decided to work with KfW for availing carbon finance under its 'National Domestic Biogas and Manure Programme'.
- IDCOL trained 46 professionals under two training programs on 'Project Finance' and 'Financial Modeling'.

By order of the Board

Chairman

Finally, I would like to offer my sincere thanks to the members of the Board of Directors, officers and employees of the Company for their cooperation and hard work for smooth operation of the Company during the year 2007-2008. I also offer my thanks to the shareholders for their guidance and assistance in running the Company.

Date : 30 November 2008

Auditors' report to the shareholders of Infrastructure Development Company Limited

We have audited the accompanying Balance Sheet of Infrastructure Development Company Limited as of 30 June 2008 and the related Profit and Loss Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes thereto for the year then ended. The preparation of these financial statements and notes thereto is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, exhibit a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the results of its operations and cash flows for the year then ended and have been drawn up in accordance with the requirements of Companies Act, 1994 and other applicable laws and regulations.

We also report that :

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) the Balance Sheet and Profit and Loss Statement dealt with by the report are in agreement with the books of account; and

d) the expenditure incurred and payments made thereof were for the purposes of the Company's business for the year.

House 25, Road 13 A, Block D
Banani, Dhaka 1213, Bangladesh
Dhaka, 20 October 2008

S. F. AHMED & CO
Chartered Accountants

balance sheet

as at 30 June 2008

Source of funds	Notes	2008 Taka	2007 Taka
Shareholders' equity:			
Share capital	3	400,000,000	360,000,000
Proposed dividend		40,000,000	30,000,000
Retained earnings		108,097,071	48,035,785
		548,097,071	**438,035,785**
Grant from the Donors	4	5,475,427	4,940,872
Interest suspense account	9	-	3,643,053
Long term liabilities			
Loan from Government of Bangladesh	5	1,411,046,393	900,708,989
Deferred liability - gratuity	6	266,682	56,986
		1,416,788,502	**909,349,900**
		1,964,885,573	**1,347,385,685**
Application of funds			
Fixed assets:			
At cost less depreciation	7	16,838,688	17,392,478
Deferred expenses:			
Capitalization of investment advisory service expenses	8	22,797,185	27,357,716
Loans and advances (non-current portion)	9	**983,124,004**	**811,002,119**
Current assets:			
Loans and advances (current portion)	9	238,152,696	157,281,874
Advance, deposits	10	89,770,596	61,022,514
Other receivables	11	31,574,049	27,876,764
Short term investment	12	459,500,000	240,000,000
Cash and bank balances	13	246,826,585	88,194,535
		1,065,823,926	**574,375,687**
Less: Current liabilities:			
Accruals and creditors	14	1,573,207	2,174,724
Provision for corporate income tax	15	122,125,023	80,567,591
		123,698,230	82,742,315
Net current assets		942,125,696	491,633,372
		1,964,885,573	**1,347,385,685**

See annexed notes

for Infrastructure Development Company Limited

Chairman | Director | Director | Executive Director and CEO | Company Secretary

Dhaka, 20 October 2008

S. F. AHMED & CO
Chartered Accountants

profit and loss account

fot the year ended 30 June 2008

	Notes	2008 Taka	2007 Taka
Income:			
Interest on loans and advances	16	119,358,732	64,997,617
Income from project finance	17	20,431,954	20,515,041
Income from renewable energy project	18	102,552,599	56,597,068
Income from short term investment	19	36,975,695	26,601,614
Other income	20	6,675,875	1,535,231
		285,994,855	**170,246,571**
Less : Expenses			
General and administrative expenses	21	9,920,973	10,243,718
IDCOL contribution under REREDP	22	2,603,909	1,065,046
Depreciation	7	2,736,438	2,640,863
Investment advisory service expenditure-amortisation	8	4,560,531	5,472,856
		19,821,851	**19,422,483**
Profit before provision		**266,173,004**	**150,824,088**
Provision for Loans & advances	9.1	178,139	11,091,322
Profit before tax		**265,994,865**	**139,732,766**
Less: Provision for income tax		125,933,579	64,382,076
Profit after tax		**140,061,286**	**75,350,690**
Retained earnings, brought forward		48,035,785	2,685,095
Profit available for appropriation		**188,097,071**	**78,035,785**
Less: Apropiation			
Proposed cash dividend		40,000,000	30,000,000
Bonus share issued		40,000,000	-
Retained earnings, carried forward to Balance Sheet		**108,097,071**	**48,035,785**

See annexed notes

for Infrastructure Development Company Limited

Chairman | Director | Director | Executive Director and CEO | Company Secretary

Dhaka, 20 October 2008

S. F. AHMED & CO
Chartered Accountants

shareholders' equity

fot the year ended 30 June 2008

Amounts in Taka

Particulars	Share capital	Proposed dividend	Retained earinngs	Total
Balance at 30 July 2006	260,000,000	20,000,000	2,685,095	282,685,095
Increse in share capital	100,000,000	-	-	100,000,000
Profit after tax for the year 2005-2006	-	-	75,350,690	75,350,690
Dividend paid in cash	-	(20,000,000)	-	(20,000,000)
Proposed cash dividend	-	30,000,000	(30,000,000)	-
Balance at 30 June 2007	360,000,000	30,000,000	48,035,785	438,035,785
Increse of Bonus shares during the year	40,000,000	-	(40,000,000)	-
Profit after tax for the year 2006-2007	-	-	140,061,286	140,061,286
Dividend paid in cash	-	(30,000,000)	-	(30,000,000)
Proposed cash dividend -	-	40,000,000	(40,000,000)	-
Balance at 30 June 2008	400,000,000	40,000,000	108,097,071	548,097,071

See annexed notes

for Infrastructure Development Company Limited

Chairman | Director | Director | Executive Director and CEO | Company Secretary

Dhaka, 20 October 2008

S. F. AHMED & CO
Chartered Accountants

cash flow statement

fot the year ended 30 June 2008

	2008 Taka	2007 Taka
A. Cash flow from operating activities		
Profit before tax and provision	266,173,004	150,824,088
Adjustment for non-cash items:		
Grant income	(1,470,136)	(1,252,483)
Depreciation	2,736,438	2,640,863
Gratuity (net off payment)	209,696	(238,669)
Amortization of IA service expenses	4,560,531	5,472,856
	6,036,529	6,622,567
Income tax paid for previous years	(84,376,147)	(7,196,586)
	187,833,386	150,250,069
Change in working capital		
Increase)/decrease in loans and advances (short term)	(80,870,822)	(139,504,098)
Increase)/decrease in advances, deposits and prepayments	(28,748,082)	(40,666,583)
Increase)/decrease in receivables	(3,697,286)	(22,177,613)
Increase)/decrease in short term investment	(219,500,000)	(40,000,000)
Increase)/decrease in Investment in call money market	-	60,000,000
Increase/(decrease) in accruals and creditors	(4,244,570)	4,216,962
	(337,060,760)	(178,131,332)
Net cash flow used in operating activities	(149,227,374)	(27,881,263)
B. Cash flow from investing activities		
Acquisition of fixed assets	(177,956)	-
Dividend paid	(30,000,000)	(20,000,000)
Net cash used in investing activities	(30,177,956)	(20,000,000)
C. Cash flow from financing activities		
Loan from Government of Bangladesh	510,337,403	743,791,406
Issue of share capital	-	100,000,000
Loans and advances	(172,300,023)	(734,271,216)
Net cash provided by financing activities	338,037,380	109,520,190
Net increase in cash (A+B+C)	158,632,050	61,638,927
Opening cash and bank balances	88,194,535	26,555,608
Closing cash and bank balances	246,826,585	88,194,535

See annexed notes

for Infrastructure Development Company Limited

Chairman | Director | Director | Executive Director and CEO | Company Secretary

Dhaka, 20 October 2008

S. F. AHMED & CO
Chartered Accountants

Notes to the financial statements for the year ended 30 June 2008

1. Background

The Infrastructure Development Company Limited (IDCOL), a non-bank financial institution, was incorporated in Bangladesh on 14 May 1997 as a government-owned public limited company under the Companies Act 1994 with assistance from the World Bank under Private Sector Infrastructure Development Project (PSIDP). The primary objective of the Company is to promote significant participation of the private sector in investment and operation, ownership and maintenance of new infrastructure facilities. IDCOL has access to resources provided by the World Bank, GTZ, KfW, SNV-Netherlands Development Organisation and the Government of Bangladesh to place in projects across a range of infrastructure sectors and has been mandated to provide long-term senior and subordinated debt financing to viable infrastructure projects in the private sector for power generation, gas and gas related infrastructure, toll roads and bridges, water supply, urban environmental services, ports, telecommunications, renewable energy and other similar projects for the development of infrastructure of the country.

It also channels grants and provides soft loans for the development of rural infrastructure i.e. renewable energy. Under PSIDP, IDCOL advanced US$80 million as loan to 450 MW Meghnaghat Power Ltd. Project, repayment receipt from which was used to finance a telecom and a satellite earth station project. Since 2002, IDCOL is implementing part of the Rural Electrification and Renewable Energy Development Project (REREDP). The project is being jointly funded by International Development Association (IDA) and Global Environment Facility (GEF), GTZ and KfW. Under the project, IDCOL has a target to finance 1,000,000 Solar Home Systems (SHS) and few wind, micro-hydro and biomass projects by 2012 through its participating organisations (POs) working in rural areas.

In the year 2006, IDCOL undertook another project called National Domestic Biogas and Manure Programme (NDBMP) with assistance from SNV-Netherlands, and KfW, Germany. Under this project. IDCOL through its 30 PO's intends to finance about 60,000 domestic size biogas plants in the remote rural areas of the country by the year 2010. In addition, IDCOL, from the reflows of its earlier loans and government contribution, has financed sevaral projects including power plants, telecom projects, land ports and CNG refuelling station.

The Board of Directors of IDCOL comprises senior government officials and prominent business personalities from the private sector and a full time Executive Director and CEO.

2. Significant accounting policies

2.1 Basis of accounting

The financial statements of the Company under reporting have been prepared under historical cost convention in accordance with generally acepted accounting principles as laid down in the International Accounting Stadards (IASs) applicable to the Company so far as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) The reported financial statements ie, Balance Sheet, Profit and Loss Statement Cash Flow Statement and Statement of Changes in Shareholder's Equity were prepared by capturing the transactions of Infrastructure Development Company Limited. The financial statements of projects accounts are being maintained and prepared seperatey showing movement of funds i.e., loans and grants received from various donors, etc, realisation of principal and interest from borrowers, loan and grants disbursed to borrowers, repayment of loans to donors, etc. These projects accounts are being audited and reported seperately. The consolidated movement of funds of these projects are shown in note 23.

2.2 Fixed assets and depreciation

Fixed assets are stated at cost less depreciation. Depreciation on additions or disposal to fixed assets is charged in full for the year, irrespective of the date of acquisition, on reducing balance method. The rates of depreciation are as follows:

Category of assets	Rate of depeciation
Office space	10%
Furniture, fixture and decoration	10%
Computer and other office equipment	25%
Vehicle	20%

2.3 Accounting for grant

Accounting for grant has been made in accordance with Bangladesh Accounting Standards (BAS) - 20 "Accounting for Government Grants and Disclosure of Government Assistance".

Grant has been recognized as income to the extent of depreciation on grant funded assets.

2.4 Exchange fluctuations and gains or losses thereon

Monetary assets and liabilities at the balance sheet date have been retranslated into Bangladesh Taka at the rate prevailing on that date. Gain/losses arising on fluctuations of exchange rate is credited/charged to profit and loss account.

2.5 Investment advisory service expenses

According to the investment advisory (IA) service agreement entered into between IDCOL and Pricewaterhouse Coopers Securities (PwC) LLC on 1 March 1999, it was agreed that PwC will provide certain advisory services to IDCOL and that expenses borne by PwC will be recovered by raising invoices at regular intervals. IA service expenses are meant to generate future economic benefits to the Company and therefore, had been capitalized. These expenses are being amortized at a rate of 16.67% per year.

On adoption of International Accounting Standard (IAS) 38: Intangible Assets as Bangladesh Accounting Standard (BAS) by The Institute of Chartered Accountants of Bangladesh (ICAB), the company has written off in the year ended 30 June 2006 all amounts not qualifying for capitalisation.

3. Share capital

	2008 Taka	2007 Taka
Authorised:		
10,000,000 ordinary shares of Tk 100 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up:		
4,000,000 (2007: 3,600,000) ordinary shares of Tk 100 each	400,000,000	360,000,000

Shareholding position:

Name of the nominee-shareholders	No. of shares	Value Taka	No. of shares	Value Taka
1 Economic Relations Division (ERD), Ministry of Finance, Government of the People's Republic of Bangladesh (GoB)	3,999,000	399,900,000	3,599,000	359,900,000
Representatives of GoB :				
2 Mr. Md. Aminul Islam Bhuiyan	450	45,000	500	50,000
3 Dr. Mohammad Tareque	50	5,000	-	-
4 Mr. Md. Shafiqul Islam	-	-	50	5,000
5 Mr. Md. Feroz Ahmed	50	5,000	-	-
6 Mr. Kazi M. Aminul Islam	50	5,000	50	5,000
7 Mr. Md. Moslehuddin	50	5,000	-	-
8 Mr. Md. Lutfar Rahman Talukdar	-	-	50	5,000
9 Mr. Md. Moazzam Hossain	-	-	50	5,000
10 Maj. Gen. Amjad Khan Chowdhury (Retd.)	50	5,000	50	5,000
11 Mr. Tapan Chowdhury	-	-	50	5,000
12 Mr. Siddiqur Rahman Chowdhury	-	-	50	5,000
13 Dr. Mohammad Mahbubur Rahman	50	5,000	50	5,000
14 Mr. Md. Abdul Karim	50	5,000	50	5,000
15 Mr. Md. Shaheedul Haque	-	-	50	5,000
16 Mr. Latifur Rahman	50	5,000	-	-
17 Dr. M. Fouzul Kabir Khan	50	5,000	-	-
18 Mr. Rashed Maksud Khan	50	5,000	-	-
19 Mr. M. Ehsanul Haque	50	5,000	-	-
	4,000,000	400,000,000	3,600,000	360,000,000

notice of the 11th annual general meeting

The Eleventh Annual General Meeting of the Shareholders of Infrastructure Development Company Limited will be held on Sunday, 30 November 2008 at 7:30 p.m. at Dhaka Sheraton Hotel, Dhaka.

Agenda for the meeting are :

1. To consider and adopt Board of Directors' report of the Company and the Accounts of the Company with Auditors' Report thereon for the year ended on 30 June 2008.
2. To declare dividends of the Company for the FY 2007-2008.
3. To consider increase of Company's paid up capital to Tk. 50 crore.
4. To elect Director(s) in place of those retire in accordance with the regulations 79, 80 and are eligible for re-election in accordance with the regulation 81 of schedule-I of the Companies Act,1994.
5. To appoint auditor(s) and fixing up their remuneration for the FY 2008-2009.
6. Any other business.

You are requested to kindly attend the meeting.

By order of the Board of Directors

(S. M. Formanul Islam)
Company Secretary

Dated, Dhaka
16 November 2008

4. Grant from the donors

This represent amount of non-refundable grants received from the World Bank and SNV-Netherlands Development Organization during the year against PSIDP, REREDP and NDBMP projects for purchase of computer furniture fixtures and vehicle which is arrived at as under:

	2008 Taka	2007 Taka
Opening balance	9,788,940	7,619,151
Add: Addition during the year	2,004,691	2,169,789
	11,793,631	9,788,940
Less: Adjustment for depreciation		
Opening balance of depreciation	4,848,068	3,595,585
Charge for the year	1,470,136	1,252,483
	6,318,204	4,848,068
Closing balance	5,475,427	4,940,872

5. Loan from Government of Bangladesh

Opening balance	900,708,989	156,917,583
Add: On-lending from GoB's repayment accounts under PSIDP	510,337,404	743,791,406
Closing balance	1,411,046,393	900,708,989

As per Development Credit Agreement (DCA) signed between the Government of Bangladesh (GoB) and the International Development Association (IDA), IDA agreed to provide USD 225 million to GoB to implement Part-A of the project by IDCOL as an agent of GoB for which GoB will make available to IDCOL part of the proceeds of IDA Credit # 2995-BD. The borrower (GoB) is to repay the principal amount of the credit in semi-annual installments payable on each 1 May and 1 November, over a period of 30 years, commencing from 1 November 2007 and ending on 1 May 2037. IDCOL has on-lent to various infrastructure projects from the reflows of the PSIDP fund being deposited into the repayment accounts of GoB.

6. Deferred liability - gratuity

Opening balance	56,986	295,655
Add: Provision during the year	209,696	144,024
	266,682	439,679
Less: Paid during the year	-	382,693
Closing balance	266,682	56,986

As per Section - 4.7 of IDCOL administrative manual, staff members are entitled to receive a gratuity equal to their last basic salary drawn for each year of completed service and is payable at the end of service contract.

7. Fixed assets

Amounts in Taka

Asset category	Cost				Depreciation					Net book value at 30 June 2007
	Balance at 01 July 2007	Addition during the year	Adjustments	Total at 30 June 2007	Rate (%)	Total at 01 July 2007	Charge for the year	Adjusments	Total to 30 June 2007	
Office space	19,412,311	-		19,412,311	10	7,944,510	1,146,780	-	9,091,290	10,321,021
Furniture, fixture and decoration	2,294,954	126,640		2,421,594	10	1,250,555	117,104	-	1,367,659	1,053,935
Interior decoration at UTC building	1,368,029	-		1,368,029	10	470,464	89,757	-	560,221	807,809
Office furnishing for CEO/ED	200,000	200,000	200,000	200,000	10	131,556	20,000	131,556	20,000	180,000
Computer and other office equipment	4,590,718	1,924,451	-	6,515,169	25	2,614,101	975,267	-	3,589,368	2,925,801
Vehicle	2,906,976			2,906,976	20	969,324	387,530	-	1,356,854	1,550,122
Total at 30 June 2008	30,772,988	2,251,091	200,000	32,824,079		13,380,510	2,736,438		15,985,391	16,838,688
Total at 30 June 2008	28,603,199	2,169,789	-	30,772,988		10,739,647	2,640,863	-	13,380,510	17,392,478

	2008 Taka	2007 Taka
8. Capitalization of investment advisory service expenses		
Opening balance	27,357,716	32,830,572
Less: Amortization	4,560,53	5,472,856
Closing balance	22,797,185	27,357,716

Amortization of capitalization of IA service expenses has been charged as expenses.

9. Loans and advances

IDCOL has financed three power projects, two land port projects CNG refueling project & abiogas project three telecom projects as of 30 June 2008, as detailed below:

Opening balance	980,441,982	106,666,668
Add: disbursement during the year	482,000,969	930,850,318
	1,462,442,951	1,037,516,986
Less: repayment during the year	225,187,070	60,718,057
Add: interest suspense account of SMA	(3,643,053)	3,643,053
	1,233,612,828	980,441,982
Less: provision against loan	12,336,128	12,157,989
	1,221,276,700	968,283,993
Less: current maturity	238,152,696	157,281,874
Closing balance	983,124,004	811,002,119

9.1 Provision against loans

As per Bangladesh Bank FID circular nos. 08 dated 03 August 2002, 11 dated 31 October 2005 and 03 dated 03 May 2006, provisions @1% and 5% are required to be made respectively on standard loans and special mention account based on the length of overdue of respective loans. Details of provision are given as under:

1% general provision on standard loan	12,336,128	9,767,989
5% specific provision for special mention account	-	2,390,000
Provision maintained at the end of year	12,336,128	12,157,989
Less: Provision made in earlier year	12,157,989	1,066,667
Provision made during the year	178,139	11,091,322

		2008 Taka	2007 Taka
10. Advances, & deposits			
Advances to for:			
Corporate income tax		88,154,667	59,847,477
NDBMP expenses		764,000	656,168
Training/travelling expenses		276,423	261,228
Book for project finance course		40,340	103,341
Cash fund for SHS Project		90,000	90,000
Salary advance/car loan		416,666	34,000
Directors remuneration		24,000	19,000
		89,766,096	61,011,214
Deposits:			
Internet/e-mail		2,000	8,800
Telephone		2,500	2,500
		4,500	11,300
		89,770,596	61,022,514
11. Other receivables			
Interest on loans and advances		13,303,322	13,160,814
Administration fees under renewable energy projects		1,186,712	7,253,305
Interest on fixed deposit		7,913,194	2,480,139
Monitoring and other fees		3,373,055	1,960,350
Principal due on loans and advances		3,919,638	1,788,889
Interest on REREDP refinancing		1,597,940	898,170
Interest on NDBMP refinancing		74,227	-
Training fees		49,000	114,500
Others		156,961	220,597
		31,574,049	27,876,764
12. Short term investment			
Fixed deposit receipt (three months' term) with:	**Rate of interest**		
Dhaka Bank Ltd.	13%	100,000,000	90,000,000
Bank Al Falah Ltd.	13%	100,000,000	50,000,000
Bank Asia Ltd.	13%	-	50,000,000
Prime Bank Ltd.	13%	100,000,000	50,000,000
NCC Bank Ltd.	12.5%	80,000,000	-
BRAC Bank Ltd.	13.%	79,500,000	-
		459,500,000	240,000,000

	2008 Taka	2007 Taka
13. Cash and bank balances		
Cash in hand:		
Petty cash	10,000	10,000
Cash at bank with:		
Janata Bank Sher-e-Bangla Nagar, Branch, Dhaka		
(Taka A/C # 031433001981)	-	12,701,126
Janata Bank Local Office, Dilkusha Branch, Dhaka (USD account)	212,963,802	66,171,452
STD A/c with Janata Bank Sher-e-Bangla Nagar, Branch, Dhaka	5,405,759	-
STD A/C with The City Bank Ltd, Kawran Bazar Branch, Dhaka	4,697,859	-
Bangladesh Bank (Current account)	23,749,165	9,239,513
The City Bank Ltd, Kawran Bazar Branch, Dhaka	-	72,444
	246,826,585	88,194,535
14. Accruals and creditors		
Income tax on salary/others	254,491	254,491
Solar home system project (GEF PDF-B grant)	494,973	494,973
Other miscelloneous	9,393	-
Payable to promoters	45,035	45,035
Audit fee	62,700	57,475
Office maintenance	30,715	30,715
Telephone	17,760	21,441
Electricity	18,300	17,222
VAT payable	6,229	-
Office supplies	10,310	5,910
Repair & maintenance	41,674	25,527
Due dilligent cost	142,860	199,052
Training expenses	14,640	955,222
Books, papers and periodicals	800	786
Payable to POs under REREDP	423,327	66,875
	1,573,207	2,174,724
15. Provision for corporate income tax		
For the year ended 30 June		
2006	1,182,539	16,328,686
2007	-	64,238,905
2008	120,942,484	-
	122,125,023	80,567,591

	2008 Taka	2007 Taka
16. Interest on loans and advances		
Pacific Bangladesh Telecom Ltd.	58,300,484	42,077,695
Shah Cement Power Ltd.	9,317,594	14,313,704
Hilli Port Link Ltd.	4,752,041	4,080,484
Sonamasjid Port Link Ltd.	10,720,234	2,519,946
Summit Power Ltd.	18,815,735	2,005,788
Malancha Holdings Ltd.	3,463,889	-
Thermax	183,622	-
GrameenPhone	12,468,750	-
RanksTel	1,336,383	-
	119,358,732	64,997,617
17. Income from project finance		
Monitoring fees (note 17.1)	14,304,993	14,972,421
Income from sponsors	3,494,271	-
Arrangers fees	460,000	1,331,000
Loan application fees	367,000	655,000
Commitment fees	111,928	1,997,268
Agency fees on loans & advances	1,533,115	1,450,926
Extended maturity fees on loans & advances	160,647	108,426
	20,431,954	20,515,041

17.1 Monitoring fees

This represents monitoring fee payable quarterly on disbursed and outstanding loan amounts of the following projects:

Meghnaghat Power Project (note 17.1.1)	13,062,002	13,356,097
Pacific Bangladesh Telecom Ltd. (note 17.1.2)	1,163,752	1,559,640
DNS SatComm Ltd. (note 17.1.3)	79,239	56,684
	14,304,993	14,972,421

17.1.1 Fee @ 0.25% p.a on the loan amount of USD 80 million under Article II, Section 2.07 of Agreement between IDCOL senior facility Agreement and IDCOL Subordinate Facility Agreement from 24 October 2001.

17.1.2 Fee @ 1% p.a. on the loan amount of Tk 260 million under Section 11.1.2 of Agreement between IDCOL and Pacific Bangladesh Telecom Ltd from 31 January 2005.

17.1.3 Fee @ 0.25% p.a. on the loan amount of Tk. 4.8 million under Section 6.5 of Agreement between IDCOL and DNS SatComm Ltd. from 14 March 2005.

	2008 Taka	2007 Taka
18. Income from renewable energy project		
REREDP administration fees - GEF (Note 18.1)	8,489,760	9,661,390
Fees for administering SHS program -GTZ (Note 18.2)	28,071	37,532,703
Fees for administering SHS program - KfW (Note 18.2)	87,842,536	5,331,805
NDBMP administration fees - (Note 18.3)	2,016,263	1,921,500
Interest on REREDP refinancing (Note 18.4)	3,703,793	2,149,670
Interest on NDBMP refinancing (Note 18.4)	472,176	-
	102,552,599	56,597,068

18.1 REREDP administration fees (GEF)

This represents a fee of up to USD 736,000 or equivalent Taka for administering the REREDP over the 5-years project period. The fee is released based on actual expenses. Thus, the amount has been taken into account as fees for administering Rural Electrification and Renewable Energy Development Project (REREDP) up to 30 June 2008.

18.2 Fees for administration of SHS programme (GTZ and KfW)

These represent fees for administering the Solar Home System programme financed by both GTZ and KfW. Thus, the amounts have been taken into account as fees for financing SHSs up to 30 June 2008.

18.3 NDBMP administration fees (SNV)

This represents fee for administering the National Domestic Biogas and Manure Programme (NDBMP) financed by SNV, Netherlands Development Organization. Thus, the amount has been taken into account as fees for promotion, monitoring and financing biogas plants up to 30 June 2008.

18.4 Interest on REREDP refinancing

As per project agreements, 97% of interest on REREDP refinancing (@6% p.a.) extended to various Participating Organizations (PO) working under the programme is deposited to GoB accounts. IDCOL receives 3% of the interest for monitoring the refinancing activities.

19. Income from short term investment		
Interest on fixed deposit	36,763,056	25,880,833
Interest on call money lending	212,639	720,782
	36,975,695	26,601,614
20. Other income		
Grant income	1,470,136	1,252,483
Bank interest	3,303,535	107,593
Others	1,902,204	175,155
	6,675,875	1,535,231

	2008 Taka	2007 Taka
21. General and administrative expenses		
Salary & allowances	6,200,186	6,413,547
Credit rating expenses	-	701,756
Advertisement	165,688	647,778
Telephone, fax and e-mail	352,131	357,389
Repair and maintenance	499,349	291,686
Maintenance and utility of UTC building	297,966	283,382
Directors remuneration	471,500	242,650
Exchange loss	412,820	205,555
Gratuity	209,696	144,024
Electricity	163,757	133,923
Meeting expenses	219,718	124,579
Printing and stationery	229,548	121,084
Entertainment	67,857	110,840
Seminar, workshop and roadshows	75,852	-
Financial closing expenses	-	104,365
Office expenses	92,190	87,715
Office supplies and maintenance	89,352	80,157
Bank and other charges	76,387	58,221
Audit fees	62,700	57,475
Insurance premium	43,233	51,167
Books and periodicals	58,562	9,297
Conveyance and travelling expenses	48,584	7,249
Postage and courier	15,454	5,212
Professional and legal fees	-	4,667
Loss on disposal of fixed asset	68,444	-
	9,920,973	10,243,718
22. IDCOL contribution to REREDP	2,603,909	1,065,046

This represents part of cost (15% for goods procured locally and 20% for consultants' services and training) of seminars, workshops and other promotional activities for REREDP incurred by IDCO for the implementation, promotion, monitoring and evaluation of the REREDP as an implementing agency of REREDP.

23. Consolidated movement of funds

	Notes	2008 Taka	2007 Taka
Fund inflow			
Long term loans:			
Loan from IDA under PSIDP	23.1	5,472,000,000	5,472,000,000
Loan from IDA under REREDP	23.2	2,748,380,269	1,555,552,300
Loan from KfW under solar program	23.2	5,230,801	-
		8,225,611,070	7,027,552,300
Grants received for project implementation:			
Grant from World Bank (GEF) under REREDP	23.3	419,346,363	395,146,227
Grant from KfW under solar program	23.3	407,411,118	-
Grant from GTZ under solar program	23.3	156,217,339	-
		982,974,820	395,146,227
Principal repayment and interest received from projects:			
Principal repaid by the projects financed under PSIDP	Annex - A	526,293,652	394,044,628
Principal repaid by the projects financed under REREDP	Annex - A	138,815,195	55,056,061
Interest paid by the projects financed under PSIDP	Annex - A	2,954,680,868	2,458,488,005
Interest paid by the projects financed under REREDP	Annex - A	205,182,980	108,001,564
		3,824,972,694	3,015,590,258
Interest from bank accounts		3,382,907	684,725
		13,036,941,491	10,438,973,510
Fund outflow			
Loans and advances:			
Projects financed under PSIDP	Annex - A	5,472,000,000	5,472,000,000
Loan to POs under REREDP	Annex - A	2,708,865,147	1,551,931,456
Loan to POs under KfW funded solar program	Annex - A	5,230,801	-
		8,186,095,948	7,023,931,456
Grants utilized for project implementation:			
World Bank (GEF) grants provided to POs under REREDP		302,626,769	296,749,647
World Bank (GEF) grants used for project implementation under REREDP		102,350,264	79,797,870
KfW grants provided to POs under solar program		310,423,593	-
KfW grants used for project implementation under solar program		92,157,146	-
GTZ grants provided to POs under solar program		104,413,884	-
GTZ grants used for project implementation under solar program		37,532,703	-
		949,504,360	376,547,517
On lending by IDCOL from reflows			
Projects financed from reflows under PSIDP		1,378,219,972	1,076,699,524
Projects financed from reflows under REREDP		207,858,378	-
		1,586,078,350	1,076,699,524
Debt service of IDA loans		360,506,345	259,438,756
Refund, tax and charges		1,426,091	68,473
Balance at bank		1,953,330,397	1,702,287,784
		13,036,941,491	10,438,973,510

23.1 IDCOL has drawn an amount of USD 80,000,000 as sub loan from the World Bank under IDA Credit No. 2995-BD for financing Meghnaghat 450MW power plant. The loan amount was disbursed to the project company (AES Meghnaghat Ltd.) directly from the World Bank (IDA).

23.2 The World Bank (IDA) and KfW have provided the amount as loan under the project agreements signed among the GoB, donors and IDCOL. This loan is being used for providing refinance to Participating Organizations (POs) under IDCOL solar programme.

23.3 The donors provide two grants, for purchase of SHS: the buy-down grant to lower initial investment cost of SHS (Grant A), and the institutional development grant for institutional development of POs (Grant B). Both the components of grants decline as market expands and becomes commercially viable. In addition to grants for POs, donors also provides grants for project implementation cost which includes; monitoring, supervision, marketing, physical verification of SHS, technical audit, capacity building of POs, consultants' fees, etc.

24. General

24.1 Figures in these notes and the accompanying financial statements have been rounded off to the nearest Taka.

24.2 Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and

24.3 In Consolidated movement of funds amounts are cumulative and foreign currencies (USD and EURO) are converted into equivalent Bangladesh Taka applying exchange rate of BDT 68.40/USD prevailing at 30 June 2008.

for Infrastructure Development Company Limited

Chairman	Director	Director	Executive Director and CEO	Company Secretary

Dhaka, 20 October 2008



M Musharraf Hossain Bhuiyan
Chairman, IDCOL and
Secretary, Economic Relations Division



Dr. M. Fouzul Kabir Khan
Director, IDCOL and
Secretary, Power Division



Kazi M. Aminul Islam
Director, IDCOL and
Secretary, Chief Advisor's Office



Dr. Mohammad Tareque
Director, IDCOL and
Secretary, Finance Division



Maj. Gen. Amjad Khan Chowdhury (Retd.)
Director, IDCOL and
CEO, PRAN Group



Latifur Rahman
Director, IDCOL and
President, MCCI



Rashed Maksud Khan
Director, IDCOL and
President, Thai-Bangladesh Chamber
of Commerce and Industries



Md. Mosharraf Hossain Bhuiyan ndc
Executive Director and CEO

Infrastructure Development Company Limited
Notes of the financial statements for the year ended 30 June 2008

Annex - A

Particulars	Loan disbursed		Principal due		Principal repayment		Principal overdue[1]		Loan outstanding		Interest accrued[2]		Interest due		Interest received		LD and other		Interest overdue[1]		Interest receivable[4]	
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT
REREDP																						
Srizony Bangladesh	-	78,777,407	-	6,643,063	-	6,643,063	-	-	-	72,134,344	-	9,675,498	-	8,267,838	-	8,267,838	-	886	-	-	-	1,407,661
Grameen Shakti	-	1,698,993,834	-	95,584,799	-	95,584,799	-	-	-	1,603,409,035	-	174,543,103	-	141,848,940	-	141,848,940	-	386,669	-	-	-	32,694,163
BRAC Foundation	-	460,963,711	-	27,367,793	-	27,367,793	-	-	-	433,595,918	-	50,960,734	-	41,808,184	-	41,808,184	-	-	-	-	-	9,152,550
COST Trust	-	27,502,593	-	1,526,667	-	1,526,667	-	-	-	25,975,926	-	3,053,925	-	2,539,799	-	2,539,799	-	1,121	-	-	-	514,125
TMSS	-	17,233,300	-	2,179,317	-	2,179,318	-	-	-	15,053,982	-	2,794,229	-	2,516,471	-	2,516,471	-	234	-	-	-	277,757
IDF	-	28,196,210	-	1,803,250	-	1,803,250	-	-	-	26,392,959	-	3,309,312	-	2,787,466	-	2,787,466	-	954	-	-	-	521,846
Shubashati	-	25,423,811	-	1,272,402	-	1,272,402	-	-	-	24,151,408	-	2,787,995	-	2,249,128	-	2,249,129	-	65	-	-	-	538,867
CMES	-	23,131,689	-	2,153,701	-	2,153,701	-	-	-	20,977,987	-	3,065,543	-	2,654,122	-	2,654,122	-	-	-	-	-	411,421
DORP	-	65,280	-	65,280	-	65,280	-	-	-	-	-	4,221	-	4,221	-	4,221	-	-	-	-	-	-
BFIDGE	-	56,169,928	-	38,485	-	38,485	-	-	-	56,131,443	-	2,661,808	-	1,303,289	-	1,303,289	-	231	-	-	-	1,358,520
UBOMUS	-	54,725,498	-	180,436	-	180,436	-	-	-	54,545062	-	3,486,713	-	2,362,267	-	2,362,267	-	-	-	-	-	1,124,446
PMUUK	-	3,626,476	-	-	-	-	-	-	-	3,626,476	-	157,464	-	68,487	-	68,487	-	45	-	-	-	88,977
PDBF	-	16,253,029	-	-	-	-	-	-	-	16,253,029	-	795,989	-	398,954	-	398,954	-	-	-	-	-	397,036
HFSKS	-	38,021,589	-	-	-	-	-	-	-	38,021,589	-	1,289,037	-	515,968	-	515,968	-	-	-	-	-	773,070
Mukti	-	4,598,081	-	-	-	-	-	-	-	4,598,081	-	286,598	-	128,704	-	128,704	-	249	-	-	-	157,894
DPL	-	5,004,650	-	-	-		-	-	-	5,004,650	-	536,697	-	365,799	-	365,799	-	-	-	-	-	197,898
RSF	-	175,408,864	-	-	-	-	-	-	-	175,408,864	-	5,065,481	-	1,306,679	-	1,306,679	-	-	-	-	-	3,758,802
Sub-total REREDP	-	**2,714,095,947**	-	**138,815,194**	-	**138,815,195**	-	-	-	**2,575,280,753**	-	**264,501,348**	-	**211,126,315**	-	**211,126,316**	-	**390,454**	-	-	-	**53,375,033**
NDBMP																						
SUF	-	1,073,517	-	-	-	-	-	-	-	1,073,517	-	25,740	-	23,505	-	23,505		-		-	-	2,235
Grameen Shakti	-	13,933,977	-	-	-	-	-	-	-	13,933,977	-	332,609	-	278,919	-	278,919		-		-	-	53,690
SDS	-	396,900	-	-	-	-	-	-	-	396,900	-	10,220	-	9,043	-	9,043	-	-	-	-	-	1,177
Kamrul Biogas	-	2,710,122	-	-	-	-	-	-	-	2,710,122	-	64,417	-	60,265	-	60,265	-	-	-	-	-	4,152
SOUL	-	2,746,960	-	-	-	-	-	-	-	2,746,960	-	?63,792	-	52,344	-	52,344	-	-	-	-	-	11,447
Srizony	-	54,740	-	-	-	-	-	-	-	54,740	-	1,518	-	1,509	-	1,509	-	-	-	-	-	9
Sangram	-	179,860	-	-	-	-	-	-	-	179,860	-	2,386	-	2,289	-	2,289	-	-	-	-	-	97
DESHA	-	328,244	-	-	-	-	-	-	-	328,244	-	2,529	-	1,579	-	1,579	-	-	-	-	-	951
PMUK	-	44,000	-	-	-	-	-	-	-	44,000	-	352	-	-	-	-	-	-	-	-	-	352
RSF	-	54,135	-	-	-	-	-	-	-	54,135	-	117	-	-	-	-	-	-	-	-	-	117
Sub-total NDBMP	-	**21,522,455**	-	-	-	-	-	-	-	**21,522,455**	-	**503,681**	-	**429,453**	-	**429,453**	-	-	-	-	-	**74,228**
PSIDP																						
MPL Senior	20,000,000	-	4,896,353	-	4,896,352	-		-	15,103,648	-	9,973,909	-	9,582,557	-	9,582,559	-	2,053	-	-	-	391,350	-
MPL Subordinated	60,000,000	-	-	-	-	-	-	-	60,000,000	-	34,046,893	-	32,444,085	-	32,444,086	-	9,359	-	-	-	1,602,807	-
PBTL BDT Loan	-	260,000,000	-	182,000,000	-	182,000,000	-	-	-	78,000,000	-	67,862,528	-	66,183,361	-	66,183,361	-	-	-	-	-	1,679,167
DNS Sat Comm Ltd.	-	51,766,551	-	9,383,176	-	9,383,175	-	-	-	42,283,376	-	15,916,730	-	13,010,232	-	13,010,232	-	84,155	-	-	-	2,906,498
Sub-total PSIDP	**80,000,000**	**311,766,551**	**4,896,353**	**191,383,176**	-	**191,383,175**	-	-	**75,103,648**	**120,283,376**	**44,020,802**	**83,779,258**	**42,026,642**	**79,193,593**	**42,026,645**	**79,193,593**	**11,413**	**84,155**	-	-	1,994,158	4,585,664
Sub-total_PSIDP (in equivalent BDT)	**5,472,000,000**	**5,783,766,551**	**-**	**526,293,721**	**4,896,352**	**526,293,652**	-	-	**-**	**5,257,472,899**	**-**	**3,094,802,141**	**-**	**2,953,815,891**	**-**	**2,953,816,093**		**864,774**	-	-	-	**140,986,048**
IDCOL Loan																						
SCPL	-	120,000,000	-	120,000,000	-	120,000,000	-	-	-	-	-	35,273,519	-	35,273,519	-	35,273,519	-	28,425	-	-	-	-
PHPLL	-	35,592,951	-	3,398,606	-	1,788,889	-	1,609,717	-	33,804,062	-	5,439,574	-	5,232,099	-	3,993,085	-	-	-	1,239,014	-	1,446,489
PSPLL	-	?51,163,888	-	4,965,476	-	2,655,556	-	2,309,920	-	48,508,332	-	9,548,086	-	9,548,086	-	7,002,997	-	-	-	2,545,089	-	2,842,812
PBTL BDT Loan II	-	100,000,000	-	20,000,000	-	20,000,000	-	-	-	80,000,000	-	19,994,063	-	18,134,063	-	18,134,063	-	-	-	-	-	1,860,000
PBTL USD Loan	10,000,000	-	2,000,000	-	2,000,000	-	-	-	8,000,000	-	1,275,177	-	1,088,767	-	1,088,767	-	-		-	-	83,347	-
SPL	-	153,284,672	-	14,598,540		14,598,540	-	-	-	138,686,131	-	20,821,523	-	20,821,523	-	20,821,523	-	-	-	-	-	-
Ranks Tel Loan	-	13,125,000	-	-		-	-	-	-	13,125,000	-	1,336,383	-	-	-	-	-	-	-	-	-	1,336,383
Grameen Phone	-	125,000,000	-	-		-	-	-		125,000,000	-	12,468,750	-	12,468,750	-	12,468,750	-	-	-	-	-	-
Thermax Trade Ltd.	-	13,595,378	-	-		-	-	-	-	13,595,378	-	177,578	-	177,578	-	177,578	-	-	-	-	-	5,665
MHL	-	200,000,000	-	-		-	-	-	-	200,000,000	-	3,463,889	-	3,383,333	-	3,383,333	-	28,425	-	-	-	80,556
Sub-total IDCOL Loan	**10,000,000**	**811,761,888**	**2,000,000**	**162,962,622**	**2,000,000**	**159,042,985**	-	**3,919,637**	**8,000,000**	**652,718,903**	**1,275,177**	**108,523,365**	**1,088,767**	**105,038,952**	**1,088,767**	**101,254,850**	**11,413**	**503,034**	-	**3,784,103**	**83,347**	**7,571,904**
Total	**90,000,000**	**3,859,146,841**	**6,896,353**	**493,160,992**	**6,896,352**	**489,241,355**	-	**3,919,637**	**83,103,648**	**3,369,905,487**	**45,295,979**	**457,307,652**	**43,115,409**	**395,788,314**	**43,115,412**	**392,004,212**			-	**3,784,103**	**2,077,505**	**65,606,829**

1. Overdue is the amount which is not received on respective payment date under a loan agreement.
2. Interests which are calculated on particular date on accrual basis but not received.
3. Interests which are to be paid on payment date as per agreement.
4. Interests receivable is the amount accrued on particular date, which are to be received on payment dates under loan agreements.
5. 97% of the interest and corresponding Liquidated Damages (LDs) under REREDP is deposited into GoB account, while the rest 3% is IDCOL fees.

ABOUT IDCOL

Infrastructure Development Company Limited (IDCOL) was established on 14 May 1997 by the Government of Bangladesh (GOB).The Company was licensed by Bangladesh Bank as a non-bank financial institution (NBFI) on 5 January 1998. Since its inception, IDCOL is playing a major role in bridging the financing gap for developing medium and large-scale infrastructure and renewable energy projects in Bangladesh. In less than a decade, the company now stands as the market leader in private sector energy and infrastructure financing in Bangladesh.

MANAGEMENT

IDCOL is managed by an eight-member independent Board of Directors comprising four senior government officials, three prominent entrepreneurs from the private sector and a full time Executive Director and Chief Executive Officer. It has a small and multi-skilled work force comprising economists, financial and market analysts, engineers, lawyers, IT experts and accountants. IDCOL's stakeholders include the government, private sector, NGOs, multilateral institutions, academics and the people of Bangladesh at large.

MISSION AND VALUES

IDCOL's mission is to promote economic development in Bangladesh by encouraging private sector investment in energy and infrastructure projects. IDCOL's values include:

Global standard and competence : IDCOL is committed to deliver financial services to the clients maintaining global standards and competence;

Transparency and integrity : IDCOL believes in maintaining transparency and integrity in all activities performed by the Company; and

Social responsibility : IDCOL is dedicated to perform as a development financial institution that articulates social responsibility.

RESOURCES

- BDT 400 million as equity.
- IDCOL is a multi-donor funded financing institution and currently manages:

  Reflows from USD 80 million loan extended to 450 MW Meghnaghat Power Ltd. project;

  USD 47 million received from IDA and Global Environment Facility (GEF) to provide grants and refinancing for the promotion of renewable energy under the Rural Electrification and Renewable Energy Development Project (REREDP);

  EUR 20.27 million from KFW and GTZ for extension of IDCOL's Solar Energy Programme;

  EUR 14.9 million from SNV, KfW and other donors for implementing a nationwide domestic biogas and manure program;

  USD 165 million from Asian Development Bank (ADB) for financing infrastructure and renewable energy projects.

PRODUCTS AND SERVICES

Financing and arranging finance for large and medium sized infrastructure projects implemented by the private sector;

Working as Facility agent and Security Trustee under projects;

Refinancing of micro-credit provided by NGOs / MFIs and other private entities for promotion of renewable energy;

Channelling grants and technical assistance for the promotion of rural infrastructure;

Providing financial advisory services to both financial institutions and project sponsors; and

Organizing training courses on project finance and financial modelling.

LENDING TERMS

- IDCOL's rates are generally market based. IDCOL matches lending term of other commercial lenders; and
- IDCOL also offers concessional loans for rural infrastructure projects.

Large and Medium-Sized Infrastructure Projects

Under its mainstream programme, IDCOL provides long-term senior and subordinated debt financing to viable privately-owned and operated infrastructure projects. To be eligible for IDCOL funding, projects must meet the GOB's priority plan and use proven technology. Infrastructure sectors in the current priority list include:

Power Generation,

Telecommunications,

Information and Communication Technology (ICT),

Ports,

Renewable energy,

Gas and Gas related Infrastructure,

Water Supply,

Toll Roads and Bridges,

Urban Environmental Services, and

Other projects as may be approved by IDCOL Board.

Renewable Energy Program

Under Renewable Energy Program, IDCOL's current focus is on two major areas:

(a) Solar Home Systems (SHS)

(b) Domestic Biogas Plants

In addition to the above, IDCOL has financed a 250 kW biomass gasification-based power plant on a pilot basis and has approved financing of a 50 kW biogas based power plant on a pilot basis.

A. IDCOL Solar Energy Programme

IDCOL currently promotes SHSs in the remote rural areas of Bangladesh through its 15 partner organizations (POs), namely:

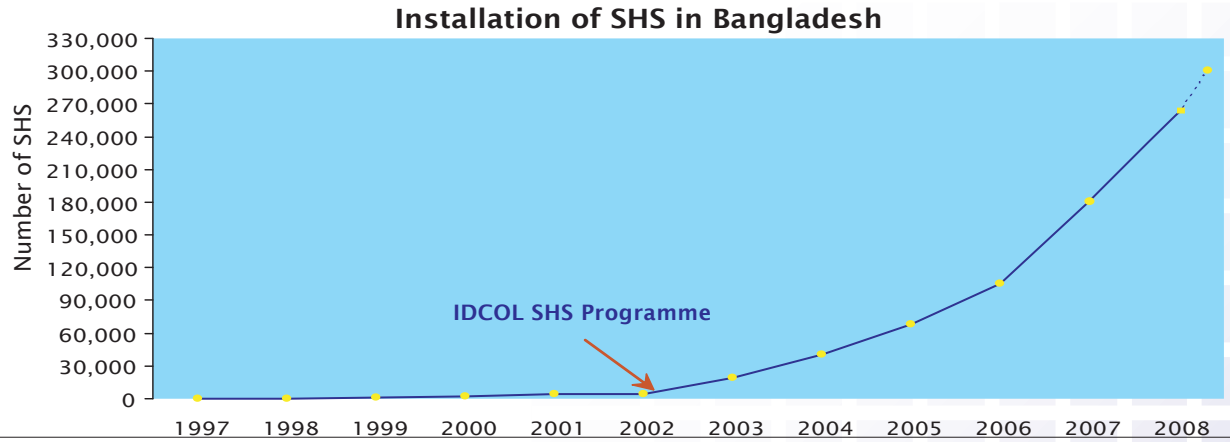
i. Bangladesh Rural Integrated Development For Grub-Street Economy;
ii. BRAC Foundation;
iii. Centre For Mass Education in Science;
iv. COAST Trust;
v. Grameen Shakti;
vi. Hilful Fuzul Samaj Kalyan Sangstha;
vii. Integrated Development Foundation;
viii. Mukti Cox'sbazar;
ix. Padakhep Manbik Unnayan Kendra;
x. Palli Daridra Bimochan Foundation;
xi. Rural Services Foundation;
xii. Shubashati;
xiii. Srizony Bangladesh;
xiv. Thengamara Mahila Shabuj Shangha;
xv. Upokulio Bidyuatayon O Mohila Unnayan Shamity;



A Solar Home System Financed by IDCOL

SHSs are sold (mostly through micro-credit) by POs to the households and business entities in the remote rural areas of Bangladesh. IDCOL provides refinancing facility to the POs and channels grants to reduce the SHSs costs as well as support the institutional development of the POs. In addition, IDCOL also provides technical, logistics, promotional and training assistance to the POs.

IDCOL's initial target was to finance 50,000 SHSs with financial assistance from the World Bank and GEF by the end of June 2008. The target has already been achieved in September 2005, 3 years ahead of schedule and US $ 2.0 million below estimated project cost. IDCOL now has a revised target of financing 1,000,000 SHSs by the year 2012 with additional assistance from the World Bank, KfW, GTZ, ADB and Government of Bangladesh (GoB). Up to October 2008, a total of 256,114 SHSs have been installed under the programme. IDCOL's Solar Energy Programme is one of the fastest growing renewable energy programs in the world. It has brought about a significant change in lives in remote rural areas of Bangladesh through providing access to electricity.



National Domestic Biogas and Manure Program

With support from SNV, Netherlands Development Organization and KfW, Germany, IDCOL has undertaken another vital project: to implement National Domestic Biogas and Manure program (NDBMP). Under this program, 60,000 domestic size biogas plants will be installed in Bangladesh by the year 2010. Gas produced from these plants is being used for cooking purposes in rural households and this is expected to have a positive impact on the environment by preventing deforestation and improving soil fertility. In addition, the slurry, by-product of biogas plants, being a very good organic fertilizer can also be used to improve soil fertility.

IDCOL is implementing the program through its 29 (twenty-nine) construction partner organizations (CPOs), manufacturing partner organizations (MPOs), lending partner organizations (LPOs) and lending and construction organizations (LCPOs). Name of those parties working under NDBMP are:

LCPOs

- Grameen Shakti
- Srizony
- BASA
- SANGRAM
- RSF
- DESHA
- Rahman Biogas
- SOUL
- Kamrul Biogas
- SUF
- ASKS
- NDS
- ARAB
- RISDA
- ESDO
- MBSK

CPOs

- Subashati
- Hossain Biogas
- SAPNO
- Change Maker
- Nirapod Enginering
- Palli Shakti
- Nurunnabi Biogas
- SERRA
- DOPS
- BONDHON

LPOs

- UDPS
- SDS
- PMUK



National Workshop and Exhibition on Energy Conservation and Renewable Energy Programmes



IDB Mission visits a biogas plant financed by IDCOL

A national steering committee and an expert level technical committee provide guidelines for the project implementation. The latter has developed an improved model of biogas plant. Up to October 2008, a total of 7,130 (Seven thousand one hundred thirty) plants have been awarded pre-approval of which 5,100 (Five thousand one hundred) have been completed in several districts of the country.

IDCOL provides Tk. 9,000 as investment subsidy to each household for installing biogas plants as per the specifications and standards set by IDCOL / SNV. Total project cost is estimated as EUR 23.61 million and will be borne by individual households, SNV, KfW and GoB.

Training Courses

IDCOL organizes training courses on project finance and financial modeling. These courses are intended to improve the understanding of young bank professionals with regard to the techniques employed in cash flow lending as well as the principles used to make them successful. The courses are also designed for officials representing government organizations, project sponsors and development companies, international organizations and consulting firms.

Project finance training course has about twenty modules, covering various subjects such as origin and development of modern project finance, bankability aspects of project agreements, loan agreements, interest rate swap, and issues related to subordinated debt and design of security package.



7th training course on Financial Modeling

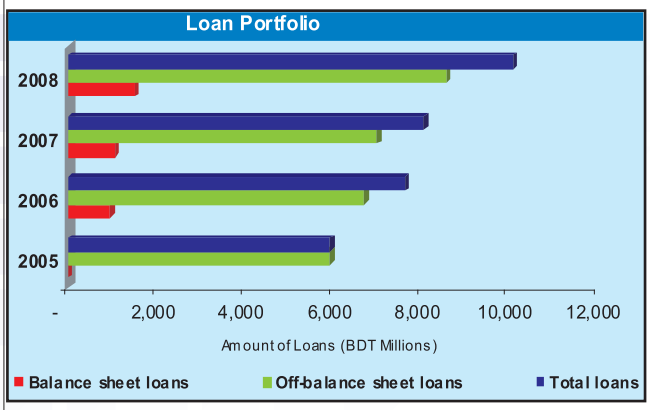


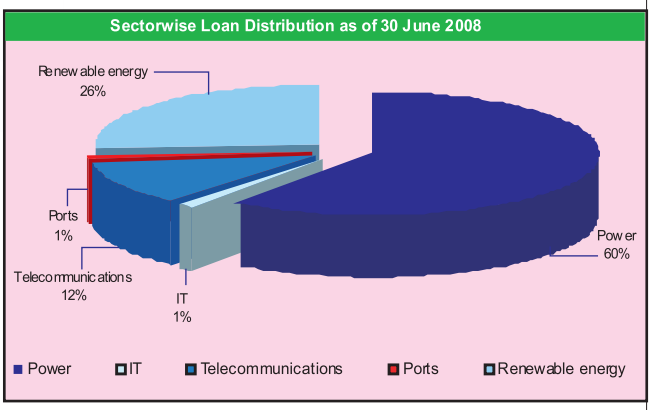
11th training course on Project Finance

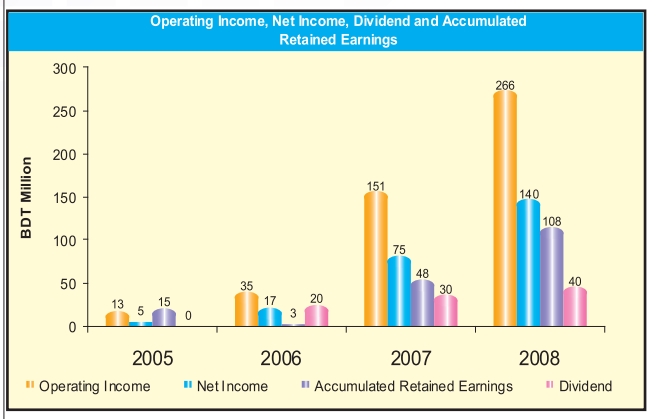
Financial modeling course is designed to enable the participants to work with financial models as well as constructing new models. While every projects will have unique features, and each spreadsheet its own techniques, certain principles apply generally to the construction of financial models, and these principles are the main focus of this training.

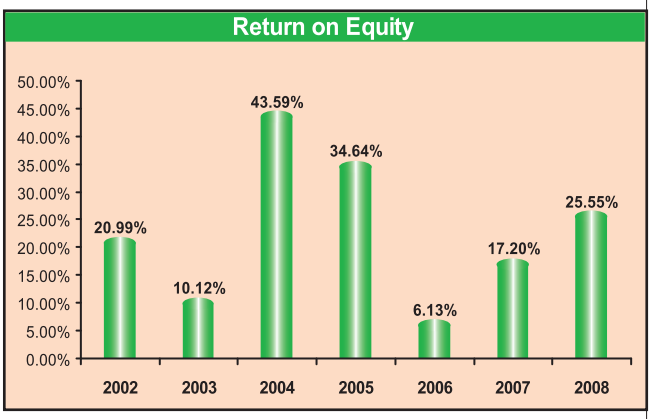
Till date, IDCOL trained more than five hundred professionals in twelve training courses on project finance, seven courses on financial modelling, and a special course for senior officials of Prime Minister's Office and Ministry of Finance on loan evaluation techniques. Moreover, at the request of the Ethiopian Rural Energy Development and Promotion Centre and the World Bank, IDCOL arranged a 7-day training course for various agencies of Ethiopian Government on 'Rural Electrification and Renewable Energy Program Implementation'. Seven officials including the State Minister, Ministry of Water Resource, Ethiopia attended the training. The programme was the continuation of the previous-years' 15-day training course on 'Off-grid Rural Electrification and Renewable Energy Programme Implementation' in which IDCOL trained 38 officials from various agencies of Ethiopian Government.

FINANCIAL PERFORMANCE









MILESTONES ACHIEVED BY IDCOL

Financed/Extended:

- USD 80 million to Meghnaghat 450MW Combined Cycle Power Plant, the single largest loan provided by a Bangladeshi Financial Institution to the private sector.
- BDT 360 million and USD 10 million to Pacific Bangladesh Telecom Limited (PBTL) cellular network expansion project.
- BDT 50 million to DNS SatComm Satellite Earth Station.
- BDT 120 million to Shah Cement Power Limited, an 11.6 MW power plant.
- BDT 80 million for two land port projects, namely Panama Hilli Port Link Limited and Panama Sonamasjid Port Link Limited
- BDT 15.33 crore to 33.75 MW expansion plant of Summit Power Limited.
- BDT 5 crore to Ranks Telecom Limited PSTN project
- BDT 250 million to Grameen Phone Limited cellular network expansion project



450 MW Meghnaghat Power Plant

- BDT 5 million to Dreams' Power (Pvt.) Limited for the installation of a 250-kW biomass gasification based power plant.
- BDT 200 million to Malancha Holdings Limited for the installation of a 34.5 MW power plant at Dhaka Export Processing Zone.
- BDT 600 million to Summit Uttaranchal Power Limited and Summit Pubanchal Power Limited for setting up four small power plants with a total capacity of 110 MW.
- BDT 200 million to Venture Energy Resources Limited for establishing a 34.5 MW rental power plant at Bhola.
- BDT 31 million to Thermex Trade Limited for setting up a CNG refuelling station.

Invested :

- BDT 500 million in unsecured, senior bond of Grameen Phone Limited.



33.75 MW Summit Power Plant

Approved :

- BDT 500 million to Barakatullah Electro Dynamics Limited for setting up a rental power plant at Fenchuganj, Sylhet.
- BDT 200 million to M & H Telecom Limited for setting up an interconnection exchange at Dhaka, Chittagong, and Khulna.
- USD 3 million to Bangla Trac Communications Limited for setting up an international gateway.
- BDT 24 lac as loan and grant to Rashid Krishi Khamar Limited for setting up a 50-kW biogas based power plant.
- BDT 500 million refinancing facility to commercial banks and FIs to support IT enabled services industry in Bangladesh.

Disbursed:

- BDT 4,081 million refinancing and grants to its POs for the promotion of 225,857 Solar Home Systems (approximately) in the remote rural areas of Bangladesh till October 2008.
- BDT 52 million refinancing and grants to its POs for the promotion of 4,361 Biogas Plants (approximately) in the remote rural areas of Bangladesh till October 2008.

Arranged:

- Syndicated Equity and Term Loan Facility of BDT 128.3 million for DNS SatComm Satellite Earth Station Project, the single largest ICT infrastructure project of the country in the private sector.
- Syndicated Term Loan Facility of BDT 390 million for Shah Cement Power Ltd.
- Syndicated Term Loan Facility of BDT 265 million for Panama Hilli and Panama Sonamasjid Land port projects.
- Co-arranged USD 30 million for Pacific Bangladesh Telecom Limited expansion project 2006.

financier with a vision

- Co-arranged BDT 2,500 million term loan facility for Malancha Holdings Limited power project.
- Co-arranged BDT 920 million term loan facility for Venture Energy Resources power project.
- Co-arranged BDT 3,955 million term loan facility for SUPCL and SPPCL power project.
- Co-arranged BDT 528 million term loan facility for M & H Telecom ICX project.
- Has been mandated to act as the lead arranger to raise BDT 1,250 million as term loan facility for 51 MW power project of Barakatullah Electro Dynamics Limited.

SPECIALTIES

IDCOL is a unique financial institution because it:

a. arranges both debt and equity for infrastructure projects;
b. is able to offer both senior and subordinated loans;
c. is able to tailor interest rates, loan tenor, and grace period as required by the project;
d. provides financing in both local and foreign currency;
e. advises borrower(s) regarding the structure of financing; and
f. provides credit, grants and technical assistance for the promotion of renewable energy in the rural areas.



DNS SatComm satellite earth station



250 kW Biomass gasification based power plant



Hilli land port

SHONCHALOK

Information and Communication Technology (ICT) sector has been termed as one of the thrust sectors of the country by the Government of Bangladesh. Software has been declared one of the six 'high priority' export sectors in the recent National Export Policy (2006-09). The vision of the Government to boost this prospective sector has been reflected in its various policy initiatives. Due to increasing software export trends and large demand for IT automation in domestic industries, the ICT sector of Bangladesh has been growing on an average at 61% per year over last 5 years. Currently, about 400 companies employing more than 12,000 ICT professionals are operating in the market, value of which is estimated at around USD 300 million.

While the necessary policy support from the Government of Bangladesh (GoB) is in place, availability of finance for the ICT sector still remains a challenge. The software and ITES industry have been seeking greater access to working capital finance for many years. However, commercial lenders tend to shy away from this industry due to some inherent challenges faced by the sector and lack of interest to accept the intangible assets as collateral. To address the obstacles, IDCOL has designed an innovative product named "Shonchalok" under which term/working capital loans will be channeled to the software and IT solution providers of Bangladesh through commercial banks and financial institutions. IDCOL has crated a facility of BDT 500 million for this purpose.

Under the facility, IDCOL will provide funds at concessional rate to the Banks and FI's, for on-lending to the IT companies at a rate lower than the market. Commercial banks and FIs will be allowed to keep a maximum of 450 basis points as spread over its' borrowing rate and will bear the credit risk. The rate to the firms shall not exceed 12% including all charges and fees.

To ensure creditability, only members of reputed ICT associations will be initially able to avail the facility. Besides, the borrowing IT firms must be going concerns with proven track record in the IT business for at least 2 years. The fund will be disbursed against confirmed work orders or contracts for bill for factoring or export or as may deem fit by financing bank and FIs. The loan amount will be maximum 80% of the work order amount. However, one company can have multiple finances against multiple work orders subject to a maximum amount of BDT 10 million at any one point of time.

IDCOL will extend an advance amount of maximum BDT 50 million to each Bank and FI under the programme for on-lending to software companies and IT firms. IDCOL may further replenish the fund used from the advance amount subject to submission of a Statement of Expenditure by the Banks and FIs to IDCOL. However, the initial advance amount to a bank or FI would be BDT 5 million.

IDCOL will arrange training programmes for building financial knowledge of the ICT industry so that it can effectively handle the loans with proper financial management. Three such programmes have already been conducted at IDCOL office.

Md. Mosharraf Hossain Bhuiyan, ndc
Executive Director and CEO

S. M. Monirul Islam
General Manager (Accounts and Admin)

S. M. Formanul Islam
Director (Legal) and Company Secretary

Md. Enamul Karim Pavel
Assistant Director (Loans)

Nazmul Haque
Director (Investment)

Dider Mowla Chowdhury
Senior Accounts Officer

Md. Nazmul Haque Faisal
Senior Manager (NDBMP)

Md. Ashrafuzzaman
Senior Investment Officer (Technical)

Hirak Al-Hammad
Senior Investment Officer (Technical)

Rashed Minhaz
Investment Officer (Marketing)

Farzana Rahman
Senior Investment Officer

Mohammad Wahidur Rahman
Investment Officer (Technical)

Nusrat Rob
Accounts Officer

M. Miran Hossain
Investment Officer

Farhan Reza
Loan Officer

Registered Office

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8 Panthapath Kawranbazar
Dhaka-1215, Bangladesh
Tel : 9114385, 8111235
8117526, 9143157
Fax : 8116663

Legal Advisors

A. J. Mohammad Ali
Huq & Company
Law Associates
Law Valley
Lee Khan & Partners
Syed Ishtiaq and Associates

Business Hours

9:00 a.m. to 5:00 p.m.
Sunday to Thursday

Auditors

S.F. Ahmed & Co
Chartered Accountants
House-25, Road-13A, Block-D
Banani, Dhaka-1213

Prospects of Renewable Energy in Bangladesh

What is Renewable Energy?

Renewable energy effectively utilizes natural resources such as sunlight, wind, tides and geothermal heat, which are naturally and continuously replenished. About 13 percent of world's primary energy comes from renewables, with most of this coming from traditional biomass like wood-burning. Hydropower is the next largest source, providing about 2-3%, and modern technologies like geothermal, wind, solar, and marine energy together produce about 1% of world energy demand. Bangladesh, geographically being closest to the equator, is recipient of immense amount of sunlight almost entire year. Solar energy thus presents an enormous potential for Bangladesh to be utilized as an alternative to fossil fuel for production of electricity.

Potential of Renewable Energy in Bangladesh

Renewable energy is a relatively new concept in Bangladesh. However, successful implementation of renewable energy technology such as solar home system indicates that with mass promotion, public awareness, private sector participation, necessary financial support and government assistance, renewable energy sector is poised for long term sustainability in our country. Renewable energy sources presently used in Bangladesh include solar, wind, hydro, biogas and biomass. Of these solar has, so far, proven to be most popular and accessible. Solar radiation available is almost 10000 times the present electricity generation of Bangladesh. If 1/1000th part of Bangladesh is used to produce electricity from solar with 10% efficiency, same amount of electricity may be generated as produced right now.

Solar Home System (SHS)

In rural areas of Bangladesh, standalone solar home systems are being used for basic electrification purpose in the absence of conventional grid electrification. About 295,000 households are using SHS in Bangladesh which amounts to about 1% of the country's entire population. Infrastructure Development Company Limited (IDCOL), with support from different local non government organizations (NGOs) and micro finance institutions (MFIs), has been instrumental in promotion and commercialization of SHS in Bangladesh. Since 2002, IDCOL has financed over 260,000 SHS all over Bangladesh under IDCOL Solar Energy Program. Under the program, 15 NGOs/MFIs, referred to as Participating Organizations (POs) install SHS in rural areas of Bangladesh. IDCOL provides various kinds of financial, logistic and technical support to its POs for implementing the program. The grants provided under the program are used by POs to lower the procurement cost of SHS and enhance their institutional capacity.

IDCOL initially received the grant and refinancing funds from Global Environment Facility (GEF) and the World Bank. Later on GTZ and KfW came forward with further financial assistance for the expansion of IDCOL Solar Energy Program.

The program adopts the policy of phase-wise reduction in grant amount available per SHS with a view to commercialize and ensure long-term sustainability of SHS. The program annually reduces usage of about 47 million liters of kerosene and lowers country's foreign currency outage for import payment. In addition, estimated annual carbon emission reduction by the program is estimated to be more than 100,000 ton. By 2012, IDCOL

plans to have 1,000,000 rural households of Bangladesh electrified by SHS with an electricity generation capacity of 50 MW. In addition to IDCOL Solar Energy Program, about 35,000 SHS has been installed in Bangladesh under different programs of development partners and the Government.

Biogas

Bangladesh has got a great potential for biogas technology. It can be used to implement a sustainable energy and waste management program. The cattle population including buffaloes is about 24.19 million (1996), which yield about 242 million kg of cattle wastes per day. These wastes have a potential for production of 8.8 million cu m of gas. If even 50% of the cattle wastes could be used for biogas production, about 1.73 million biogas digesters with gas production capacity of 2.4 m3 could be set up. A 2.4 m3 biogas digester requires about 65-70 kg cow dung per day, which can be obtained from 6-7 cattle or 4-5 buffaloes. Such a biogas digester can provide the necessary energy requirements for cooking and lighting for a family of 6-8 members. Apart from the energy, the treated slurry produced as a bi-product from biogas digesters is a very good organic fertilizer.

There are about 950,000 households in the country that have five or more cattle heads. Moreover, there exist about 116,000 poultry farms all over the country of which at least 80,000 farms have 200 - 1,000 birds. Since poultry droppings are an excellent feeding material for biogas generation, 80,000 biogas plants through using poultry droppings alone are technically feasible for domestic sized plants.

At present, there are three ongoing biogas programs in Bangladesh, each having different timeline, target and focus group. National Domestic Biogas and Manure Programme (NDBMP) is currently the largest biogas program of the country implemented by IDCOL with support from Netherlands Development Organization (SNV) and KfW, Germany. Under this program, a total of 60,000 domestic sized biogas plants are planned to be constructed during 2006-2010. 30 partner organizations (PO), mostly NGOs and private entrepreneurs, have been engaged in this regard and 5,100 biogas plants have been constructed till October 2008. The other two programs are being carried out by GTZ (German Technical Cooperation) and the Ministry of Youth and Sports.

Biomass

Biomass is the most widely used energy source in Bangladesh accounting for about 65% of total energy consumption. Biomass is mostly used for cooking in rural areas of Bangladesh. Main sources of biomass fuels are wood from trees, agricultural residues and livestock dung. About 12 million tons of coal equivalent biomass is consumed annually in Bangladesh for domestic purposes.

Despite the mass use of biomass by rural households, efficiency factor of biomass is very low and environmental pollution caused by biomass is very high. Efficient biomass technology, such as improved cooking stove (ICS) has been developed and is being popularized by various governmental and non-governmental organizations. IDCOL, with support from the World Bank and GTZ, is going to undertake a project shortly to disseminate improved cooking stove (ICS) technology all over the country through some NGOs and MFIs. IDCOL has recently financed a 250 KW biomass-based power plant at Gazipur on pilot basis which produces electricity from rice husk. It hopes to finance more of such projects in the future.

Hydro

Potential of hydro as a reliable source of renewable energy has so far been quite limited in Bangladesh despite the country being a riverine one. At present only 230 MW of electricity is produced by the sole hydro-electric power plant of the country, Karnaphuli Hydro Power Station at Kaptai. A possible extension of the plant capacity by additional 100 MW is currently in consideration. Two additional sites for hydro power generation at rivers Sangu (capacity - 100MW) and Matamuhuri (capacity - 75MW) are being implemented by Bangladesh Power Development Board (BPDB).

Wind

Overall wind speed in Bangladesh is not adequate to produce energy from wind. However, there is some potential for power generation using wind at coastal regions of Bangladesh such as Coxs bazar, Kutubdia, Chittagong.

Conclusion

Given the government's vision of "Electricity for all by 2020", utilization of renewable energy technologies must play a pivotal role especially in off-grid electrification. Natural gas reserves, country's largest source of indigenous fossil fuel and electricity generation, are likely to be depleted by 2020. Present coal reserves may be used to produce 400-500 MW of electricity. As demand for electricity increases, initiatives must be taken immediately to conserve energy and to promote renewable energy usage to avert shortage of energy supply in future. Renewable energy technologies such as SHS, ICS, biomass power plant, hydro power station must be promoted and commercialized to ensure popularization and sustainability. The Government has already recognized renewable energy as a potential source of energy and in the process of adopting renewable energy policy. Participation of government, private sector, external agencies and other participants of the sector must be ensured to promote renewable energy and make it a sustainable energy source for the future.



Bangladesh Bank
Head Office, Dhaka-1000

Janata Bank Ltd.
Sher-e-Bangla Nagar Branch, Dhaka-1207
Local Office, Dhaka-1000

The City Bank Ltd.
Kawranbazar Branch, Dhaka-1215

Dhaka Bank Ltd.
Kawranbazar Branch, Dhaka-1215

Prime Bank Ltd.
Kawranbazar Branch, Dhaka-1215

National Credit & Commerce Bank Ltd.
Kawranbazar Branch, Dhaka-1215

BRAC Bank Ltd.
Dhanmondi Branch, Dhaka-1207

Bank Alfalah Ltd.
Gulshan Branch, Dhaka-1212

Standard Chartered Bank Ltd.
Dhaka

Citibank, N.A
Dhaka

Infrastructure Development Company Limited (IDCOL)

Directors Report to the Shareholders as required by section 184 of the Companies Act, 1994
Report of the Directors for the period 01 July 2007 to 30 June 2008

Dear Shareholders,

The Directors of your Company have the pleasure of submitting before you their annual report together with the audited accounts of your Company for the year ended on 30 June 2008.

Overview of the country's financial sector

Despite global economic challenges and number of natural disasters hitting the country, the economic and financial performance of Bangladesh in FY2007-2008 was resilient. The growth momentum was maintained and international reserves increased.

The Bangladesh economy achieved a growth of 6.21 percent in FY2008 slightly lower than 6.51 percent of fiscal year 2007. This performance was facilitated by 3.61 percent growth in agriculture, 6.87 percent growth in industry and 6.69 percent growth in service sector. Per capita GDP in FY 08 reached to USD 554 and per capita income (GNI) raised to USD 599. The inflation stood at 9.93 at the end of June 2008 compared to 7.22 percent at the end of June 2007.

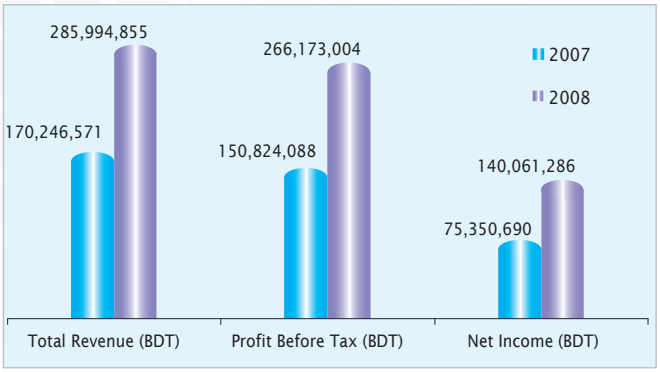
The export earnings of the country stood at USD 14.11 billion, which were 16.52 percent higher than the export earnings (USD 12.11 billion) in FY 2006-07. Strong growth in export is mainly due to increase in Knitwear (21.50%), Woven Garments (10.94%), Frozen food (3.64%), Leather (6.89%), and Raw Jute and Jute goods (3.43%) exports. The import sector also recorded massive growth of 26.07 percent during the period. In July 2008, import payments increased by 33.98 percent compared to the same period of the previous fiscal year.

Remittance inflows from non-resident Bangladeshi were USD 7.91 billion at the end of 2008, with an increase by 32.39 percent. As a result, overall balance of payment showed a notable surplus of USD 0.64 billion. The gross foreign exchange reserve held by Bangladesh Bank stood at USD 5.97 billion at the end of FY 2008. The nominal rate of Taka-USD exchange rate appreciated from Tk 69.80 per USD to Tk 68.52 per USD at the end of June 2008.

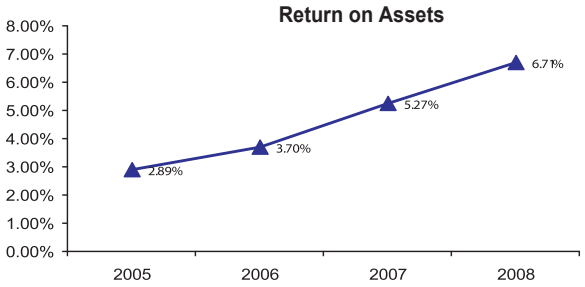
Total deposit mobilization by the banking system as percentage of GDP stood at 43.1% at the end of September 2007. Disbursement of bank credit, however, slowed down during the first three quarters of 2007 largely due to low demand by the borrowers. The interest rate spread in Bangladesh remained higher than the spread in some of the neighbouring countries. The securities market experienced a remarkable progress in H1 FY08. Total market capitalization at DSE reached BDT 736.2 billion in November 2007 compared to BDT 475.9 billion in June 2007. In September 2007, total investment of NBFIs stood at BDT 97.1 billion increasing from BDT 92.0 billion in June 2007. The major business of most NBFIs was leasing, though some also diversified into areas like term lending, housing finance, merchant banking, equity financing and venture capital financing.

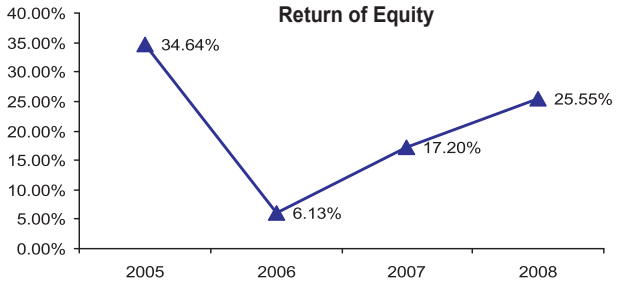
Operational performance of IDCOL

During the year, Company's paid up capital was increased from BDT 360 million to BDT 400 million and the loan portfolio was diversified covering various infrastructure sectors like power, telecommunication, IT etc. With a 46% increase in asset base, your Company achieved after tax income growth by nearly 86 percent. Shareholders equity also experienced more than 25% growth over the last year.



During the reporting period, the Company maintained the role of market leader in private sector energy and infrastructure financing in Bangladesh. Most of the revenues during the period came from interests on loans and advances and income from renewable energy projects. Profitability indicators show notably upward trend with ROA at 6.7% and ROE at 26%.



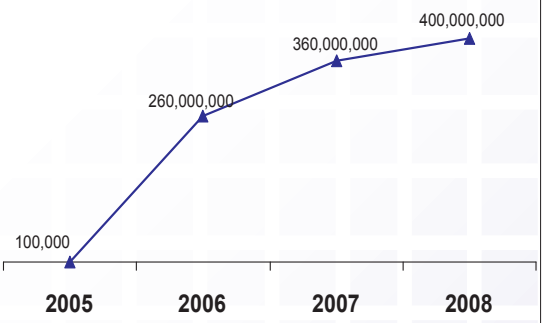


Company activities and achievements

Major activities and achievements of the Company during this period are discussed below.

Increase of Company's authorised and paid up capital

An additional BDT 40 million from the retained earnings for the last fiscal has been used to raise the paid up capital of the company to BDT 400 million. Given the vision of becoming national development finance institution operating in a niche market, IDCOL is committed to increase its capital structure to global standards as soon as practicable.



The Company plans to further increase its paid-up capital up to its authorised limit of BDT 1000 million from its retained earnings each year.

Status of IDCOL loans

As of 30 June 2008, IDCOL did not have any classified loan. All loans were current in terms of recovery, except for Panama Hilli Port Link Ltd. and Panama Sonamasjid Port Link Ltd. who did not repay loans that fell due on 15 June 2008. However, the projects were being closely monitored by the Lenders. Necessary actions under the Finance and Security documents would be taken against the borrowers if they fail to settle their outstanding in a short period of time. During the period, Shah Cement Power Ltd. fully prepaid their loan. DNS Satcomm Ltd. prepaid 50% of their loans, following approval of all lenders in the syndicate.

Monitoring of Meghnaghat Power Ltd. (MPL) loan

During the reporting period, the Company effectively monitored its loans to MPL. All principal repayments, interests and fees due under the loan agreements were received within due dates. IDCOL, on behalf of the government, received USD 7.00 million as interest, USD 1.15 million as principal repayment of its senior loan, and BDT 13.06 million as its monitoring fees.

IDCOL solar program

During this period, 15 Partner Organizations (POs) of IDCOL installed about 90,570 solar home systems in the rural areas of Bangladesh leading the total number of installation to 219,363. IDCOL disbursed BDT 1162 million as credit and BDT 300 million as grant to all POs. IDCOL also received BDT 84 million as principal repayment, BDT 103 million as interest on behalf of the Government and BDT 100 million as IDCOL fees under the program.

National Domestic Biogas and Manure Programme

A total of 6,375 domestic size biogas plants have been given pre-construction approval during the reporting period of which 4,800 have been completed in several districts of the country. IDCOL signed Participation Agreement with 6 Lending Construction Partner Organisations (LCPOs) and 9 Construction Partner Organisations (CPOs). IDCOL received BDT 0.5 million as interest and BDT 2 million as fees under the program.

IDCOL's biomass programme

The 250 kW Biomass Gasification Based power plant of Dreams Power Private Ltd. started its commercial operation from 31 December 2007. Mr. Tapan Chowdhury, former Honourable Adviser to the Caretaker Government inaugurated the plant. IDCOL received BDT 0.48 million as interest from this Project in the reporting year.

Financing of 33.75 MW Summit Power Limited expansion project

An amount of BDT 102 million has been disbursed for 33.75 MW expansion project of Summit Power Limited during the period. IDCOL earlier approved a term loan of BDT 200 million out of BDT 1,250 million syndicated term loan facility raised for the project. During the reporting period, IDCOL also received BDT 18.82 million as interest and BDT 14.59 million as principal repayment.

Financing of Ranks Tel PSTN project

BDT 13 million has been disbursed to Ranks Tel PSTN project during the period. IDCOL earlier approved a term loan of BDT 50 million out of BDT 900 million syndicated term loan facility arranged for the project. During the reporting period, IDCOL received BDT 1.34 million as interest payment from the project.

Financing of GrameenPhone cellular network expansion project

An amount of BDT 125 million has been disbursed for GrameenPhone cellular network expansion project during the period. Earlier, IDCOL sanctioned a term loan of BDT 125 million to this project. Interest payment of BDT 12.47 million has been received by IDCOL during the period.

Financing of 34.5 MW power plant at Dhaka EPZ

An investment of BDT 200 million has been made by IDCOL for the development and operation of a 34.5 MW power plant by Malancha Holdings Limited (MHL) at Dhaka Export Processing Zone. The company received BDT 3.46 million as interest payment during the period.

Financing of a CNG refuelling station

IDCOL approved financing of a CNG refuelling station at Kouchakuri, Mirpur, Gazipur by Thermex Trade Limited. BDT 31.65 million has been approved by IDCOL for this project of which BDT 13.6 million has been disbursed during the period. IDCOL has received interest payment of BDT 0.18 million during the period.

Financing of four small power plants with total capacity of 110 MW

BDT 600 million has been sanctioned by IDCOL as term loan out of a syndicated term loan facility of BDT 3,955 million for Summit Purbanchol Power Company Limited (SPPCL) and Summit Uttaranchol Power Company Limited (SUPCL). Industrial and Infrastructure Development Finance Company Limited acted as the lead arranger for the projects with IDCOL as co-arranger.

Short-term deposit

During the reporting period, IDCOL earned an amount of BDT 37 million from fixed deposit investments and call money transactions.

Contribution to exchequer

Since its inception in 1997, IDCOL had paid BDT 243 million as corporate income tax to the national exchequer out of which BDT 126 million have been paid during the reporting period.

Other activities

IDCOL's solar and biogas programme led to the creation of about 5,000 jobs for diploma engineers, technicians, masons, local youths and other professionals under its 46 POs.

Personnel

Led by an Executive Director and CEO, the IDCOL team is comprised of a Director (Legal) and Company Secretary, a Director (Investment), a General Manager (Accounts & Administration), an Assistant Director (Loans), a Senior Manager (NDBMP), three Senior Investment Officers (one in finance and two in technical sides), one Senior Accounts Officer, three Investment Officers (one in finance, Technical and Marketing each), one Loan Officer, one Accounts Officer and one Legal Counsel. In order to meet the organizational needs and to face future challenges, the executives and officers of the company regularly participate in various training courses, seminars and workshops. In order to cope with the work volume, four new officers have been recruited during the year. Mr. Md. Mosharraf Hossain Bhuiyan ndc, (Additional Secretary, Economic Relations Division) joined IDCOL as the CEO in place of Mr. M. Ehsanul Haque.