

IDLC Finance Limited

Financial Statements

as at and for the period ended September 30, 2014

IDLC Finance Limited
Consolidated Balance Sheet as at September 30, 2014

	<u>30-Sep-14</u> <u>Taka</u>	<u>31-Dec-13</u> <u>Taka</u>
PROPERTY AND ASSETS		
Cash		
In hand (including foreign currencies)	306,000	301,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	566,780,940	744,189,114
	567,086,940	744,490,114
Balance with other banks and financial institutions		
In Bangladesh	7,767,899,025	7,111,427,413
Outside Bangladesh	-	-
Money at call and short notice		
	-	-
Investments		
Government	300,000,000	-
Others	1,819,260,124	786,553,016
	2,119,260,124	786,553,016
Loans and advances		
Loans, cash credit, overdraft etc	46,217,461,942	40,941,257,690
Bills purchased and discounted	-	-
Fixed assets including land, building, furniture and fixtures		
	372,978,967	395,723,936
Other assets		
	753,716,410	449,931,305
Non-banking assets		
	-	-
Total Assets	57,798,403,408	50,429,383,474
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions and agents		
	10,984,679,639	8,827,892,450
Deposits and other accounts		
Current accounts and other accounts etc	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits	32,971,739,784	29,063,880,082
Bearer certificate of deposits	-	-
Other deposits	1,327,132,307	1,123,559,002
	34,298,872,091	30,187,439,084
Other liabilities		
	6,498,439,911	6,051,291,971
Total liabilities	51,781,991,641	45,066,623,505
Capital / Shareholders' equity		
Paid-up capital	2,010,937,500	1,608,750,000
Share premium	3,750,000	3,750,000
Statutory reserves	1,003,251,644	1,003,251,644
General reserves	811,250,000	811,250,000
Dividend equalisation reserves	46,500,000	46,500,000
Retained earnings	2,140,720,719	1,889,256,471
Total equity attributable to equity holders of the company	6,016,409,863	5,362,758,115
Non-controlling interest	1,904	1,854
Total liabilities and Shareholders' equity	57,798,403,408	50,429,383,474

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OFF - BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Indemnity Bond
Corporate guarantee

30-Sep-14
Taka

31-Dec-13
Taka

-	-
413,683,813	277,501,181
-	-
-	-
8,811,279	8,811,279
500,000,000	500,000,000
<u>922,495,092</u>	<u>786,312,460</u>

Other commitments

Documentary credits and short term trade related transactions
Forward assets purchased and forward deposits placed
Un-drawn note issuance and revolving underwriting facilities
Un-drawn formal standby facilities, credit lines
Un-disbursed contracted loans and leases

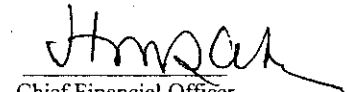
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-	-
-	-
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-	-
946,955,750	317,822,814
<u>946,955,750</u>	<u>317,822,814</u>
<u><u>1,869,450,842</u></u>	<u><u>1,104,135,274</u></u>
<u>29.92</u>	<u>26.67</u>

Total Off-Balance Sheet items including contingent liabilities

Net assets value per share



CEO & Managing Director



Chief Financial Officer

Dhaka: October 20, 2014

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IDLC Finance Limited
Consolidated Profit and Loss Account for the period ended September 30, 2014

	<u>Jan to Sep '14</u>	<u>Jan to Sep '13</u>	<u>Jul to Sep '14</u>	<u>Jul to Sep '13</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest income	5,496,217,452	4,475,680,800	1,776,578,315	1,619,050,982
Interest on deposits and borrowings etc	(3,424,815,759)	(2,979,166,530)	(1,121,832,473)	(1,046,305,579)
Net interest income	2,071,401,693	1,496,514,270	654,745,842	572,745,403
Investment income	16,471,545	50,528,118	17,597,428	46,611,676
Commission, exchange and brokerage	256,031,953	213,222,846	86,017,862	80,842,202
Other operating income	277,031,568	249,335,261	87,507,834	83,585,054
Total operating income	2,620,936,759	2,009,600,495	845,868,966	783,784,335
Salaries and allowances	506,680,740	419,453,584	213,670,075	156,925,317
Rent, taxes, insurance, electricity, etc.	90,855,693	78,064,644	26,895,840	26,239,184
Legal expenses	8,528,512	8,114,568	2,806,406	1,510,627
Postage, stamp, telecommunication, etc.	25,786,090	25,036,230	10,863,979	9,216,407
Stationery, printing, advertisements, etc.	66,648,452	60,273,297	22,371,482	22,966,441
Managing Director's salary and benefits	9,520,000	8,770,000	3,840,000	3,090,000
Directors' fees	800,750	678,250	252,000	178,000
Auditors' fees	610,000	697,235	100,000	396,735
Charges on loan losses	-	-	-	-
Depreciation and repair of Company's assets	127,328,170	124,887,950	40,119,162	37,765,321
Other expenses	217,436,052	192,512,132	82,618,464	62,488,403
Total operating expenses	1,054,194,459	918,487,890	403,537,408	320,776,435
Profit before provision	1,566,742,300	1,091,112,605	442,331,558	463,007,900
Provision for loans / investments				
General provision	38,362,580	80,939,522	14,365,768	30,805,532
Specific provision	35,372,677	184,986,181	(179,399,723)	27,444,250
Provision for diminution in value of investments	55,326,478	692,995	(68,168,934)	41,183,098
Other provision	-	-	-	-
Total provision	129,061,735	266,618,698	(233,202,889)	99,432,880
Total profit before taxes	1,437,680,565	824,493,907	675,534,447	363,575,020
Provision for taxation	703,591,267	462,785,401	248,024,076	202,457,539
Net profit after taxation	734,089,298	361,708,506	427,510,371	161,117,481
Attributable to:				
Shareholders of the Company	734,089,248	361,708,434	427,510,260	161,117,437
Non-controlling interest	50	72	111	44
	734,089,298	361,708,506	427,510,371	161,117,481
Earnings per share (EPS)	3.65	1.80	2.13	0.80



CEO & Managing Director

Dhaka: October 20, 2014



Chief Financial Officer

IDLC Finance Limited
Consolidated Cash Flow Statement
for the period ended September 30, 2014

Particulars	<u>30-Sep-14</u> <u>Taka</u>	<u>30-Sep-13</u> <u>Taka</u>
A) Cash flows from operating activities		
Interest received	4,717,953,686	3,876,967,082
Interest paid	(3,424,815,759)	(2,979,166,530)
Dividend received	19,413,462	2,223,900
Fees and commission received	256,031,953	26,981,573
Paid to employees and suppliers	(954,814,433)	(830,275,367)
Payment of income tax	(387,160,135)	(384,252,963)
Received from other operating activities	270,184,296	293,116,545
Cash generated from operating activities before changes in operating assets and liabilities	496,793,070	5,594,240
Increase / (decrease) in operating assets and liabilities		
Lease receivable	(291,958,699)	(825,877,922)
Long-term finance	(1,973,313,822)	(5,459,447,525)
Real estate finance	(3,415,480,548)	(2,261,559,881)
Car loans	(795,840,413)	(255,627,465)
Personal loan	18,928,443	20,248,547
Loan against deposit	105,341,735	191,314,700
Margin loan to portfolio investors	1,341,888,214	694,059,099
Short term finance	(106,173,936)	(57,377,284)
Net proceeds of investment in marketable securities	(730,960,808)	(72,277,844)
Other assets	314,513,162	688,456,990
Term and other deposits	4,111,433,007	4,712,721,031
Net drawdown of short term loan	160,000,000	2,060,000,000
Payable and accrued expenses	385,662,111	480,074,635
Deferred liability-employee gratuity	19,611,203	21,283,566
Portfolio investors' fund	(438,370,550)	(111,922,519)
Deferred tax liability	-	-
Interest suspense account	34,267,818	4,746,600
	<u>(1,260,453,083)</u>	<u>(171,185,272)</u>
Net cash from operating activities	(763,660,013)	(165,591,032)
B) Cash flows from investing activities		
Purchase of property and equipment	(79,164,010)	(52,065,516)
Disposal of property and equipment	6,290,241	10,413,295
Net proceeds of investment in non marketable securities	(601,746,300)	20,000,000
Net cash used in investing activities	(674,620,069)	(21,652,221)
C) Cash flows from financing activities		
Drawdown of term loans	3,990,001,525	2,896,271,938
Repayment of term loans	(1,993,214,336)	(1,179,278,869)
Payment against lease obligation	-	-
Dividend paid	(79,438,669)	6,679
Net Cash from financing activities	1,917,348,520	1,716,999,748
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	479,068,438	1,529,756,495
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	7,855,917,527	3,881,053,808
G) Cash and cash equivalents at end of the period (D+E+F)	8,334,985,965	5,410,810,303
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	306,000	301,000
Money at call and short notice	-	-
Balance with Bangladesh Bank and its agent bank (s)	566,780,940	627,862,842
Balance with other banks and financial institutions	7,767,899,025	4,782,646,461
	<u>8,334,985,965</u>	<u>5,410,810,303</u>
Net operating cash flow per share	(3.80)	(0.82)


CEO & Managing Director

Dhaka: October 20, 2014


Chief Financial Officer

IDLC Finance Limited
Consolidated Statement of Changes in Equity
for the period ended September 30, 2014

	Attributable to equity holders of the Company							Total equity Taka	
	Share capital Taka	Share premium Taka	Statutory reserve Taka	General reserve Taka	Dividend equalisation reserve Taka	Retained earnings Taka	Total Taka		
Balance at January 1, 2014	1,608,750,000	3,750,000	1,003,251,644	811,250,000	46,500,000	1,889,256,471	5,362,758,115	1,854	5,362,759,969
Dividend for 2013:									
5% cash dividend	-	-	-	-	-	(80,437,500)	(80,437,500)	-	(80,437,500)
25% stock dividend	402,187,500	-	-	-	-	(402,187,500)	-	-	-
Changes in accounting policy									
Restated balance	2,010,937,500	3,750,000	1,003,251,644	811,250,000	46,500,000	1,406,631,471	5,282,320,615	1,854	5,282,322,469
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the period ended September 30, 2014	-	-	-	-	-	734,089,248	734,089,248	50	734,089,298
Appropriation to reserves	-	-	-	-	-	-	-	-	-
Balance at September 30, 2014	2,010,937,500	3,750,000	1,003,251,644	811,250,000	46,500,000	2,140,720,719	6,016,409,863	1,904	6,016,411,767
Balance at September 30, 2013	1,608,750,000	3,750,000	841,050,246	811,250,000	46,500,000	1,743,700,248	5,055,000,494	1,859	5,055,002,353



CEO & Managing Director

Dhaka: October 20, 2014



Chief Financial Officer

IDLC Finance Limited
Balance Sheet as at September 30, 2014

	<u>30-Sep-14</u> <u>Taka</u>	<u>31-Dec-13</u> <u>Taka</u>
PROPERTY AND ASSETS		
Cash		
In hand (including foreign currencies)	206,000	201,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	566,780,940	744,189,114
	566,986,940	744,390,114
Balance with other banks and financial institutions		
In Bangladesh	7,306,417,933	6,629,287,813
Outside Bangladesh	-	-
Money at call and short notice		
	-	-
Investments		
Government	300,000,000	-
Others	1,314,105,365	523,510,863
	1,614,105,365	523,510,863
Loans and advances		
Loans, cash credit, overdraft etc	44,556,529,231	38,677,966,492
Bills purchased and discounted	-	-
Fixed assets including land, building, furniture and fixtures		
	336,700,703	347,550,595
Other assets		
	1,805,310,780	1,612,136,869
Non-banking assets		
	-	-
Total Assets	56,186,050,952	48,534,842,746
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions and agents		
	10,916,788,569	8,707,892,450
Deposits and other accounts		
Current accounts and other accounts etc	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits	32,972,439,784	29,163,880,082
Bearer certificate of deposits	-	-
Other deposits	1,327,132,307	1,123,559,002
	34,299,572,091	30,287,439,084
Other liabilities		
	5,611,148,259	4,918,788,377
Total liabilities	50,827,508,919	43,914,119,911
Capital / Shareholders' equity		
Paid-up capital	2,010,937,500	1,608,750,000
Share premium	3,750,000	3,750,000
Statutory reserves	1,003,251,644	1,003,251,644
General reserves	811,250,000	811,250,000
Dividend equalisation reserves	46,500,000	46,500,000
Retained earnings	1,482,852,889	1,147,221,191
Total equity	5,358,542,033	4,620,722,835
Total liabilities and Shareholders' equity	56,186,050,952	48,534,842,746

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OFF - BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Indemnity Bond
Corporate guarantee

30-Sep-14
Taka

31-Dec-13
Taka

-	-
413,683,813	277,501,181
-	-
-	-
8,811,279	8,811,279
500,000,000	500,000,000
<u>922,495,092</u>	<u>786,312,460</u>

Other commitments

Documentary credits and short term trade related transactions
Forward assets purchased and forward deposits placed
Un-drawn note issuance and revolving underwriting facilities
Un-drawn formal standby facilities, credit lines
Un-disbursed contracted loans and leases

-	-
-	-
-	-
-	-
946,955,750	317,822,814
<u>946,955,750</u>	<u>317,822,814</u>
<u>1,869,450,842</u>	<u>1,104,135,274</u>
<u>26.65</u>	<u>22.98</u>

Total Off-Balance Sheet items including contingent liabilities

Net assets value per share



CEO & Managing Director

Dhaka: October 20, 2014



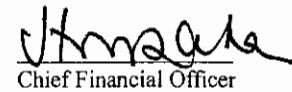
Chief Financial Officer

IDLC Finance Limited
Profit and Loss Account for the period ended September 30, 2014

	<u>Jan to Sep '14</u>	<u>Jan to Sep '13</u>	<u>Jul to Sep '14</u>	<u>Jul to Sep '13</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest income	5,496,421,784	4,525,710,142	1,848,718,441	1,637,264,179
Interest on deposits and borrowings etc	(3,413,789,701)	(2,959,713,402)	(1,120,057,330)	(1,041,157,209)
Net interest income	2,082,632,083	1,565,996,740	728,661,111	596,106,970
Investment income	22,090,036	51,706,012	19,611,921	33,761,580
Commission, exchange and brokerage	42,538,408	35,911,953	1,000,000	804,440
Other operating income	274,200,327	247,989,687	86,768,958	82,936,919
Total operating income	2,421,460,854	1,901,604,392	836,041,990	713,609,909
Salaries and allowances	422,519,792	343,829,668	185,366,644	131,874,059
Rent, taxes, insurance, electricity, etc.	58,991,706	48,454,784	21,171,731	16,088,673
Legal expenses	5,380,972	5,923,295	779,532	492,670
Postage, stamp, telecommunication, etc.	19,820,581	16,884,501	7,072,991	6,410,733
Stationery, printing, advertisements, etc.	61,752,438	55,988,870	21,483,053	20,888,496
Managing Director's salary and benefits	9,520,000	8,770,000	3,840,000	3,090,000
Directors' fees	580,750	454,250	178,250	115,000
Auditors' fees	460,000	517,500	-	230,000
Charges on loan losses	-	-	-	-
Depreciation and repair of Company's assets	106,002,281	104,586,727	31,644,553	30,767,322
Other expenses	204,043,272	171,194,090	73,493,447	52,632,836
Total operating expenses	889,071,792	756,603,685	345,030,201	262,589,789
Profit before provisions	1,532,389,062	1,145,000,707	491,011,789	451,020,120
Provision for loans / investments				
General provision	34,013,688	80,939,522	13,990,067	30,805,532
Specific provision	(19,759,349)	184,986,181	(119,399,723)	27,444,250
Provision for diminution in value of investments	44,204,140	22,884,149	(39,037,826)	25,026,733
Other provision	-	-	-	-
Total provision	58,458,479	288,809,852	(144,447,482)	83,276,515
Total profit before taxes	1,473,930,583	856,190,855	635,459,271	367,743,605
Provision for taxation	655,673,885	413,315,861	246,765,378	181,868,663
Net profit after taxation	818,256,698	442,874,994	388,693,893	185,874,942
Retained surplus	818,256,698	442,874,994	388,693,893	185,874,942
Earnings per share (EPS)	4.07	2.20	1.93	0.92


CEO & Managing Director

Dhaka: October 20, 2014


Chief Financial Officer

IDLC Finance Limited
Cash Flow Statement for the period ended September 30, 2014

Particulars	30-Sep-14	30-Sep-13
	Taka	Taka
A) Cash flows from operating activities		
Interest received	4,718,158,018	3,937,150,577
Interest paid	(3,413,789,701)	(2,959,713,403)
Dividend received	12,511,225	1,481,400
Fees and commission received	42,538,408	35,911,953
Paid to employees and suppliers	(806,986,209)	(674,746,391)
Payment of income tax	(350,094,004)	(333,662,682)
Received from other operating activities	279,873,783	293,743,785
Cash generated from operating activities before changes in operating assets and liabilities	482,211,520	300,165,239
Increase / (decrease) in operating assets and liabilities		
Lease receivable	(291,958,699)	(825,877,922)
Long-term finance	(1,973,313,822)	(5,459,447,525)
Real estate finance	(3,415,480,548)	(2,261,559,881)
Car loans	(795,840,413)	(255,627,465)
Personal loan	18,928,443	20,248,547
Loan against deposit	105,341,735	191,314,700
Loan to IDLC Investments Limited	739,900,000	389,000,000
Short term finance	(106,173,936)	(57,377,284)
Net proceeds of investment in marketable securities	(488,848,202)	(100,783,846)
Other assets	425,124,356	457,195,527
Term and other deposits	4,012,133,007	4,712,721,031
Net drawdown of short term loan	160,000,000	2,060,000,000
Payable and accrued expenses	279,996,140	262,340,526
Inter-company payables	-	(7,649,379)
Deferred liability-employee gratuity	13,058,736	19,812,113
Interest suspense account	34,267,818	4,746,601
	(1,282,865,386)	(850,944,256)
Net cash from operating activities	(800,653,866)	(550,779,017)
B) Cash flows from investing activities		
Purchase of property and equipment	(73,278,243)	(48,630,501)
Disposal of property and equipment	5,947,904	10,248,559
Net proceeds of investment in non marketable securities	(601,746,300)	20,000,000
Net cash used in investing activities	(669,076,639)	(18,381,941)
C) Cash flows from financing activities		
Drawdown of term loans	3,902,110,455	2,896,271,938
Repayment of term loans	(1,853,214,336)	(1,179,278,869)
Payment against lease obligation	-	-
Dividend paid	(79,438,669)	6,679
Net Cash from financing activities	1,969,457,450	1,716,999,748
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	499,726,946	1,147,838,789
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	7,373,677,927	3,585,867,813
G) Cash and cash equivalents at end of the period (D+E+F)	7,873,404,873	4,733,706,602
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	206,000	201,000
Money at call and short notice	-	-
Balance with Bangladesh Bank and its agent bank (s)	566,780,940	627,862,842
Balance with other banks and financial institutions	7,306,417,933	4,105,642,760
	7,873,404,873	4,733,706,602
Net operating cash flow per share	(3.98)	(2.74)


CEO & Managing Director
Dhaka: October 20, 2014


Chief Financial Officer

IDLC Finance Limited
Statement of Changes in Equity
for the period ended September 30, 2014

	Share capital Taka	Share premium Taka	Statutory reserve Taka	General reserve Taka	Dividend equalisation reserve Taka	Retained earnings Taka	Total Taka
Balance at January 1, 2014	1,608,750,000	3,750,000	1,003,251,644	811,250,000	46,500,000	1,147,221,191	4,620,722,835
Changes in accounting policy							
Dividend for 2013:							
5% cash dividend						(80,437,500)	
25% stock dividend	402,187,500					(402,187,500)	
Restated balance	2,010,937,500	3,750,000	1,003,251,644	811,250,000	46,500,000	664,596,191	4,540,285,335
Surplus/(deficit) on account of revaluation of properties							
Surplus/(deficit) on account of revaluation of investments							
Currency translation differences							
Net gain and losses not recognised in the profit and loss accounts							
Net profit for the period ended September 30, 2014							
Appropriation to reserves							
Balance at September 30, 2014	2,010,937,500	3,750,000	1,003,251,644	811,250,000	46,500,000	1,482,852,889	5,358,542,033
Balance at September 30, 2013	1,608,750,000	3,750,000	841,050,246	811,250,000	46,500,000	941,290,589	4,252,590,835


CEO & Managing Director

Dhaka: October 20, 2014


Chief Financial Officer

Reporting

This third quarterly financial report has been prepared based on Bangladesh Accounting Standard (BAS) - 34: "Interim Financial Reporting",

These interim financial statements should be read in conjunction with the published financial statement for the year ended December 31, 2013, as they provide an update to previously reported information.

Accounting policies and method of computations:

Accounting policies and methods of computations followed in preparing this financial statement are consistent with those used in the annual financial statements, prepared and published for the year ended December 31, 2013.

Consolidation of operations of subsidiaries:

The consolidation of the financial statements have been made after eliminating all material intra group transactions.

The total profits of the Company and its subsidiaries are shown in the consolidated profit and loss account, with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'non-controlling interest'.

Accrual of interest and provision made on margin loan:

No interest has been accrued and accounted for as income in the accounts against the margin loan provided by the Company's subsidiary, IDLC Investments Limited, having negative equity. Moreover, a general provision of 1% has been kept on the margin loan balances and specific provisions on negative equity clients have been made.

Provision for doubtful accounts and future losses :

The company used to follow an internal provisioning policy which was more conservative and stringent than Bangladesh Bank's provisioning policy up to June 30, 2014. Bangladesh Bank vide its letter No. DFIM(S) 1055/30/2014/1374 dated June 29, 2014 advised the company to keep provision in line with the policy circulated by Bangladesh Bank (FID circular-8, dated August 03, 2002). Accordingly, provision in this accounts has been maintained considering the Bangladesh Bank's provisioning policy disregarding the company's internal provisioning policy.

Earnings Per Share (EPS):

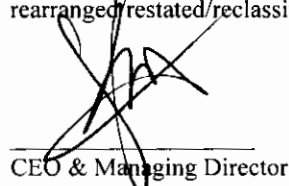
Earnings per share have been calculated based on number of shares outstanding for the period ended September 30, 2014 and profit for the same period. The number of shares outstanding for the period was 201.094 million. Earnings per shares for the preceding period of 2013 has also been calculated based on 201.094 million shares.

Subsequent events:

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of this financial statement to make proper evaluation and decision.

Reclassifications::

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/restated/reclassified, whenever considered necessary, to conform to current period's presentation.



CEO & Managing Director



Chief Financial Officer

Dhaka: October 20, 2014