

**DISCLOSURE IN RESPECT OF ISSUANCE
OF SECURITY IN DEMAT FORM**

“As per provisions of the Depository Act, 1999 and regulations made thereunder, share of the company will be issued in dematerialized form only and for this purpose the Asia Pacific General Insurance Company Ltd. has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only.”

**CONDITIONS UNDER 2CC OF THE SECURITIES
AND EXCHANGE ORDINANCE, 1969**

PART-A

1. The company shall go for Initial Public Offer (IPO) for 10,00,000 ordinary shares of Taka 100/- each at par worth Taka 10,00,00,000.00 following the Public Issue Rules, 1998, the Depository Act, 1999 and regulations issued there under.
2. The Prospectus, as vetted by SEC, shall be published in one widely circulated daily national newspaper (preferably in Bengali) within 5 (five) days from the date of consent. Information relating to publication of the prospectus shall be published in four daily national newspapers (Bengali and English) simultaneously. An abridged version of the prospectus vetted by SEC shall also be published in two widely circulated national daily newspapers.
3. The issuer company and the issue manager shall ensure transmission of the prospectus and relevant application forms for NRBs through e-mail, simultaneously of publication of the prospectus, to the Bangladesh Embassies and Missions abroad, as mentioned in the prospectus, and shall also ensure sending of the printed prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within two working days from the date of said despatch of the prospectus & the forms.
4. The paper clipping of the published prospectus, as mentioned at condition 2 above, shall be submitted to the Commission within 24 hours of the publication thereof.
5. The company shall submit 40 (forty) copies of the printed prospectus, along with a diskette prepared in “MS WORD” containing the prospectus, as vetted by SEC, to the Securities and Exchange Commission for official record within 3 (three) working days from the date of publication of the prospectus in the newspaper.
6. The company shall maintain bank account(s) for collecting proceeds of the Initial Public Offering from the prospective investing public as mentioned in the prospectus.
7. The company shall also open FC account(s) to deposit the application money of the non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. NRB means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.
8. The company shall open FC accounts on approval of Prospectus by SEC; and close these accounts after refund of over-subscription.
9. The company shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchange(s) where it intends to list its securities.

10. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

Application(s) will be made to the Dhaka and/or Chittagong Stock Exchange(s) within 5 (five) days of first issuance of the prospectus for permission of the share of the company for dealing in any or both of the said stock exchanges and for quotation on the stock exchange(s).

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

11. Notwithstanding anything contained in the Public Issue Rules, 1998 regarding limitation on the publication period, subscription shall start after 25 (Twenty five) days from the date of publication of the prospectus.
12. Notwithstanding anything contained in the Public Issue Rules, 1998 regarding limitation of the time on closure of the subscription, the subscription shall remain open for 5 (Five) consecutive banking days.
13. Application shall be sent by the NRB applicants directly to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
14. The company shall apply the spot buying rate (TT clean) in US\$, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
15. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares without any difficulty/ complain.
16. The company and the issue manager shall jointly provide SEC with the preliminary status of the subscription within one week from closure of the subscription date, and also the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within 3 (three) weeks after the closure of the subscription date including bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by MDs of the issuer company and the issue manager) regarding collection of initial public offer money. The final list of valid and invalid applicants shall be finalized after examining with the CDBL in respect of BO accounts and particulars thereof.
17. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 6 (six) weeks from the date of the subscription closure) if any of the following events occur:
 - a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - b) At least 50% of the IPO is not subscribed.

18. IPO distribution system:

All the applicants shall first be treated as applied for one minimum market lot of Tk. 5000/- worth of shares. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot, and thereafter, for the balance amount, lottery shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by the amount of a market lot separately for both non-resident Bangladeshis (NRBs) and General Public.

In case of over subscription, allotment shall be made by lottery among all the valid applicants in presence of the authorized representatives of the stock exchange(s) concerned, issue manager and a member of the Board of the company.

19. Lottery (if applicable) will be held within 5 (five) weeks from closure of the subscription date.
20. The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by Account Payee Cheque without interest 'payable at Dhaka/Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet, as the case may be. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.
21. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within 24 (twenty four) hours of allotment.
22. In the event of under subscription of the issue (subject to para -17 above), the issuer must notify the Underwriter to take up the underwritten shares within 10 (ten) days of the subscription closing date on full payment of the share money within 15(fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee, commission, etc. with the issue manager, other underwriter, issuer or the sponsor group.
23. In case of under subscription, the issuer shall not utilize the IPO fund before listing its securities with the stock exchange and the issuance of no objection letter from SEC.
24. The securities, which are subscribed by the Sponsors/Promoters/Directors, as described in the Prospectus, shall be subject to a Lock-in period of three years, in case of the companies intended/intending to go for Initial Public Offering (IPO), from the date of publication of the prospectus.
25. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding which shall contain the expiry date of lock-in period **or** Sponsors/ Directors/ Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in for three years as per the condition at Para 24 above.
26. In case of Jumbo Share Certificate of the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).
27. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within one week of listing of the shares with the stock exchange(s).
28. The company and the issue manager shall inform SEC about which stock exchange they have applied for listing within 5 (five) days of publication of prospectus and disclose it in the abridged version of the prospectus.

29. The company shall not declare any benefit other than cash dividend based on the financial statement for the year ended 31st December 2004.

Part –B

1. The issue manager (i.e., AAA Consultants & Financial Advisers) shall ensure that the prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published prospectus on the date of publication with the prospectus, as vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus, jointly inform the Commission in writing that the published prospectus is a verbatim copy of the prospectus vetted by the Commission.
4. The company and the issue manager shall simultaneously submit to the Commission an attested copy of the application filed with the stock exchange(s) for listing of the securities.
5. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. account payee cheque, pay order or bank draft etc.
6. The company shall not account for any upward revaluation of its fixed assets creating reserve without prior permission from the Securities and Exchange Commission.
7. The company and the issue manager shall jointly furnish report to the Commission on utilization of IPO proceeds within 15 days of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
8. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
9. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the EGM under intimation to SEC and stock exchange(s).
10. **Directors on the company's Board:** This will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue manager shall also ensure due compliance of all above.

GENERAL INFORMATION

AAA Consultants & Financial Advisers has prepared this Prospectus from information supplied by Islamic Finance and Investment Ltd. (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both Islamic Finance and Investment Ltd. and AAA Consultants & Financial Advisers collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus can be obtained from the Head Office of Islamic Finance and Investment Ltd., AAA Consultants & Financial Advisers, the underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS AND OFFICERS OF THE COMPANY "ISLAMIC FINANCE AND INVESTMENT LTD." IN RESPECT OF PROSPECTUS.

This prospectus has been prepared, seen and approved by us; and we collectively and individually accept full responsibility for the authenticity and accuracy of the statement, information given in the prospectus, documents, financial statements exhibits, annexure, papers submitted to the Commission in support thereof; and confirm, after making all reasonable inquiries, that all conditions and requirements concerning this public issue and prospectus have been met, and that there are no other information or documents the omission of which make any information or statements therein misleading, for which the Commission may take any civil, criminal or administrative action against us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus, to enable the investors to make an informed decision for investment.

Sd/-
(Shibbir Mahmud)
Chairman

Sd/-
(Anwar Hossain Chowdhury)
Vice Chairman

Sd/-
(Rezakul Haider)
Vice Chairman

Sd/-
(Abul Quasem Haider)
Founder Chairman & Director

Sd/-
(S.M. Bakhtiar Alam)
Director

Sd/-
(K.B.M Moin Uddin Chisty)
Director

Sd/-
(Anis Salahuddin Ahmad)
Director

Sd/-
(Md. Liaquat Hossain Moghul)
Director

Sd/-
(Mostanser Billa)
Director

Sd/-
(Afzalur Rahman)
Director

Sd/-
(Md. Rabiul Islam)
Managing Director

Sd/-
(Rezauddin Ahmed)
SVP & Company Secretary

Sd/-
(A.B.M. Abdus Sattar)
Vice President

Sd/-
(Md. Mizanur Rahman)
Vice President

Sd/-
(Maruf Mansur)
Assistant Vice President

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of Islamic Finance and Investment Ltd. and continue to act as a Director of the company.

Sd/-
(Shibbir Mahmud)
Chairman

Sd/-
(Anwar Hossain Chowdhury)
Vice Chairman

Sd/-
(Rezakul Haider)
Vice Chairman

Sd/-
(Abul Quasem Haider)
Founder Chairman & Director

Sd/-
(S.M. Bakhtiar Alam)
Director

Sd/-
(K.B.M Moin Uddin Chisty)
Director

Sd/-
(Anis Salahuddin Ahmad)
Director

Sd/-
(Md. Liaquat Hossain Moghul)
Director

Sd/-
(Mostanser Billa)
Director

Sd/-
(Afzalur Rahman)
Director

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK COMPANIES

A dated and signed copy of this prospectus has been filed for registration with the Registrar of Joint Stock Companies and firms, Bangladesh, as required by Section 138(1) of the Companies Act, 1994, on 2nd July 2005 vide receipt No: 0028485.

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the prospectus and prior to its publication shall be incorporated in the prospectus and the said prospectus should be published with the approval of the Commission.

For Issuer
Sd/-
Managing Director.
Islamic Finance and Investment Ltd.
Dated: 24th May, 2005.

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF ISLAMIC FINANCE & INVESTMENT LTD.

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the prospectus and prior to its publication shall be incorporated in the prospectus and the said prospectus should be published with the approval of the Commission.

For Manager to the Issue
Sd/-
Khwaja Arif Ahmed
MANAGING PARTNER & CEO
AAA Consultants & Financial Advisers
Dated: 30th day of May, 2005

DUE DILIGENCE CERTIFICATE OF THE ISSUE MANAGER

To
The Chairman
Securities and Exchange Commission
Jiban Bima Tower (15th, 16th & 20th Floor)
10, Dilkusha C/A, Dhaka-1000.

Sub: Public Issue of 1,000,000 Ordinary Shares of Taka 100.00 each at par by Islamic Finance and Investment Ltd.

Dear Sir

We, the under-noted Issue Manager to the above mentioned forthcoming Issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and discussion with the Company, its directors officers and other agencies; independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the Company;

WE CONFIRM THAT:

- a. The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers to the Issue;
- b. All the legal requirements connected with the said Issue have been duly complied with; and
- c. The disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision as to investment in the proposed Issue.

For Manager to the Issue

Sd/-
Khwaja Arif Ahmed
Managing Partner & CEO
AAA Consultants & Financial Advisers
Dated: 30th day of May, 2005

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITERS

To
The Chairman
Securities and Exchange Commission
Jiban Bima Tower (15th, 16th & 20th Floor)
10, Dilkusha C/A, Dhaka-1000.

Sub: Public Offer of 1,000,000 Ordinary Shares of Taka 100.00 at par Islamic Finance and Investment Limited as per SEC's guideline, 50% of the Public Offer viz. 500,000 ordinary shares of TK. 100.00 each are underwritten.

Dear Sir

We, the under-noted Underwriter(s) to the above mentioned forthcoming Issue, state as follows:

1. We, while underwriting the above mentioned Issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant for our underwriting decision; and
2. On the basis of such examination, and the discussion with the Company; its directors and other officers, and other agencies; and the contents of the documents and other materials furnished by the Company, and our underwriting agreement(s) dated 28th April 2005*.

WE CONFIRM THAT:

- a. All information relevant for our underwriting decision has been received by us and that the draft Prospectus forwarded to the Commission has been approved by us;
- b. We shall take up on payment any under-subscribed Securities against the above-mentioned Public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- c. This underwriting commitment is unequivocal and irrevocable

For Underwriter(s)

Sd/-
MD/DMD/SVP/SEVP/FD&CS/CEO

Southeast Bank Ltd.	Union Capital Limited.
The Trust Bank Ltd.	ICB Capital Management Ltd.
Arab Bangladesh Bank Ltd.	Prime Finance & Investment Ltd.
Export Import Bank of Bangladesh Ltd.	Bay Leasing & Investment Ltd.
Swadesh Investment Management Ltd.	Green Delta Insurance Company Ltd.

* Arab Bangladesh Bank Ltd & Union Capital Limited signed on 7th May 2005.

RISK FACTORS AND MANAGEMENT PERCEPTION ABOUT RISK

1. Investment in equity securities involves risk. Investors should not invest in the offer unless they can afford to take the risk of losing their investment.

? The risk is inherent to all equity securities and is not specific to Islamic Finance and Investment Ltd.

2. Any adverse political and economic environment of the country may affect the business which may ultimately affect the company's profitability leading to bad investment.

? The risks are uncontrollable and have equal impact to other leasing companies. Prudent investment decisions may give the company more than average return and thus provide a cushion for the company to sustain the period of uncertainty.

3. Unsystematic risk in the form of classified debts originating from the lessees end due to their management failure, financial imprudence, unfavorable shift in market for their products and services may disrupt the lessees ability to conduct business as usual.

? Some of the unsystematic risks outlined above are usual in the leasing industry. For scrutinizing risk of all its clients and associates systematically, the company using up to date risk evaluation techniques and usually asks for collateral.

4. Unfair and hostile competition in the leasing industry leading to price-cutting and entrance of new companies in this sector the company may face serious competition.

? Some of the unsystematic risks outlined above are usual in the leasing industry. For scrutinizing risk of all its clients and associates systematically, the company using up to date risk evaluation techniques.

5. Liquidity risk usually arises if the lesser default in repayment of their lease obligations or if they find a more attractive investment opportunity.

? The risks outlined above are usual in the leasing industry and are handled by stipulation of higher rate of delinquent charge and foreclosure of securities offered.

6. Management risk usually arises if the Directors are divided in opinion in any major issue or the directors interfere in the management.

? The Board of Directors of the company presently consists of sponsors shareholders and would include representatives from general shareholders. The directors of the company are expected to share common business interest and the management having earned their confidence should render this risk to be minimized.

7. Improper assessment/credit analysis of any investment proposal may turn into bad loans and cause losses to the company and its investors.

? The company's past performance reveals very insignificant loan loss provisions.

8. Higher staff turnover due to establishment of new leasing company may weaken the professional management and cause poor investment and lending decisions.

? Management provides proper incentive plan for professionals based on merit and performance. As such turnover has been very low in the past.

9. Despite adequate provision on loan and advances has been made as per Bangladesh Bank's circular, any increase in loan loss might have adverse impact on profitability as well as net worth in future.

? The management has been following a prudent investment policy, which will be continued in future. Therefore, it is expected that the loan loss in future will be within tolerable limit having little material impact on future profitability as well as net worth.

USE OF PROCEEDS

The public issue is the compliance of statutory requirement of the Company. The proceeds will strengthen the capital base of the Company and augment business expansion. The proceeds of the present issue of 1,000,000 ordinary share at Tk.100.00 each at par amounting to Tk. 100,000,000.00 would be utilized in the normal leasing and lending business of the Company.

IPO Expenses:

Detail of estimated Public Issue expenses are shown below:

Particulars	Amount in Tk.
Manager to the Issue fees	900,000.00
Application Fees to SEC	10,000.00
Underwriting Commission (0.50% of Tk. 50.00 million)	250,000.00
Fees to Securities & Exchange Commission (0.30% of Tk. 100.00 million)	300,000.00
Brokerage Commission (assumed 50% of IPO, i.e., 1.00 % of Tk. 50.00 million)	500,000.00
Banker to the Issue (0.25% of Tk. 100.00 million)	250,000.00
Listing fee to DSE or CSE (0.25% on Tk. 261.70 million (100.00 million + 161.70 million))	654,250.00
Printing of Prospectus (estimated or at actual)	100,000.00
Advertisement in one daily newspaper (full prospectus, cost or at actual)	300,000.00
Advertisement of abridged version of prospectus and notices etc (estimated or at actual)	100,000.00
Arrangement of Lottery	100,000.00
CDBL related expenses	75,000.00
Post Issue Expenses (estimated or at actual)	300,000.00
Total	3,839,250.00

DESCRIPTION OF BUSINESS

(1) Introduction

Islamic Finance and Investment Ltd. is a Non-Banking Financial Institution (NBFI) incorporated in Bangladesh on February 27, 2001 as a Public Limited Company under the Companies Act, 1994. The company received its certificate of commencement of business on February 27, 2001 and its license on April 12, 2001 as required under section 4(1) of the Non-Banking Financial Institution Act, 1993. The company has three Branch Offices in Bangladesh. Authorized Capital of the company is Tk. 1000.00 million divided into 10 million ordinary shares of Tk. 100.00 each while Paid-up Capital as on December 31, 2004 stands at Tk. 147,000,000.00 divided into 1,470,000 ordinary shares of Tk. 100.00 each subscribed by the sponsors.

The Company extends lease finance for capital machinery, construction, medical equipment, generators, boilers, vehicles, elevators, air-conditioning plants, house-holds and other essential items and equipment for business enterprises like mills, factories, financial institutions, banks and insurance companies as well as educational institutions, clinics, hospital, corporate bodies and individuals. The Company also extends term loan and house building loan facilities to established business enterprises, industrial units and individuals. Islamic Finance and Investment Ltd. has obtained ISO-9001:2000 certificate on Islamic Investment Banking Services issued by United Registrar of Systems Limited on 3rd June 2005 which will expire on 30th June 2008.

Leasing – a method of term financing is relatively new phenomenon in Bangladesh. For individuals needing some consumer durables for household comforts, easy access to this mode of financing is attractive. For large manufacturers undertaking BMRE program, this out of Balance Sheet borrowing having tax benefits also offers unique opportunities. So this new concept has got immense possibilities for all types of clients of our country. With a view to cater to the growing demands of this mode of finance, Islamic Finance and Investment Ltd. has started its operations.

Vision

To be a leader in financial arena of Bangladesh with Islamic values.

Mission

- ✍ To build a strong and dynamic institution to make a viable alternative to conventional system.
- ✍ To provide quality products and services to the clients with sincerity, honesty and care.
- ✍ To maximize clients' and shareholders' value with stable growth.
- ✍ To apply Shariah principles and maintain the highest level of ethical standard and transparency in all business transactions.
- ✍ To provide a congenial work atmosphere to create and attract competent work force
- ✍ To be socially responsible and make effective contribution to national development.

(2) Business Operations:

Contribution to Revenues:

Revenue income from the following products/services for the year ended Dec' 2003 and Dec' 2004 as per audited accounts are as follows:

Description	Dec' 2004 In Taka	Dec' 2003 In Taka
Rent for HPSM	36,375,992	22,519,614
Lease Rental	185,776,946	119,660,798
Net Lease Rental under IAS 17	15,982,541	-
Profit from Baim & HDS	2,286,563	2,916,096
Total Investment Income	240,422,042	145,096,508

Other Business Indicators:

Particulars	Dec' 2004 In Taka	Dec' 2003 In Taka
Authorised Capital	1,000,000,000	1,000,000,000
Issued, Subscribed & Paid-up Capital	147,000,000	70,000,000
Shareholder's Equity	170,356,972	82,073,289
Total Assets	1,017,541,774	704,016,345
Operational Revenue	180,222,237	102,454,537
Operational Expenses	152,250,411	91,111,366
Net Operating Profit/(Loss)	27,971,826	11,343,171
Non-Operating Income	8,925,771	5,185,910
Profit Before Provision & Taxation	36,897,597	16,529,081

The Company extends all types of finance like Lease, Hire Purchase Sherkatul Melk (HPSM), Bai Muazzal, Household Scheme etc. and different types of deposit scheme like Mudaraba Term Deposit, Home Owing Scheme, Higher Education & Marriage Scheme, Hajj Deposit Scheme, Pension Deposit Scheme, Monthly/Quarterly Profit Paying Scheme. All of these have received wide acceptance among the people.

(3) Associated and Related Company

The Company does not have any associated/related company either as a subsidiary, parent or sister concern.

(4) Distribution of Products/Services:

The products of the Company are distributed/services are rendered through its head office and three branch office network, its business associates and correspondents throughout the country.

(5) Competitive Conditions in the Business:

The Leasing Sector comprises of 28 (Twenty Eight)) of Non-Banking Financial Institutions (NBFIs). They severely compete for lease finance/term finance and are in search of sound investment/lending targets. Despite of this stiff competition, the private sector banks are also earning significantly increasing profit, using the products of NBFIs, especially those having strongly professionally managed operations.

(6) Sources of, and requirement for, power, gas & water:

The Company does not require such utilities except for ordinary use in office work.

(7) Customers providing 10% or more revenues:

Company's customers do not include any one providing 10% or more of revenues.

(8) Contract with Principal Suppliers/Customers:

The Company has entered into contracts with the lease takers, the prime customers of the company.

(9) Material Patents, Trade Marks, Licenses or Royalty Agreements:

The Company has not entered into any such Agreements.

(10) Employees' Position

As per auditors additional disclosure total number of employee as at 31st December 2004 receiving salary & allowance of Tk. 36,000.00 and above per year is 32. None of the employee has received annual salary & allowance per year below Tk. 36,000.00.

DESCRIPTION OF PROPERTY

1. The Company's business is principally operates through its Head Office and Branch office at Dhaka on rented premises. However, the company owns the following fixed assets at written down value as given below as per Audited Accounts:

Particular	(Net Book Value in Taka)	
	As at Dec 31, 2004	As at 31 Dec, 2003
(i) Furniture and Fixtures	837,370	824,236
(ii) Interior Decoration	2,425,388	2,694,875
(iii) Motor Vehicles	1,552,097	1,157,168
(iv) Computer & Accessories	323,586	320,448
(v) Mechanical Appliance	836,098	1,030,622
Total	<u>5,974,538</u>	<u>6,027,349</u>

2. The Company itself owns the entire fixed assets.

3. There is no mortgage or lien on the property.

4. There is no leasehold property by the Company – except premises of the Head Office and Branch office on lease/rental basis.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal & external Sources of Cash:

(As per Audited Accounts)

Particulars	Amount in Taka	
	31-12-2004	31-12-2003
Paid up capital	147,000,000	70,000,000
Statutory Reserve	7,834,628	2,677,891
Proposed Stock Dividend	14,700,000	
Retained Earnings	822,344	9,395,398
Total	<u>170,356,972</u>	<u>82,073,289</u>
<u>External Sources of Cash</u>		
Mudaraba Term Deposit	387,564,446	342,303,651
Deposits (others)	23,780,900	34,382,115
Advance Lease Rental	25,740,137	22,013,828
Deferred Liability	318,850	
Deferred Tax Liability	7,500,000	
Total	<u>444,904,333</u>	<u>398,699,594</u>
Grand Total	<u>615,261,305</u>	<u>480,772,883</u>

(2) Material Commitment for Capital Expenditure:

The Company has entered into lease-agreements with the owners of the premises by the Head Office as part of normal business practice in the Leasing Industry.

(3) Causes for material changes in Income, Expenses & Net-Income:

Since start of the business on 19th April, 2001, the revenue in the form of lease rental, interest on direct finance, other operational and non-operational income of the Company have continued to change (increase) due to business promotion efforts of the Directors and Management Staff supported by the general economic growth factors including production of bumper crops, increase in exports/imports, increased public expenditures, increased investment in trade and industry and human resource development.

A Comparative Statement of Income & Expenditure

(1) Income:

A comparative income position of the Company for the years ended December 31, 2004, 2003, 2002 and 2001 as per audited accounts are as follows:

Figure in Taka

Description	Dec' 2004	Dec' 2003	Dec' 2002	Dec' 2001
Rent for HPSM	36,375,992	145,096,508	6,378,373	367,285
Lease Rental	185,776,946	119,660,798	24,402,444	813,900
Net Lease Rental under IAS 17	15,982,541	-		
Profit from Baim & HDS	2,286,563	2,916,096	889,846	252,000
Sub Total	240,422,042	145,096,508		
Less Profit paid on Deposit	(60,199,805)	(42,641,971)	(7,856,132)	(291,862)
Total Operating Income	180,222,237	102,454,537	23,814,531	1,141,323

(2) Operating Expenses

A comparative operating expenses position of the Company for the years ended December 31, 2004, 2003, 2002 and 2001 as per audited accounts are as follows:

Figure in Taka

Description	Dec' 2004	Dec' 2003	Dec' 2002	Dec' 2001
Salaries and Allowances	7,711,936	6,423,624	4,723,706	2,564,491
Rent, Tax, Insurance & electricity	1,611,235	1,457,617	1,256,194	569,876
Legal Expanse	1,107,870	123,450	79,162	4,170
Depreciation on Leased Assets	133,200,746	77,907,681	15,967,879	755,554
Depreciation on Fixed Assets	1,991,886	1,660,548	1,724,709	415,763
Other Operational Expenses	6,626,738	3,538,446	2,086,559	648,859
Total Operating Expenses	152,250,411	91,111,366	25,838,209	4,958,713
Net Operating Profit/(Loss)	27,971,826	11,343,171	(2,023,678)	(3,817,390)
Total Profit/(Loss) after Tax	18,283,683	12,496,965	524,916	48,922

(3) Seasonal Aspects:

In general there is no seasonal impact on the business of the Company.

(4) Known Trends, Events or Uncertainties:

Political unrest, Hartal and Flood are the known events in our country.

(5) Changes in Assets to Pay Off Liabilities:

No asset of the Company has been used to pay off any liabilities.

(6) Loans Status

The Company has no subsidiary or associate concern. Therefore, taking loan from such concerns does not arise. The Company has taken term loan of TK. 2.50 crore from Southeast Bank, Motijheel branch (Islami Banking).

(7) Future Contractual Liabilities

The Company has not, as on 31st December 2004, entered into any future contractual liability.

(8) Future capital expenditure

The Company has planned to expand its business further and capital expenditure has been planned to be incurred for the purpose.

(9) VAT, Income Tax, Customs Duty or other Tax Liability

(i) **VAT:** The Company does not have any VAT outstanding as per audited accounts as at 31st December 2004.

(ii) **Income Tax:** Income tax of the Company is stated as follows:

Accounting Year	Assessment Year	Status
2001	2002-2003	Assessment completed and tax assessed by the NBR amounting Tk. 3,74,458. IFIL filled the case to the Honorable High Court on 10.02.04. No hearing is held yet.
2002	2003-2004	Assessment completed and taxable loss of Tk. 23,251,944 assessed by NBR as on 10.02.2005 and net Tax returnable TK.3,00,218
2003	2004-2005	Assessment completed and taxable loss of Tk. 50,587,459 and tax payable on other income Tk. 7,35,961 as assessed by DCT on 05.04.05. The DCT order to pay the same within 30.04.05. IFIL has made appeal on 02.06.05 to the commissioner of taxes for tax payable on other income.

- (iii) **Custom Duty or Other Tax Liability:** There are no dues outstanding on account of Custom Duty or Other tax liabilities.

(10) Sources from which Income Tax, VAT, Custom Duty and Other Liabilities to be paid:

Unpaid/Unadjusted liabilities, if any, on account of Income Tax, VAT, Custom Duty or other tax liabilities will be paid out of the ordinary resources of the Company.

(11) Operational Lease

The company has established its Head Office as well as the branches on leased accommodation as follows:

Particulars of Leased Premises	Area(sft.)	Period of Lease	Rent per sft. Taka	Monthly amount	Advance outstanding on 31-03-2005
Head Office & Principal Br. Chand Mension 66, Dilkusha, Dhaka -1000.	3996	6 years	@20.00	79,920/=	Advance Exhausted
Chittagong Branch, Osman Court (3 rd Floor), 70, Agrabad C/A, Chittagong.	1239	3 years	@17.00	21,063/=	29,040.00
Bogra Branch, Ava Plaza (2 nd floor) Galapatti, Bogra..	2100	3 years	@ 5.24	11,000/=	91,666.00

(12) Financial Lease Agreements

The Company has established its Head Office on leased accommodation.

(13) Financial Lease Commitments

The company doesn't have any lease commitment.

(14) Personnel Related Scheme

The Company has initiated training schemes for human resource development. Company also has a well-designed compensation plan for attracting highly capable professional with high degree of integrity. This includes salary and allowances, festival bonus, incentive bonus, leave salary, unfunded gratuity, none approve contributory provident fund.

(15) Break Down of Expenses for Issue Manager and Underwriters

Following is the amount to be paid to the Issue Manager and Underwriter:

- Issue Management Fee Tk. 900,000.00
- Underwriting commission Tk. 250,000.00 being 0.50% on the amount of Tk. 50,000,000.00 (50% of the IPO). Take up commission @ 2.50% (maximum) on the amount remaining unsubscribe will be paid to the Underwriters.

(16) Revaluation of Company's Assets & Summary Thereof

No revaluation has been made to the Company's assets.

(17) Transaction between Holding Company and the Issuer

Islamic Finance and Investment Ltd. has no subsidiary company. Hence no transaction has taken place.

DECLARATION FOR A NON-BANKING FINANCIAL INSTITUTION

We hereby declare that all requirements have been met as specified in the Non-Banking Financial Institution Act, 1993 (Act No. 4 of the 1993) under the Financial Institutional Regulation 1994.

Sd/- (Shibbir Mahmud) Chairman	Sd/- (Anwar Hossain Chowdhury) Vice Chairman	Sd/- (Rezakul Haider) Vice Chairman
Sd/- (Abul Quasem Haider) Founder Chairman & Director	Sd/- (S.M. Bakhtiar Alam) Director	Sd/- (K.B.M Moin Uddin Chisty) Director
Sd/- (Anis Salahuddin Ahmad) Director	Sd/- (Md. Liaquat Hossain Moghul) Director	Sd/- (Mostanser Billa) Director
Sd/- (Afzalur Rahman) Director		

Auditor's Certificate regarding issuance of Shares other than for cash

This is to certify that the shareholders of Islamic Finance and Investment Limited (IFIL) in the 3rd Annual General Meeting held on 31.03.2004 unanimously approved stock dividend @10% in the form of bonus share for the year 2003. The number of bonus shares was 7,000 on 70,000 ordinary shares of Tk. 1000/= each. The shareholders in the 4th Annual General Meeting held on 07.04.2005 also approved stock dividend @10% in the form of bonus share for the year 2004. The number of bonus shares was 1,47,000 on 14,70,000 ordinary shares of Tk. 100/= each. Thus, total number of bonus share stands at 2,17,000 for which no payment was made or to be made in cash.

- Note: 1. The IFIL in the 1st EGM held on 07.04.2005 has approved face value per share of Tk. 100/= instead of Tk. 1000/- each.
2. The IFIL in its board meeting held on 31.08.04 allotted 70,000 ordinary shares of Tk. 1000 each on 1:1 basis.

Dated : Dhaka
8th June 15, 2005.

Sd/-
M.J. Abedin & Co.
Chartered Accountants

Declaration

This is to declare that to the best of our knowledge and belief no information, facts circumstances that are discloseable have been suppressed that can change the terms and conditions under which the offer has been made to the Public.

Sd/-
(Md. Rabiul Islam)
Managing Director
Dated: 24th May, 2005.

Director's relationship in other companies

Sl. No.	Name	Age	Rank in IFIL	Directorship/Sponsorship/Ownership with other Companies
1.	Shibbir Mahmud	56	Chairman	Swiss Tex Ltd. Mercury Packaging & Accessories Ltd Shirat Chemicals Ltd. Jhilik Jewelers Ltd. Maillot Designs Ltd. Deluxe Apparels Diganta Media Corporation Daily Naya Diganta
2.	Anwar Hossain Chowdhury	49	Vice Chairman	A J International A J Fashions Ltd. A J Embroidery Ltd. Lucky Star Apparels Ltd. Sears Accessories Ltd. Takaful Islami Insurance Bangladesh Institute of Communication Study and Public Relation (BICSPR) Eastern University Foundation (Private University) A J Sweater Industries Ltd. (Proposed) A J Super Garments Ltd. (Proposed)
3.	Rezakul Haider	51	Vice Chairman	Youth Garments Ltd. Youth Fashion Ltd. Choudhury Apparels (pvt) Ltd. Dewan Modern Garment (pvt) Ltd. Dewan Apparels Ltd. Energy Development Company Ltd Panorama Printers Ltd. Unicom Textile Mills Ltd. Global Beverage Co. Ltd. Youth Spinning Mills Fair Deal Enterprise Comptex BD Ltd. Multimode Merchandising Ltd. International Holdings Ltd. (Australian International School) Eastern University Foundation (Eastern University)
4.	Abul Quasem Haider	51	Director	Youth Garments Ltd. Youth Fashion Ltd. Choudhury Apparels (pvt) Ltd. Dewan Modern Garment (pvt) Ltd. Dewan Apparels Ltd. Energy Development Company Ltd. Panorama Printers Ltd. Unicom Textile Mills Ltd. Global Beverage Co. Ltd. Youth Spinning Mills Fair Deal Enterprise Comptex BD Ltd. Multimode Merchandising Ltd. International Holdings Ltd. (Australian International School) Eastern University Foundation (Eastern University)

5.	S.M. Bakhtiar Alam	48	Director	Prophecy Furnishers Prophecy Furnishers Limited Eastern University Foundation
6.	K.B.M Moin Uddin Chisty	34	Director	Global Human Resources Development Ltd. Global Institute of Business & Technology Diamond Trade International Victoria University of Bangladesh
7.	Anis Salahuddin Ahmad	42	Director	Youth Spinning Mills Ltd. Global Beverage Ltd. Fair deal Enterprise Comptex Bangladesh Ltd. International Holdings Limited Multimode Merchandising Ltd. Eastern University Foundation Energy Development Company Ltd.
8.	Md. Liaquat Hossain Moghul	42	Director	Color Wear Limited Color Accessories Color Stitch Ltd. Moghul Kniting Ltd. International Holdings Limited (Owner of "Australian International School")
9.	Mostanser Billa	55	Director	Youth Garments Ltd. Youth Fashion Ltd. Choudhury Apparels (pvt) Ltd. Dewan Modern Garment (pvt) Ltd. Dewan Apparels Ltd. Energy Development Company Ltd. Panorama Printers Ltd. Unicom Textile Mills Ltd. Global Beverage Co. Ltd. Youth Spinning Mills Fair Deal Enterprise Comptex BD Ltd. Multimode Merchandising Ltd. International Holdings Ltd. (Australian International School) Eastern University Foundation (Eastern University)
10.	Afzalur Rahman	51	Director	Youth Spinning Mills Ltd. Global Beverage Ltd. Fair deal Enterprise Comptex Bangladesh Ltd. International Holdings Limited Multimode Merchandising Ltd. Eastern University Foundation Energy Development Company Ltd.

Retirement of Directors:

Sl. No.	Name of Directors	Date of becoming first Director	Expiry of current term
1.	Shibbir Mahmud	27 th February 2001	2006
2.	Anwar Hossain Chowdhury	27 th February 2001	2006
3.	Rezaku Haider	27 th February 2001	2006
4.	Abul Quasem Haider	27 th February 2001	2006
5.	S.M. Bakhtiar Alam	24 th July 2002	2006
6.	K.B.M. Moin Uddin Chisty	24 th July 2002	2006
7.	Anis Salahuddin Ahmad	31 st March 2004	2006
8.	Md. Liaquat Hossain Moghul	31 st March 2004	2006
9.	Mostanser Billa	31 st March 2004	2006
10.	Afzalur Rahman	7 th April. 2005	2006

Particulars of Top Executives/Officers:

SI No.	Name	Educational Qualification	Position in the Company	Age	Date of Joining in the Company	Total Years of Experience
1	Md. Rabiul Islam	B.A (Hons.) M.A. in Economics (1st Class 2 nd), M.Ec. - Monash University (Australia)	Managing Director	54	16.11. 2003	31 years
2	Rezauddin Ahmed	BSS (Hons.) MSS in Economics, MBA from IBA, DAIBB	SVP and Company Secretary	49	02.05.2001	23 years
3.	A.B.M. Abdus Sattar	B.A. (Hons) M.A. in Social Works	Vice President	50	01.02.2001	20 years
4.	Md. Mizanur Rahman	B.COM (Hons.) M.Com in Accounting, Qualified Cost & Management Accountants	Vice President	39	14.06. 2003	15 years
5.	Maruf Mansur	M.COM. (Management) MBA (Major Finance and Accounting)	Asst. Vice President	32	25.02. 2005	9 years
6.	Neaz Moshin Shafi	M.Com. (Accounting)	Sr. Principal Officer	43	01.07. 2003	17 years
7.	Abu Ata Shaikh Md. Sanauallah	B.Sc.Fisheries (Hon's) M.Sc (BAU)	Sr. Principal Officer	46	21.06.2004	21 years

Family Relationship between Directors/Officers:

There is no family relationship between the Directors and Officers.

Family Relationship among the Directors

There is no family relationship among the Directors.

Officers Employed in other Company

No officer of Islamic Finance and Investment Ltd. is currently employed by another Company.

INVOLVEMENT OF OFFICERS AND DIRECTOR IN CERTAIN LEGAL PROCEEDINGS

No Officer or Director of the company was involved in any of the following types of legal proceedings in the past ten years:

- 1) Any bankruptcy petition filed by or against any company of which any Officer or Director or Nominee of the company filling the prospectus was a Director, Officer or general partner at the time of the bankruptcy or within two years prior to that time;
- 2) Any conviction of an Officer, Director or Nominee in the criminal proceedings or any criminal proceedings pending against him;
- 3) Any order, judgment or decree of any Court of competent jurisdiction against Officer, Director or Nominee permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business, securities or banking activities.
- 4) Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business securities or banking activities.

CIB Report

Bangladesh Bank through its letter no. CIB/-7(1)/2005-8894 dated 31.05.05 inform that except Mr. Tawfiq Hossain Ali all of its Directors & shareholders are not loan defaulter with any Bank or Financial institution. Subsequently Bangladesh Bank informed that Mr. Tawfiq Hossain Ali at present is not a loan defaulter. (ref. no. CIB/-7(1)/2005-10332 dated 21.06.05)

CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

Special Arrangement of Directors with the Company

The transaction between the Company and Directors are disclosed in the auditors' disclosure part of the prospectus. Neither proposed any transaction nor had any transaction during the last two years with following related parties:

- (i) Executive officer of the Company
- (ii) Any nominee or director or officer.
- (iii) Any person owing 5% or more of the outstanding share capital of the Company
- (iv) Any member of the immediate family (including spouse, parents, children, and in laws) of any of the above person.

Special Arrangement of Directors with the Company

The Company does not have any special arrangement / commitment with its Directors and there was no such transaction during the last 3 years.

Loan Given/Taken:

The Company did not take or give any loan from any Director or any person connected with any Director nor did any Director or any person connected with any Director.

Directors' Facilities during Prospectus Publication

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

SHORT BIO-DATA OF THE DIRECTORS & EXECUTIVES

DIRECTORS PROFILE

01. Janab Shibbir Mahmud, Chairman

Janab Shibbir Mahmud son of Late Al-Haj Ahmed Karim was born in 1949 at Laksmipur in a respectable Muslim family. After Graduation in 1969 he went to the U.K. and studied Computer Science. Then he started Catering Business in the U.K and continued the same up to 1983. In 1984 he started 100% Export Oriented Garments business subsequently started Garments Accessories, Food & Chemicals business in Bangladesh. Within a short span of time he become a very prominent figure in Garment Accessories sub-sector. He is the Chairman of Swiss Tex Group. Janab Shibbir Mahmud is a Sponsor Director of the Daily Naya Diganta, one of the newly established & popular daily newspapers.

Janab Shibbir Mahmud visited most of the countries of Europe, Asia, USA and other countries for business development & Promotion. He is a Sponsor Director and Chairman of IFIL. He is also involved in various social welfare activities including syndicate member of Ahsania Engineering University of Science & Technology.

02. Janab Anwar Hossain Chowdhury, Vice Chairman.

Janab Anwar Hossain Chowdhury son of Late Bashir Ullah was born in 1956 at Laksmipar in a respectable Muslim family. By Profession he was a Mechanical Engineer and he served in different national & international organizations in various responsible positions.

Janab Chowdhury started business of Apparel, Buying House just after leaving the service. Thereafter, he established a number of 100% export oriented garment industries. He is the Chairman of A.J. Group. He is a Sponsor Director and the E.C Chairman of IFIL and a Director of Takaful Islami Insurance Ltd.

Janab Chowdhury is actively associated with social welfare activities and established a number of schools, colleges, Madrasha. He actively participated in establishing Eastern University.

He visited Europe, USA, China and other Asian Countries for business development & Promotion.

03. Janab Rezakul Haider, Vice Chairman.

Janab Rezakul Haider son of Late Munshi Abdul Manan hails from a respectable muslim family at Sandwip. After returning from Germany in the year 1983, he ventured in the business arena of Bangladesh. Janab Haider is among the fewest of entrepreneurs who went into the Garments Business in its early stage, he started the "Youth Garments" with others in 1984 with only 35 sewing machine, which today is an sister concern of " Youth Group" one of the Conglomerates in the industrialization process of Bangladesh.

Janab Haider is a widely traveled person with fine business acumen, his decision making process greatly contributed to his success in business, which indeed reflects to his diversified activities. Janab Hider is a social activists and established numerous School and Madrasha at Sandwip. He has also contributed greatly in Establishing the Australian International School, Dhaka, which is the only School rendering Western Australian Curriculum. His active participation and patronage established the " Eastern University".

04. Janab Abul Quasem Haider, Director and Founder Chairman

Janab Abul Quasem Haider son of Late Al-Haj Moulabi Sekandar Hossain was born in 1954 at Sandwip, Chittagong in a respectable Muslim family. He obtained B. Sc (Hon's), M.Sc from Dhaka University securing First Class in M.Sc.

His sincerity, honesty, dedication, hard-work, self-esteem, enthusiasm, spirit and high degree of sense of responsibility have made him a distinguished personality in business arena. Currently he is the Vice President of FBCCI. His versatile & diversified business affiliation includes Garments, Beverage, Thread, Carton and Textile manufacturing business. With his Courage & dedication he established one of the largest business conglomerates in Bangladesh, Youth Group, involved with diversified products & services. He is the Chairman of Youth Group. Besides, Janab Haider established a number of educational institutions including Eastern University, Australian International School and many more schools, colleges and Madresha. He was also the President of Bangladesh Arthanaitic Unnayan Forum and Editor Monthly Panorama and Daily Aker Awaz.

Janab Haider is a widely traveled man, visited different countries of the world for business development & promotion. He wrote a lot of books on business and social development. Now he is also the former President - Bangladesh Corrugated Carton and Acc Manufactures and Export Association (BCCAMEA), Syndicate Member- Dhaka University, and is associated with many more organizations. Janab Haider is the founder Chairman of Islamic Finance and Investment Limited.

He is a regular writer of various issues in daily newspaper. Now he is author of 24 books on trade & Commerce.

05. Janab S.M. Bakhtiar Alam, Director

Janab S.M. Bakhtiar Alam, son of Late S.M. Nurul Islam was born in 1957 at Vikrampur, Munshigonj in a respectable Muslim family. He obtained B.Sc (Hon's), M.Sc from University of Dhaka.

Besides study, he started business in 1974 by establishing Prophecy Furnishers- One of the renowned furniture house. Later he established Prophecy Furnishers Limited, the first ISO 9002 Certified 100% export oriented joint venture furniture company in Bangladesh. He was honored with C.R. Das Gold Medal for diversification of export.

Janab Alam is a Registered Graduate of University of Dhaka. He is a Chartered Member of Liberation War Museum.

He is actively engaged in many welfare activities. He is the founder of "S.M. Nurul Alam (Lall Meah) Welfare Trust" and also one of the founders of Eastern University.

He is one of the Directors of IFIL. He performed Hajj a decade ago. Janab Alam is a widely traveled person. He visited different countries of the world for his business development.

06. Janab K.B.M. Moin Uddin Chisty, Director

Janab K.B.M. Moin Uddin Chisty was born at Comilla in 1971 in a respectable Muslim family. After completion of Master of Business Administration (MBA), he started business career. He established a number of educational institutions including Victoria University of Bangladesh and Global Institution of Business & Technology.

Janab Chisty visited around 25 countries of the world for business development and promotion. He is an active social worker and involved with various social investments including NGO.

Janab Chisty is associated with IFIL as Director and contributing to the company through sincere & innovative efforts.

07. Janab Anis Salahuddin Ahmad, Director

Janab Anis Salahuddin Ahmad, son of Late Salahuddin Ahmad hails from a respectable Muslim family in Dhaka. He Obtained Diploma in Hospitality Management from SITA, Rome, Italy in 1985. On his return to Bangladesh he started his career in Textile with Detex Ltd, and latter on joined Inchcape Bangladesh, a leading Sourcing Company in textile and related products. Latter on he join Youth Group as one of its Director and earned a reputation as an astute and efficient businessman.

Janab Ahmad is also a member of board of governors in Eastern University and has actively been participating to its growth. He is also involved in setting up the first school in Dhaka rendering Western Australian Curriculum, which is Australian International School, Dhaka.

Janab Anis S. Ahmad is a Director of IFIL contributing to the company in many ways with his sincere and innovative efforts.

08. Janab Md. Liaquat Hossain Moghul , Director

Janab Md. Liaquat Hossain Moghul, son of Late Md. Khorshed Ali Moghul was born in 1963 at Jessore in a respectable Muslim family. After struggles he started business concentrating on Buying, Manufacturing and Export of Readymade Garments & Accessories.

Janab Moghul is an active social worker and established a number of Hospital (Rotary Khorshed Ali Moghul Health Complex), Schools, (Jobeda Moghul Institute), Madrasa, Mosque and Orphanage.

Janab Moghul is one of the Sponsor Directors of IFIL contributing with his sincere efforts.

09. Janab Mostanser Billa , Director

Janab Mostanser Billa, son of Late Munshi Aziz Ullah hails from a respectable muslim family at Sandwip. After returning from Germany in the year 1983, he ventured in the business arena of Bangladesh. Janab Billa are among the fewest of entrepreneurs who went into the Garments Business in its early stage, he started the " Youth Graments" with others in 1984 with only 35 sewing machine, which today is an sister concern of "Youth Group" one of the Conglomerates in the industrialization process of Bangladesh.

Janab Billa is a widely traveled person with fine business acumen, his decision marking process greatly contributed to his success in business, which indeed reflects to his diversified activities. Janab Billa is a social activists and supporting financially many Mosques & Madrasahs. He has also contributed greatly in Establishing the Australian International School, Dhaka, which is the only School rendering Western Australian Curriculum.

10. Janab Afzalur Rahman , Director

Janab Afzalur Rahman, Son of Late Dr. Akhlaqur Rahman was born in Dhaka in 1954 in a respectable Muslim family. He acquired Diploma in Textile Industry Technology from Mebel & Fletcher Technical College Liverpool, UK in 1979.

Janab Rahman acquired versatile experiences in different trade & industries. He was Marketing Manager of Pan Pacific Sonargaon Hotel Dhaka and Country Manager in an International Buying House. In 1992 he joined Youth Group as a partner in the Impact Thread Ltd, Fair Deal Enterprise, Multimode Merchandising and Global Beverage Premium. Ltd. Through his service and business career he proved himself to be an energetic, self motivated and a natural leader.

Mr. Rahman is a Sponsor of Islamic Finance and Investment Limited and now serving as a Director of IFIL.

EXECUTIVES PROFILE

01. Janab Md. Rabiul Islam. Managing Director

Janab Md. Rabiul Islam son of Late Mohammad Ali Talukder was born in 1951 in Tangail in a respectable Muslim family. He obtained B.A. (Hon's), M.A. in Economics from Dhaka University and secured 1st Class (2nd Position) in M.A.. Janab Islam also obtained his Post Graduation in Development Economics from Monash University, Australia in 1985. His academic results were excellent in all the public examinations.

Janab Islam started career with Dhaka University in 1974 as Lecturer, Department of Economics and continued there till 1978. In 1978 he joined at Bangladesh Bank as Deputy Director and continued there till 2003. He has an experience of about two decades in steering growth of nationalized institutions including Bangladesh Bank, holding various Senior Executive positions. He decorated the positions by holding the key post as Managing Director of Bangladesh Shilpa Rin Sangstha (BSRS), & The Security Printing Corporation (PREMIUM) Ltd. & Director/Board Member of BASIC Bank, ICB and some others Govt. Organizations. He was an Executive Director of Bangladesh Bank from 1998 to 2003.

He visited abroad widely and attended many seminars and workshops in home and abroad. Janab Islam joined IFIL as Managing Director in November 2003.

02. Janab Rezauddin Ahmed, Sr. Vice President & Company Secretary

Janab Rezauddin Ahmed was born in 1956 in Tangail in a respectable Muslim family. He obtained BSS (Hon's) MSS in Economics in 1979. He is an MBA from the Institute of Business Administration (IBA), University of Dhaka having major in Finance and DAIBB from Institute of Bankers of Bangladesh.

Janab Ahmed is a seasoned banker. He started career as Senior Officer in Bangladesh Shilpa Bank (BSB) & served for 9 years, thereafter he served for BASIC Bank for about 6 years. Janab Ahmed is a renowned personality in the financial arena in Bangladesh. He served for GSP Finance (a leading NBFI) Company (PREMIUM) Limited for 5 years respectively. During his service tenure he served as Manager in Shilpa Bank, Branch Manager and Head of Credit & Marketing in Bank & Financial Institutions holding different key positions.

He is a guest speaker of Banks and Financial Institutions and attended many seminars & training Courses. Currently he is holding the position of Senior Vice President and Company Secretary and also the post of Head of Investment in IFIL.

03. Janab A.B.M. Abdus Sattar, Vice President

Janab A.B.M. Abdus Sattar was born in 1955 at Pabna in a respectable Muslim family. He obtained B.A.(Hons), M.A in Social Work under Rajshahi University in 1981.

Janab Sattar started career in 1985 in the Ibn Sina Trust and continued there till 1989. There after, he joined the Islami Bank Foundation in 1990 and served there till 1996 at different positions. He joined in Social Investment Bank Limited in 1996 and served there up to 2001 as Assistant Vice President at Investment Department & Voluntary Banking Sector. In 2001 Janab Sattar joined IFIL as Assistant Vice President as Head of Personnel and Establishment Department. Now Janab Sattar is working as Vice President & Manager Principal Branch including the Charge of Personal and Establishment Department. Janab Sattar attended many Seminars and Training Courses including Diploma in Personnel Management, HRD, Working Capital Management etc.

04. Janab Md. Mizanur Rahman, Vice President

Janab Md. Mizanur Rahman was born in 1966 at Feni in a respectable Muslim family. He obtained B.Com (Hon's), M.Com in Accounting from Chittagong University in 1990 and secured 2nd Class (4th Position) in M. Com.

After post graduation, he started career with Youngone (CEPZ) Limited a large Korean Company in DEPZ & CEPZ. He served in Youngone (CEPZ) Limited at different Positions till 1996.

He worked for different Financial Institutions including Union Capital Ltd, AIMS of Bangladesh Ltd., GSP Finance Company Bangladesh Ltd. from 1996 to 2003, as Sr. Manager, Head of Finance & Company Secretary. He attended many seminars & Training Courses on Taxation, Corporate Affairs, Accounting Standard and Others.

He joined IFIL in 2003 as Assistant Vice President and now working as Vice President, Central Accounts Department. He is a Professional Cost and Management Accountants (CMA) of ICMA.

05. Janab Maruf Mansur, Assistant Vice President

Janab Maruf Mansur son of Late Barrister Mansur Ahmed Patwary was born in 1973 at Dhaka in a respectable Muslim family. He is a Master of Management and he also did his post graduation in Business Administration (MBA), major in Finance & Accounting.

Janab Mansur worked for different Financial Institutions in Bangladesh as Credit and Financial Analyst. He started career with Bay Leasing & Investment Limited in 1996 and worked for GSP Finance Company (PREMIUM) Ltd., Fidelity Assets and Securities Company Ltd., Self Employment Finance Limited as Senior Manager, Assistant Vice President and Assistant General Manager respectively. In February 2005 he joined IFIL as Assistant Vice President in Branch Operation.

Janab Mansur attended many seminars & training on Leasing, Project Management, Project Analysis & Evaluation, Financial Analysis, Financial Management etc. Janab Mansur is a renowned personality in the Leasing sector of Bangladesh.

EXECUTIVE COMPENSATION

A. Remuneration paid to top Four Executives

SL.	Name	Designation	2004
1	Md. Rabiul Islam	Managing Director	1,600,000.00
2	Rezauddin Ahmed	SVP & Company Secretary	491,178.00
3	A.B.M. Abdus Sattar	Vice President & Premium. Br. Manager	419,650.00
4	Md. Mizanur Rahman	Vice President - Accounts & Finance	335,692.00

B. Aggregate Amount of Remuneration paid to Directors & officers

(As per audited accounts)

Sl. No.	Particulars	2004
1	Directors Fees	5,56,000
2	Salaries of Staffs & Officers	7,711,936

✍ The Company did not pay any amount to any person who was not an Officer/ Director of the Company during the last fiscal year.

✍ There is no contract with any Director/Officer for future compensation.

Pay Increase Intention

Besides normal increment, additional salary increment has also been made.

OPTION GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The company did not grant any option for issue of shares to any Officer, Director and other employees of the Company or to any other person not involved with the Company.

TRANSACTIONS WITH PROMOTERS

Benefit from the Company

The Promoters of the Company have not received any benefits other than Board Meeting attendance fees and the Company also has not received anything from its Promoters except fund against allotment of Shares.

Promoters' Asset to Company

Promoters have not transferred any asset to the Company but deposited share money as required. The Company acquired assets by investing its own funds.

OWNERSHIP OF THE COMPANY'S SECURITIES

Sl.	Name of Sponsors	Status	No. of Shares Subscribed	Percentage
1.	Janab Shibbr Mahmud	Chairman	6,594	4.49%
2.	Janab Anwar Hossain Chowdhury	Vice Chairman	6,594	4.49%
3.	Janab Rezakul Haider	Vice Chairman	6,594	4.49%
4.	Janab Abul Quasem Haider	Director	6,594	4.49%
5.	Janab S.M. Bakhtiar Alam	Director	6,594	4.49%
6.	Janab K.B.M Moin Uddin Chisty	Director	6,594	4.49%
7.	Janab Anis Salahuddin Ahmad	Director	6,594	4.49%
8.	Janab Md. Liaquat Hossain Moghul	Director	6,594	4.49%
9.	Janab Mostanser Billa	Director	6,594	4.49%
10.	Janab Afjalur Rahman	Director	6,594	4.49%
11.	Janab Hossain Mahmud	Sponsor Shareholder	6,594	4.49%
12.	Janab Fazlul Hoque	-DO-	6,594	4.49%
13.	Janab Mazibur Rahman Khan	-DO-	6,594	4.49%
14.	Janab Syed Tawfiq Hossain Ali	-DO-	6,594	4.49%
15.	Janab Md. Shafiqul Islam	-DO-	6,594	4.49%
16.	Janab Bakhtiar Uddin	-DO-	6,594	4.49%
17.	Janab Iqbalur Rahman	-DO-	4,263	2.90%
18.	Janab Feroz Alam	-DO-	6,594	4.49%
19.	Mrs. Kazi Mahbuba Akter	-DO-	6,594	4.49%
20.	Janab M. Mehdi Hasan	-DO-	6,594	4.49%
21.	Janab Abu Khair Mohammed Sakhawat	-DO-	6,594	4.49%
22.	Janab Md. Shamsuzzaman	-DO-	6,594	4.49%
23.	Atiqua Chowdhury	Shareholder	4,263	2.90%
	Total		147,000	100.00 %

BENEFICIAL OWNERS HOLDING SHARES 5% OR ABOVE

N/A

DETERMINATION OF OFFERING PRICE

The offering price of the common stock of Islamic Finance and Investment Limited has been determined by assessing the Book Value per share on financial statements for the year ended 31st December, 2004.

Particulars	Amount
Share Capital	147,000,000.00
Proposed Stock Dividend	14,700,000.00
Statutory Reserve	7,834,628.00
Retained Earnings	<u>822,344.00</u>
Total	<u>Tk. 170,356,972.00</u>
No. of Issued, Subscribed and Paid up Shares of Tk. 100/= each	1,470,000
Book Value per Share	115.89

We have examined the above calculation of Book Value of Islamic Finance and Investment Limited, which appears to be correct.

Note: 1. The IFIL in the 1st EGM held on 07.04.2005 has approved face value per share of Tk. 100/= instead of Tk. 1000/- each.

Dated: 8th June, 2005

Sd/-
M.J. ABEDIN & CO.
Chartered Accountants

Net asset Value per share of Tk. 100.00 each is Tk. 115.89 that is higher than the face value, but the company is offering its issue price at Tk. 100.00 per share (at par).

PLAN OF DISTRIBUTION

Underwriting of Shares

As per Securities and Exchange Commission's guideline 50% of the Public Offer of 1,000,000 ordinary shares of TK. 100.00 each (at par) i.e. for TK. 50,000,000.00 will be Underwritten at a rate of 0.50% (underwriting commission) by the Proposed Underwriters for the IPO of Islamic Finance and Investment Limited.

SL. No.	Name of Underwriter	Number of Shares	Underwriting Amount in Taka
1.	Arab Bangladesh Bank Ltd. BCIC Bhaban 30-31 Dilkusha C/A. Dhaka-1000	50,000	5,000,000.00
2.	Southeast Bank Limited 1, Dilkusha C.A. Dhaka-1000	50,000	5,000,000.00
3.	The Trust Bank Ltd. 98, Main Road, Dhaka Cantonment, Dhaka-1206	50,000	5,000,000.00
4.	Export Import Bank of Bangladesh Ltd. Printers Building (10 th Floor), 5, Rajuk Avenue, Motijheel C.A. Dhaka-1000	50,000	5,000,000.00
5.	Bay Leasing & Investment Ltd. Printers Building (7 th Floor), 5, Rajuk Avenue, Motijheel C.A. Dhaka-1000 Tel:9565027,9568599	50,000	5,000,000.00
6.	Swadesh Investment Management Ltd. H#35, R#1/A, Banani, Dhaka-1212 Tel:9345853-5	50,000	5,000,000.00
7.	Green Delta Insurance Company Ltd. Hadi Mansion (4 th Floor), 2, Dilkusha C/A., Dhaka-1000	50,000	5,000,000.00
8.	Union Capital Limited Sonartari Tower (14 th floor) 12, Sonargaon Road Dhaka-1205.	50,000	5,000,000.00
9.	ICB Capital Management Ltd. BSB Building (14 th floor), 8, Rajuk Avenue, Dhaka-1000	50,000	5,000,000.00
10.	Prime Finance & Investment Ltd. 63, Dilkusha C.A. Dhaka-1000	50,000	5,000,000.00
	Total	500,000	50,000,000.00

TERMS AND CONDITIONS

- 1) If and to the extent that the shares offered to the public through a prospectus Authorised hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters in writing to subscribe the shares/debentures not so subscribed and ask the underwriters to pay for them in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
- 2) If payment is made by Cheque /Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under his Agreement, until such time as the Cheque / Bank Draft has been en-cashed and the Company's account credited.
- 3) In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Company shall send proof of subscription and deposit of share money by the underwriters to the Commission.
- 4) In the case of failure by the underwriters to pay for the Shares under the terms mentioned above, the said underwriters will not be eligible any issue, until such time as they fulfill their underwriting commitment under this Agreement and also other penalties as may be determined by the Commission.
- 5) In case of failure by any underwriters to pay for the shares within the stipulated time, the Company/issuer will be under no obligation to pay any underwriting commission under this agreement.
- 6) In case of failure by the Company to call upon the underwrites for the aforementioned purpose within the stipulated time, the Company and its directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law.

Commission for Underwriters

- 1) The Underwriters will be paid an Underwriting Commission @ 0.50 of the 50% of the IPO amount (i.e., for Tk= 50,000,000.00) of the issue value of shares Underwritten by them out of the Public Issue. Simultaneously with calling upon an underwriter to subscribe or procure subscriber, and pay for any number of shares, the Company shall pay to that underwriter an additional commission maximum @ 2.50% of the amount of issue value of the shares required to be subscribed by it.

Underwriters' right to represent in the Board of the Company

Underwriters have not acquired any right to have their representatives in the Board of Directors of the Company.

Officer or director of the underwriters acting as director of the company

No officer or Director of the underwriters is presently engaged as the Director of the Company.

MARKET FOR THE SECURITIES BEING OFFERED

The Securities will be traded subject to listing at:

Dhaka Stock Exchange Limited (DSE)

9/F, Motijheel C/A, Dhaka-1000

And/or

Chittagong Stock Exchange Limited (CSE)

CSE Building, 1080 Sk. Mujib Road,

Agrabad C/A, Chittagong

"Declaration about Listing of Shares with the Stock Exchange(s):

Application(s) will be made to the Dhaka and/or Chittagong Stock Exchange(s) within 5 (five) days of first issuance of the prospectus for permission of the share of the company for dealing in any or both of the said stock exchanges and for quotation on the stock exchange(s).

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

The Company is likely to be placed in "A" Category

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, Voting, Preemption Right

The share capital of the Company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorised representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Right

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Dividend Policy

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net Profit of the Company shall be conclusive.
- c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgement the financial position of the Company may justify.
- e) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.

Other Rights of Stock Holders

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

FINANCIAL STRUCTURE

a) Issued & Fully Paid up Capital	Tk. 161,700,000.00
b) IPO (Initial Public Offering)	Tk. 100,000,000.00
Total Paid up capital after IPO will be	Tk. 261,700,000.00

IPO funds will be utilized for purposes mentioned in the section "**Use of Proceeds**"

The securities, which are subscribed by the Sponsors/Promoters/Directors, as described in the Prospectus, shall be subject to a **Lock-in period of three years**, in case of the companies intended/intending to go for Initial Public Offering (IPO), from the date of publication of the prospectus.

Either a **Jumbo Share** (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding which shall contain the expiry date of lock-in period or Sponsors/ Directors/ Promoters/Shareholders' shareholding shall be converted into demat form but shall be lock-in for three years as per the condition at Para 24 above.

In case of **Jumbo Share** Certificate of the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the Lock-in period. The name and branch of the bank be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).

Details of IPO

IPO will be 1,000,000 Shares @ TK.100.00 each totaling Tk. 100,000,000.00 as per Public Issue Rules 1998, 10% has been reserved for NRB, leaving a balance of 90% for the General Public. The position is thus as follows:

01.	100,000 Ordinary Shares of Tk. 100.00 each are hereby offered at per to Non Resident Bangladeshis for subscription in cash in full on application.	Tk. 10,000,000.00
02.	900,000 Ordinary Shares of Tk. 100.00 each per are hereby being offered at per to the General Public for subscription in cash in full on application.	Tk. 90,000,000.00
	Total IPO	Tk.100,000,000.00

CONDITIONS OF OFFER AND ALLOTMENT OF SHARE

1. Shares

a) 10% of IPO i.e. 100,000 Ordinary Shares shall be reserved at par for Non Resident Bangladeshis	Tk. 10,000,000.00
b) The remaining 90% of IPO i.e. 900,000 Ordinary Shares shall be open for subscription by the General Public.	Tk. 90,000,000.00
Total IPO	Tk. 100,000,000.00

2. All Shares as stated in clause 1(a) and 1 (b) shall be offered for subscription and subsequent allotment by the Issue Manager, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
3. In case of over-subscription of both the categories mentioned in clause 1(a) and 1(b) the Issue Manager shall conduct an open lottery of all the Applications received under each category separately.
4. In case of under-subscription under the 10% category as mentioned in clause 1(a) the unsubscribed portion shall be added to the General Public category and if after such addition there is over subscription in the General Public category the Issue Manager shall conduct an open lottery of all the applicants added together.
5. In case of under subscription of both the categories mentioned in clause 1(a) and 1(b) the unsubscribed portion of share shall be taken by the underwriters.
6. In case of over-subscription under 10% category as mentioned in clause 1(a) the over-subscription portion shall be added to the General Public category and if after such addition there is over- subscription in the General Public category, the Issue Manager shall conduct an open lottery of all the applicants added together.
7. The lottery as stated in clause (3), (5) and (6) should be conducted in the presence of authorized representatives of DSE and Members of the Board of the Company and Issue Manager and the applicants, if present.
8. Applications must not be for less than 50 Shares and must be multiple of 50. Any Application not meeting the criteria will not be considered for allotment purpose.
9. There are no founders' management or deferred Shares. It is also not presently intended to Issue any preference Shares.

10. No payment has been or is intended to be made to the Promoters, Directors or other persons for promotion of the Company.
11. The minimum subscription on which Directors will proceed to allotment is the full amount of the amount of the present Issue, which on the opinion of the Directors must be raised in order to provide fund required by the Company.
12. The NRB applicants, after completing and signing will submit the Application form along with foreign drafts in US Dollar/UK Pound Sterling drawn and payable in Dhaka, to the Issuer Company's office directly.

ALLOTMENT

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by Account Payee Cheque without interest 'payable at Dhaka/Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet, as the case may be. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Application For Subscription.

01. Application for Shares may be made for a minimum lot of 50 (Fifty) Ordinary Shares to the value of Tk. 5,000.00 and should be made on the Company's Printed Application forms. Application forms and the Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/typed/handwritten copies of the forms. Application must not be for less than 50 Shares. Any Application not meeting the criterion will not be considered for allotment purpose.
02. Joint Application form for more than two persons will not be accepted. In the case of a joint Application each party must sign the Application form.
03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
04. An applicant can submit not more than two Applications, one in his own name and another jointly with another person. In case an applicant makes more than two Applications, those in excess of two Applications shall not be considered for allotment purpose.
05. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals shall be entitled to apply for Shares.
06. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the Bank to which it is sent and be marked "**Islamic Finance and Investment Ltd.** " And shall bear the crossing "**Account Payee only**" and must be drawn on a Bank in the same town of the Bank to which Application form is deposited.
07. All completed Application forms, together with remittance for the full amount payable on Application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the following Bankers to the Issue:

BANKERS TO THE ISSUE

Prime Bank Limited	National Credit and Commerce Bank Limited	Arab Bangladesh Bank Limited
<ol style="list-style-type: none"> 1. Motijheel Br., Motijheel C/A, Dhaka, 2. Khatungonj Br. 142, Chand Meah Lane, Khatungonj. 3. Moulvi Bazar Br. 77/4, Moulvi Bazar, Dhaka, 4. Khulna Br., 07, Old Jessore Road, Khulna 5. Islamic Banking Br. 19, Dilkusha C/A, Dhaka, 6. Sylhet Br., Laldighirpar, Sylhet-3100, 7. Mohakhali Br. 69, Mohakhali C/A, Dhaka, 8. Barishal Br., 37, K.B, Hemayat Uddin Road, Barishal 9. Rajshahi Br., 138/144, Shaheb Bazar, Rajshahi. 10. Kawranbazar Br. 54 Kawranbazar C/A, Dhaka, 11. Elephant Road Br. 136, Elephant Road, Dhaka, 12. Islamic Banking Br. Nabiba Complex, Amberkhana, Sylhet. , 13. Court Rd Br., Court Rd., Moulvi Bazar, Sylhet 14. Mouchak Br., Manahattah Tower, 83, Siddeswari Road Dhaka, 15. Gulshan Br., Gulshan Avenue. Dhaka-1212, 16. Narayangonj Br. 56 S.M. Maleh Road, Narayangonj 17. Agrabad Br., Chamber House, Chittagong, 18. Jubille Rd Br., 05, Jubilee Rd. Chittagong, 19. Bangshal Br., 43/44, Malitola, N.S.Rd. Dhaka, 20. Jessore Br., 47, Netajee Subash Chandra Rd., Jessore, 21. Gonakbari Br. Gonakbari, Shamsar Plaza, Savar, Dhaka, 22. Uttara Br., H #24, R#13, Sector#4, Uttara, Dhaka., 23. Foreign Exchange Br., 82, Motijheel C/A ,Dhaka 24. Dhanmondi Br., H#99, R#11/A, Dhanmondi R/A, Dhaka 25. Eskaton Br. 133, New Eskaton Rd, Dhaka, 26. Bogra Br., 331/364, Rongpur Rd. Bogra, 27. Madhabdi Br. Madhabdi Bazar, Narsingdi, 28. Banani Br. House-62, Block-E, Kamal Ataturk Avenue, Dhaka, 29. IBB Mirpur, Dhaka Br. Mamoni Tower, 1244 East Monipur, Mirpur, 30. IBB O.R. Nizam Road Br. 739/804 CDA Avenue, Chittagong, 31. Pragati Sarani Br. Facility Tower, Badda, Dhaka. 32. IBB Br. B.S Plaza Pahartoli, Chittagong, 33. Shimrali Branch, Narayangonj, 34. Shyom ili Br. Mohammadpur, Dhaka. 35. Tongi Br., Plot#09, Block#F, Tongi, Gazipur, 36. Fatickchari Br. Chittagong, 	<ol style="list-style-type: none"> 1. Motijheel Br., 6 Motijheel C.A. Dhaka 2. Moghbazar Br. 382, Tongi diversion Road, Dhaka 3. Dilkusha Br. 43, Dilkusha C/A, Dhaka 4. Mirpur Br. Road # 1, Section 10, Mirpur, Dhaka 5. Dhanmondi Br., Dhanmondi R/A, Dhaka 6. Gulshan Br. 85, Gulshan Avenue, Dhaka 7. Malibagh Br. B-62, Malibagh Chowdhury Para, DIT Road, Dhaka 8. Uttara Br. Sector#06, Uttara Model Town, Dhaka 9. Khulna Br. 3, K.D.Ghosh Road, Khulna 10. Agrabad Br. 34, Agrabad C/A, Chittagong 11. Khatungonj Br. 601, Ramjoy Mohajan Lane, Khatungonj, Chittagong 12. O.R. Nizam Road Br. 659, O.R. Nizam Road, Chittagong 13. Jubilee Road Br. 5, Jubilee Road, Chittagong 14. Chowhatta Br. Ambarkhana Airport Road, Sylhet. 15. Moulvibazar Br. Yakub Mansion Sylhet Road, Moulvibazar 16. Rangpur Br., Rainbow Plaza, G.L. Roy Road, Rangpur 17. Jessore Br. Jess Tower, M.K. Road, Jessore. 18. Laxmipur Br. College Road, Laxmipur <p style="text-align: center;">Investment Corporation of Bangladesh</p> <ol style="list-style-type: none"> 1. Head Office, BSB Building (12th, 13th, 14th, & 15th Floor) 8, DIT Avenue, Dhaka. 2. Local Office, Nayapaltan, VIP Road, Dhaka. 3. Chittagong Br. Pine view, 100, Agrabad C/A, Chittagong 4. Rajshahi Br., Gaffar Plaza, Saheb Bazar, Rajshahi 5. Khulna Br., Shilpa Bank Bhaban, 25-26, KDA C/A, Khulna. 6. Barishal Br., 87-88, Hemayat Uddin Road, Barishal. 7. Sylhet Br., Chamber Building, Jail Road, Sylhet 8. Bogra Br., Bogra Islamic Studies Group Bhaban, Station Road, Satmatha, Bogra <p style="text-align: center;">Export Import Bank of Bangladesh Limited</p> <ol style="list-style-type: none"> 1. Motijheel Br. Sharif Mansion Motijheel Dhaka. 2. Panthapath Br, 19/2, West Panthapath Dhaka 3. Gulshan Br. 75, Gulshan Avenue, Dhaka-1212 4. Rajuk Avenue Br. 9, Rajuk Avenue, Motijheel, Dhaka. 5. Uttara Br. H#61/A, R#7, Sector#4, Uttara Model Town, Uttara, Dhaka. 6. Elephant Road Br. 218, Elephant Road, Dhaka 7. Agrabad Branch, Mawla Chamber, Chittagong. 8. Jubilee Road Br. 63-64, Jubilee Road, Chittagong. 9. Sylhet Br. Al-Hamra Shopping City, Zinda Bazar, Sylhet. 10. Bogra Br. Sheik Mansion, Borogola, Bogra. 11. Jessore Br. 37, M.K Road, Jessore 12. Malibagh Br. 484, DIT Road, Malibag, Dhaka. 13. Ashulia Br. Rifat Square Plaza, Jamgara, Savar. 	<ol style="list-style-type: none"> 1. Principal Br., 30-31, Dilkusha C/A, Dhaka 2. Merchant Banking Wing, Dilkusha C/A, Dhaka. 3. Kawranbazar Br. Kawranbazar, Dhaka 4. Kakrail Branch, Kakrail, Dhaka 5. Dhanmondi Br. Mirpur Road, Lalmatia Dhaka. 6. Mohakhali Br. Pacific Plaza, Mohakhali, Dhaka. 7. Gulshan Br. Gulshan Dhaka. 8. New Elephant Rd, Br., Dhaka 9. Nawabpur Br., Nawabpur Rd., Dhaka 10. Uttara Branch, Uttara Dhaka 11. Mirpur Branch, Mirpur-1, Dhaka 12. Rokeya Sharani Branch, Dhaka 13. Khulna Branch, KDA C/A, Khulna 14. Modhuban Branch, Bandar Bazar, Sylhet 15. Agrabad Br., Agrabad C/A, Chittagong. <p style="text-align: center;">Southeast Bank Limited</p> <ol style="list-style-type: none"> 1. Principal Br, 1 Dilkusha C/A, Dhaka 2. Imangonj Br., Mitford Rd., Dhaka-1100. 3. Dhanmondi Br., Dhaka-1205. 4. Uttara Br., Uttara Model Town, Dhaka, 5. New Elephant Rd. Br. Dhaka. 6. Gulshan Br., Gulshan Avenue, Dhaka-1212. 7. Motijheel Br., Motijheel C/A, Dhaka 8. Kawran Bazar Br., Dhaka 9. Banani Branch, Banani, Dhaka 10. Bangshal Br. North South Rd, Dhaka 11. New Eskaton Br. Ramna Dhaka. 12. Agargaon Br. Mohammadpur Dhaka. , 13. Bandar Bazar Br. (Islami Banking), Shylet., 14. Shahjahaj Upashahar Br. Main Road Sylhet. 15. Laldighirpar Br., New Market, Sylhet, 16. Chouhatta br. Choutatta, Sylhet. 17. Moulivi Bazar Br., Moulivi Bazar 18. Kulaura Br., Moulivi Bazar 19. Agrabad Br., Agrabad C/A Chittagong, 20. Jubilee Road Br., Jubilee Road, Chittagong 21. Khatungonj Br., Khatungonj, Chittagong 22. Halishahar Br, Halishahar H.E, Chittagong 23. CDA Avenue Br., Pachlaih, Chittagong 24. Cox's Bazar Br., Bazar Ghat, Cox Bazar. 25. Chagalnaya Br. (Islami Banking) Feni 26. Feni Branch, Feni, 27. Khulna Br., Sir Iqbal Road Br., Khulna. <p style="text-align: center;">Social Investment Bank Limited</p> <ol style="list-style-type: none"> 1. Principal Br. 15, Dilkusha, Dhaka 2. Panthapath Br. Dhaka 3. Agrabad Br. Chittagong 4. Khulna Br. Dhaka 5. Sylhet Br. Sylhet. 6. Rajshahi Br. Rajshahi 7. Gulshan Br. Dhaka. 8. Babu Bazar Br. Dhaka. 9. Moulvi Bazar Br. 10. Bogra Br. Bogra. 11. Sirajgonj Br. Sirajgonj 12. IDB Bhaban Br. Dhaka. 13. Khatungonj Br. Chittagong. 14. Chandaikona Br. Sirajgonj. 15. Sonargaon Br. Narayangonj. 16. Foreign Exchange Br. Dhaka. 17. Halishahr Br. Chittagong. 18. Hasnabad Br. Keranigonj. 19. Dhanmondi Br. Dhaka. 20. Nawabpur Road Br. Dhaka. 21. Jublee Road Br. Chittagong. 22. Ultra Br. Dhaka. 23. Fatullah Br. Narayangonj 24. Mirpur Br. Dhaka.
The Trust Bank Limited		
<ol style="list-style-type: none"> 1. Principal Branch, Trust Bhaban, 98, Shahid Swarani, Dhaka Cantonment, Dhaka-1206., 2. Sena Kallyan Bhaban Branch, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka-1000 3. Gulshan Corporate Branch, 110, Gulshan Avenue, Dhaka 4. Agrabad Branch, BSB Bhaban 106, Agrabad C/A, Chittagong 5. Dhanmondi Branch, BDR Headquarters, 4, BDR Gate, Peelkhana, Dhaka 6. Comilla Cantonment Br. Comilla 7. Rangpur Cantonment Br. Rangpur 		

08. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for. The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of Shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of IFIL and the SEC.
09. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's Mudaraba (Short Term Deposit) Account No. **13100000223** With **Southeast Bank Limited**, Motijheel Branch (Islamic Banking) for the purpose.
10. The subscription money collected from Non-Resident Bangladeshis in US Dollar, UK Pound Sterling, Euro shall be deposited to "FC Account(s) for IPO". In case of over subscription, refund shall be made by the Company out of the "FC Account(s) for IPO". The Company has opened required FC Account No **15100000019** with **Southeast Bank Limited**, Motijheel Branch (Islamic Banking (s) for IPO in US Dollar, UK Pound Sterling, Euro with a Bank on approval of Prospectus by SEC and close these accounts after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

Underwriters Obligation

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account credited. In any case within 7 (seven) days after expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission. In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission.

Underwriting Commission

Each underwriter will be paid general commission @ 0.50% of the nominal value of Shares underwritten by them out of the Underwriting amount of Tk. 50,000,000.00. Simultaneously, with the calling upon an underwriter to subscribe or procure subscriber and pay for any number of Shares, the Company will pay to that underwriter an additional commission @ 2.50% of the nominal value of Shares required to be subscribed by them.

Commission to Banker to the Issue

Commission @ 1/4th of 1% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

Manager to the Issue

AAA Consultants & Financial Advisers, Amin Court, 4th Floor, 62-63 Motijheel C/A., Dhaka-1000, is the Manager to the Issue. The Issue Manager will be paid a fee of Tk. 900,000.00 for the Public Issue.

Brokerage

The Company shall pay brokerage @ 1% only on the paid up value of Shares allotted to the members of recognized Stock Exchanges on Applications bearing their rubber stamp. Neither the brokerage to the members of the Dhaka & Chittagong Stock Exchange nor the commission to the Bankers shall be payable in respect of the Shares taken up by the underwriters in discharge of their underwriting obligation

MISCELLANEOUS

Issue Manager

AAA Consultants & Financial Advisers

Amin Court, 4th Floor (Suit#404)
62-63, Motijheel C/A, Dhaka-1000

Auditor

M.J. ABEDIN & CO

Chartered Accountants

Banker

Southeast Bank Limited

Motijheel Branch (Islami Banking)

Company's Compliance Officer

Janab Rezauddin Ahmed

Senior Vice President and Company Secretary

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment /Share Certificates/Refund warrants/Cancelled Stock Investors, etc.

Material Contracts

The following are material contracts in the ordinary course of business, which have been entered into by the Company.

- a) Underwriting Agreement between the Company and the Underwriters.
 - b) Issue Management Agreement between the Company and the Manager to the Issue, AAA Consultants & Financial Advisers.
 - c) Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).
- Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

Credit Rating Information and Services Limited

(Forwarding letter)

April 21, 2005
Managing Director
Islamic Finance and Investment Limited
66, Dilkusha C/A, Dhaka-1000.

Sub: Submission of credit Rating Report.

Dear Sir,

We are pleased to enclose herewith the Final Credit Rating report on Islamic Finance and Investment Limited for your perusal.

Thanking you,

With best personal regards,

Sd/-

Muzaffar Ahmed, FCMA, FCS
President & CEO

Credit Rating Report of **ISLAMIC FINANCE AND INVESTMENT LIMITED**

RATING ASSIGNED: Long Term: BB (Double Be)	Short Term: ST- 4 (April 21, 2005)
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Analysts: Mr. Ayub Moer RAM, Malaysia Ms. Sabeen Salim JCR-VIS, Pakistan, Mr. Nazmul Hossain.
Tel: (8802) 9349905 E-mail: crisl@bdonline.com **CRISL, Bangladesh**

RATIONALE

Credit Rating Information and Services Limited (CRISL) assigns 'BB' (pronounced as double Be) rating to Islamic Finance and Investment Limited hereinafter called IFIL in the long term and ST-4 rating in the short term. This has been done on the basis of the IFIL's poor asset quality, small market share, unstructured internal control procedure, poor MIS, high concentration risk etc. However the above are mitigated to some extent by the satisfactory capital base of the company. NBFIs rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates an NBFIs as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category. The short-term rating indicates that the company has the capacity to meet its short-term obligations with its flexibility in liquidity management. Other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.

COMPANY PROFILE

The IFIL was incorporated on February 27, 2001 as a public limited company under the Companies Act, 1994. The company (IFIL) started commercial operation on April 19, 2001 after getting license from Bangladesh Bank as Non-Banking Financial Institution (NBFI) under Financial Institution Act, 1993. It is the only NBFI in the country operating under the principle of Islamic Shariah. The IFIL provides a wide range of Shariah based services. Having an Authorized Capital of Tk 1 billion, the company has so far raised its paid up capital to Tk. 147.00 million as on December 2004. The recent move of the company for Initial Public Offer (IPO) of shares will inject additional capital into the organization.

The IFIL is sponsored by a group of businessman having exposure in the field of textile, trading and educational institutions. Mr. Abul Quasem Haider was the founder Chairman of the company who is a reputed industrialist and Vice-President of Federation of Chambers of Commerce and Industries (FBCCI). The present Chairman of IFIL is Mr. Shibbir Mahmud. Mr. Mahmud is also a renowned businessman, who is Chairman of Swiss Tex Group and sponsor Director of well-circulated "The Daily Naya Diganta". The company has been operating by an experienced professional team since its inception. The IFIL has three branches located at Dhaka, Chittagong and Bogra.

The sources of fund of IFIL consist of different types of deposits collected under Mudaraba principle of Shariah. According to Mudaraba principles, the company acts as Mudarib i.e. manager of the fund and the Depositors i.e. owners of the fund share profit/loss derived from investment income as per an agreed ratio. In a particular accounting year, profit is paid to the depositors according to provisional profit rate and after finalization of year-end accounts, final rate is declared and adjusted with the provisional profit rate. To determine different profit rate for different type of Mudarabah deposits (MTD, MPDS, MHOS, MHEMS etc.) specific weightage system is followed.

MARKET SHARE

The leasing industry of Bangladesh had an investment portfolio of Tk. 48.50 billion and 35.55 billion in YE 2004 and YE 2003 respectively, shared among 28 NBFIs. The investment portfolio of IFIL stood at Tk. 949.40 million and 603.17 million in YE 2004 and YE 2003 respectively. The market share of IFIL in investment portfolio was 1.96% and 1.69% during the same periods. The growth rate of IFIL is higher than the overall market growth. The IFIL's loan portfolio increased by 57.40% in YE 2004 as compared to industry growth rate of 36.43%. As a third generation NBFI in the private sector, IFIL has been growing rapidly but its size is still small in terms of investment portfolio. Management expects to maintain this growth rate of asset with increasing funding base of the company.

OWNERSHIP PATTERN

The IFIL is a closely held public limited company established by 23 business background sponsors. There is no individual shareholder holding more than 5.00% shares of the company. As per the directive of Bangladesh Bank, the company has the plan to offer shares worth of Tk. 100 million to the general public after which the shareholding of the sponsors will be reduced proportionately.

MANAGEMENT

The IFIL has stepped on 4th year of operation with the mission "To build a strong and dynamic institution to provide quality services applying Shariah principles to make effective contribution to national development". Mr. Md. Rabiul Islam leads the management team as the Managing Director having more than 30 years of working experiences in banking sector. Before joining the IFIL, Mr. Islam was the Executive Director of Bangladesh Bank. He has also served BSRs and Security Printing Corporation as Managing Director. The Managing Director is aided by one Senior Vice President and Company Secretary, two Vice Presidents, one Assistant Vice- President, three Senior Principle Officers and three Principal Officers. Management has formed a five-member Management Committee headed by Managing Director for smooth business operation.

HR Policy

Being a service industry, the success of the leasing sector is dependent on techno-human resources. The sector is now absorbing substantial number of young post- graduate professionals with comparatively good compensation packages with the objective of training them appropriately. The IFIL follows a structured service rules and compensation policy for its professionals in all tiers. However, the compensation package of the peer group is more attractive than that of IFIL, which leads to high employee turnover in entry and mid level management. The IFIL recruits human resources under the direct supervision of Recruitment Committee through competitive selection procedure and uses local newspapers, its own website and local job-sites for vacancy advertisement. The IFIL sends its professionals for training at Bangladesh Institute of Bank Management.

Credit Appraisal Procedure

IFIL follows a documented investment policy. Branches procure and scrutinize the application; check all financial and non-financial issues, and obtains further information if so required and forward these proposals to the Head Office with their comments. Some extra ordinary investment proposals such as syndicate finance are received and processed directly through Head Office. It is notable here that Branches do not enjoy any delegation power of credit approval. The Managing Director approves the project after full satisfaction if it falls within his delegated power. The investable projects, if exceeds MD's power, are forwarded to Executive Committee (EC). The delegation of power to the MD and EC is satisfactory. However, in case of enhancement of existing credit facilities, a separate proposal is prepared for the management's consideration, following analogous procedures for sanction and utilization. The IFIL had been operating under the unstructured credit risk management environment without having single client investment guideline, exposure in Group of Companies, large loan exposure, etc. However, such guideline preparation is under active consideration.

Management Information System

The Management Information System (MIS) in the IFIL is at infant stage. At present IFIL have LAN (Local Area Network) facilities for sharing information between various departments and executives without having any accounting and investment software. However, the company has got its own website (www.ifil.net) which provides detailed information about the company and its activities. The management has a plan to set-up an integrated software for operation purposes and improvement of MIS relating to lease information maintenance, personnel, accounting, CIB data maintenance system for Bangladesh Bank, etc. IFIL generates some statements related to lease outstanding, total clients, daily investment and fund position, etc. from the existing facilities.

Network of Branches

The IFIL is one of the few leasing companies, which runs operation through more than one office. The company has three branches located at Dhaka, Chittagong and Bogra. However, Bogra branch started its operation with effect from 21st March 2005.

CORPORATE GOVERNANCE

Corporate governance establishes trust among the interested parties, provides reliable information for the stakeholders, establishes professionalism, builds capacity to operate business efficiently and creates a good working environment, which is compulsory to face the challenges of the present competitive business environment. Corporate governance in IFIL may be delineated in the following areas:

Board of Directors

The Board of IFIL consists of 11 sponsor Directors and Managing Director as an ex-officio. The board is headed by Mr. Shibbir Mahmud as Chairman who is also the Chairman of Swiss Tex Ltd. Each of the sponsor/ directors of the company holds an equal amount of 4.49% shares except one, who holds only 2.90% share. The total share holdings of the directors stand at 40.37% and the rest 59.63% is held by shareholders who are not in the Board. The Board has formed three committees in different responsibilities. EC and Audit Committee are headed by Vice-Chairman Mr. Anwar Hossain Chowdhury. EC acts as a mini Board. Audit Committee oversees the internal control related issues. Monitoring Committee is headed by director Mr. S. M. Bakhtiar Alam, which reviews the management performance. Except EC, other two committees hold meeting occasionally. During the year 2004 a total of 12 board meetings (9 meeting in 2003) were held.

Internal Control Procedure

The IFIL does not have separate Internal Audit Department and internal control functions are not well structured. Though the Board has formed an Audit Committee to ensure the effective internal control and minimize the operation related risk. Presently accounts department audits branches on need basis and reports directly to the Managing Director.

Shariah Council

The company is committed to run the business according to the codes of Islamic Shariah. The Shariah Council has been playing an important role in advising and guiding the implementation of Shariah principles in all the activities of the company. The Council enjoys special status in the structure of the company and consists of 7 members who are prominent Ulemas, lawyers and Economists. Janab Moulana Ubaidul Huq, Khatib of the national mosque of the country is the Chairman of the Council.

MARKETING ASPECTS

Bangladesh financial market is comparatively small where 49 Banks and 28 NBFIs are operating and competing to increase the market pie and thus creating a fierce competition. Under the above backdrop, IFIL has achieved a significant growth in the investment portfolio in YE 2004. Though IFIL operates its business with a wide range of financial products and services but enjoys a limited customer base in terms of its market investment portfolio. The company has been disbursing major portion of its funds in real estate sector. With effect from beginning of 2005, IFIL has been changing its focus from real estate sector to manufacturing sector to mitigate financing risk. The IFIL now intends to expand its business more in industrial and other emerging sectors and also intends to participate with other financial institutions in business syndication.

Product Line

The major products line of IFIL is Higher Education & Marriage Savings Scheme, Hajj Deposit Scheme, Home Owning Scheme, Monthly Profit Paying Mudaraba Term Deposit Scheme, and Pension Deposit Scheme. IFIL invests its fund under Islamic Shariah approved modes viz, Ijarah (Lease), Hire Purchase Shirkatul Melk (HPSM) and Bai-Muajjal. The shares of above investment modes were 69.16, 25.92 & 4.92 percent respectively in YE 2004. In terms of sectoral allocation, real estate occupied a major share (31.77%) followed by transport (29.65%) of its total investment as on December 2004.

PERFORMANCE

IFIL is an average performing third generation NBFi in its peer group. The pre-tax profit of the company stood at Tk. 25.78 million in YE 2004 (Tk. 12.50 million in YE 2003), representing a growth of 106.32%. The operating income of IFIL increased from Tk. 102.45 million in YE 2003 to Tk. 180.22 million in YE 2004, representing growth of 75.90%. On the other hand, the company's operating expenses has also

increased from Tk. 91.11 million in YE 2003 to Tk. 152.25 million in the same period representing growth of 67.10%. Non-operational income of IFIL was Tk. 8.93 million in YE 2004 against Tk. 5.19 million in YE 2003 which contributed substantially to increase the after tax profit from Tk. 12.50 million in YE 2003 to Tk. 18.28 million in YE 2004, reflecting a growth of 46.24%.

Performance related ratios of the IFIL were average as compared to its peer. The net profit margin substantially increased to 8.61% in YE 2003 from 2.20% in YE 2002. This improvement has occurred due to huge investment during the year 2003 compared to previous year. This ratio decreased in YE 2004 and stood at 7.60%, which was lower than the peer average of 12.88%. The company's pre-tax return on average assets (ROAA) is in increasing trend over the last three years. It's ROAA stood at 3.00% in YE 2004 as compared to peer average of 3.09%. ROAA in YE 2003 and 2002 was 2.51% and 0.42% respectively. The return on average equity was dropped down and stood at 14.50% in YE 2004 from 16.37% in YE 2003. However the above was still higher than the peer average of 13.96%. The above decrease was mainly due to the increase of capital base.

The cost efficiency of IFIL is below average among its peer; however it is in positive trend. The IFIL's cost to income ratio has improved to 88.37% in YE 2004 as compared to 92.18% in YE 2003 and against peer average 85.42% in YE 2004. Yield per taka staff cost was also lower than peer average in YE 2004. The company earned profit before tax of Tk. 3.34 in FY 2004 against staff cost of Tk. 1.00, representing lower yield than the peer average of Tk. 5.84. General and Administrative expenses were 2.00% and 2.35% in FY 2004 and FY 2003 against the peer average of 1.31% and 2.96% in the respective years.

ASSETS QUALITY

The overall asset quality of IFIL is appeared to be below average. As on 31st December 2004, total assets stood at Tk. 1,017.54 million against Tk. 704.02 million in YE 2003. The growth rate of total assets was 44.54%. The asset consisted of Tk. 605.17 million of lease assets, Tk. 346.19 million of general investment, Tk. 40.43 million of cash and bank balance, Tk. 2.07 million of investment in shares, Tk. 5.97 million of fixed assets and Tk. 35.09 million of other assets.

According to Financial Institution Classified investment statement (FICL), the IFIL's total classified investment was Tk. 61.90 million against total investment of Tk. 951.27 million representing 6.51% NPL ratio against peer average of 3.30%. The NPL ratio was 1.36% in 2003 against peer average of 1.72%. The overall infection of the portfolio (considering one month and above overdue) stood at Tk. 500.81 million against total portfolio of Tk. 949.40 million, indicating 52.75% infection. The infection ratio of investment based on three months and above overdue was 26.85% although the overdue amount of the company was 7.41% of total investment.

In lease assets, overall infection ratio (considering one month & above overdue) was 61.64% in 2004 against overdue percentage of 8.03%. The percentage of infected assets stands at 30.98% if three months and above over due is considered.

The overall infection in other finance was relatively less compared to lease finance. The IFIL's overall infection (considering one & above months overdue) of other finance was 37.13% of outstanding amount. Three months and above infected assets was Tk. 67.39 million. Total overdue amount under this category was Tk. 21.75 million, representing 6.32% of outstanding finance.

Rescheduling

The IFIL witnessed a huge number of rescheduling in YE 2004. The company rescheduled Tk. 128.78 million in 44 different accounts and Tk. 28.34 million in 10 different accounts in YE 2004 and YE 2003 respectively. The aforesaid rescheduled amount was 3.04 times higher than previous year. This amount was 13.10% of its total portfolio in YE 2004.

Large loan Exposure

The IFIL's large investment exposure is high. The company's exposure to large investment (Tk. 1 crore and above) stood at Tk. 475.44 million against total portfolio of Tk. 949.40 million in YE 2004. The company's large investment to total investment ratio was 50.08%, which indicates the IFIL has high degree of concentration on large investment.

Sectoral Exposure

The IFIL's total investment was divided into ten different sectors. The company's highest concentration goes to Real Estate sector having an investment of Tk. 301.60 million during YE 2004 against Tk. 949.40 million of total investment portfolio, which is 31.77% of its total investment. The overdue amount of in this sector was Tk. 13.78 million, representing 4.57% of this sectoral investment. The exposure in second largest sector transport was 29.65% of its total investment portfolio. The overdue amount of this sector was Tk. 31.86 million against total investment of Tk. 281.46 million in YE 2004, 11.32% of overdue amount. Textile was another sector where IFIL had investment 11.22% of its portfolio. Rest of the sectoral exposures was not more than 10% of its total investment portfolio. Agriculture sector holds lowest investment (Tk.1.68 million) with overdue amount of Tk. 1.38 million.

LIQUIDITY AND FUNDING

The IFIL mainly depends on various Islami Banks for its funding. The main source of funding is Mudaraba term deposit (MTD). This deposit stood at Tk. 736.83 million (72.41% of total funding) in YE 2004 and Tk. 541.85 million (76.97% of total funding) in YE 2003. The above MTD amount consisted of Tk. 593.32 million in deposit from various Islami banks and the rest Tk. 143.51 million from individuals.

Liquidity related ratios of the IFIL were average as compared to the peer. The current assets ratio of the IFIL stood at 0.84% and 1.31% in YE 2004 and YE 2003 respectively, compared to peer average of 1.03% in YE 2004. Liquid assets to current liabilities ratio was decreased to 0.11% in YE 2004 from 0.36% in YE 2003 against peer average of 0.30% in YE 2004. Time Profit earned ratio has been found to be lower than the peer average, which stood at 3.64 times against peer average of 4.35 times in YE 2004.

CAPITAL ADEQUACY

Capital base of the IFIL was found to be satisfactory. Shareholders equity of the IFIL stood at Tk. 170.36 million in YE 2004 as compared to Tk. 82.07 million in YE 2003. The company increased its share capital to Tk. 147.00 million in YE 2004 from Tk. 70.00 million in YE 2003 with the help of right share issue (1:1) and bonus share (1:10). The IFIL piled up Tk. 15.52 million on retained earning and Tk. 7.83 million on statutory reserve during the same period. It is worth mentioning that Bangladesh Bank (BB) has instructed the NBFIs in the country to raise their capital up to Tk. 250.00 million, which caused the IFIL to issue right, and bonus shares to shareholders. The recent move of the company for initial public offering will increase its capital base further.

The IFIL's shareholders equity to total assets was below average as compared to peer in YE 2004. This ratio stood at 16.74% and 11.66% in YE 2004 and YE 2003 respectively as compared to peer average of 18.48% and 18.44% during the same period. Still this ratio has improved due to injection of share capital through issuance of right and bonus shares during the year 2004. Shareholders equity to total earning assets also increased to 16.64% in YE 2004 from 11.76% in YE 2003 but below the peer average (18.57%). IFIL's long term gearing ratio and short term gearing ratio both were more or less same, which indicates the company is equally dependent on both long term and short term debt. In YE 2004, peer average of long term gearing ratio was 1.89%, which is lower than IFIL's 2.61%. The short term gearing ratio of the IFIL (2.36%) was in line with peer average (2.53%). Internal capital generation of the IFIL was low as compared to peer average. This ratio decreased to 10.73% in YE 2004 from 15.23% in YE 2003.

ASSETS LIABILITIES MANAGEMENT

The IFIL has no committee or division to look after the maturity structure of assets and liabilities. The above is reviewed by the Managing Director periodically. Assets liabilities maturity structure of the IFIL shows a mixed picture. Due to Shariah restriction to participate in money market, the IFIL's assets were higher than liabilities in one month category. One to twelve months category, the company had assets worth of Tk. 192.45 million against its liabilities of Tk. 460.32 million, representing an asset gap however, in line with other NBFIs. The company has been receiving significant amount of fund through renewing the term deposit, considering the backup of the said gap. In more than 1 year to 5 years category, the IFIL had liabilities of Tk. 310.11 million backed by Tk. 659.43 million assets. In long term (more than 5 years) category, the company's assets liabilities position was reverse to the mid term categories (more than 1 years to upto 5 years). IFIL had only Tk. 48.02 million of assets against liabilities of Tk. 173.52 million in the above category.

SWOT ANALYSIS

<p>Strengths:</p> <ul style="list-style-type: none"> ? Satisfactory capital base ? Diversified product line 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ✍ High infection in assets ✍ Internal control procedure is not well structured ✍ Large loan exposure ✍ Over exposure in risky sectors ✍ Poor IT infrastructure
<p>Opportunities:</p> <ul style="list-style-type: none"> ? Scope of borrowing at cheaper rate ? More product diversification ? Increasing trend of Islamic sentiment 	<p>Threats:</p> <ul style="list-style-type: none"> ? Participation of commercial banks in lease financing ? Probability of opening up of the service sector

PROSPECTS

The prospect of NBFIs in the country under current perspective is good since the macroeconomic indicators are promising. Bangladesh expects 5.50% to 5.75% growth of GDP in fiscal year 2004-05 despite losses caused by recent unprecedented flood as per the Bangladesh Bank Annual Report for fiscal 2003-04. The rate of inflation is projected to decline to 5.5% in fiscal 2004-05 and to 4.0% in fiscal 2007-08. The textile industry is likely to face significant competitive pressure in the international market. Despite that Bangladesh economy is showing robust.

Similar to the BFIs, NBFIs enjoy the privilege of issuing shares, debentures and bonds to raise funds. They are allowed to deal with public deposits through promissory notes and to borrow fund from the Financial Institutions. Along with lease financing NBFIs are also allowed to extend short and long term direct finance. However, these financial institutions have been facing tough competition in grabbing market share. Any additional approval of NBFIs by the Bangladesh Bank will make the competition stiffer. The Government has increased corporate tax from 40% to 45% in FY 2002-03 for the financial institutions and imposed additional 10% dividend distribution tax, which will increase the effective dividend rate. Under the above backdrop, IFIL has achieved a remarkable growth of asset portfolio in YE 2004. It has the potential to acquire further market share, which depends on policies and management actions to overcome the weaknesses identified and addressed in this report.

End of the Report

Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledge

CORPORATE INFORMATION

Date of Incorporation: 27th February 2001

Date of Functioning: 19th April 2001

Board of Directors:

Janab Shibbir Mahmud (Chairman)
Janab Anwar Hossain Chowdhury (Vice-Chairman)
Janab Rezakul Haider (Vice-Chairman)
Janab Abul Qusem Haider
Janab S.M. Bakhtiar Alam
Janab K.B.M. Moin Uddin Chisty
Janab Anis Salahuddin Ahmad
Janab Md. Liaquat Hossain Moghul
Janab Mostanser Billa
Janab Md. Afzalur Rahman
Janab Md. Rabiul Islam (MD)

Auditor: M.J. ABEDIN & CO.

Management:

Janab Md. Rabiul Islam	Managing Director
Janab Rezauddin Ahmed	Company Secretary & SVP
Janab A.B.M. Abdus Sattar	VP
Janab Mizanur Rahman	VP
Janab Maruf Mansur	AVP
Janab Abu Ata Shaikh Md. Sanallah	S.P.O
Janab Neaz Mohsin Shafi	S.P.O
Janab Chowdhury Tofail Ahmed Javed	S.P.O

Capital History:

Year	Authorized Capital (Million Tk.)	Issued, Subscribed and Paid-up Capital (Million Tk.)	Rate of Increase	Source of Paid up Capital
2001	1000.00	70.00		
2002	1000.00	70.00	-	
2003	1000.00	70.00	-	
2004	1000.00	147.00	110%	Issuance of Right & Bonus Shares

LONG-TERM - FINANCIAL INSTITUTIONS

<p>AAA Triple A (Highest Safety)</p>	<p>Financial Institutions rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of banks.</p>
<p>AA+, AA, AA- (Double A) (High Safety)</p>	<p>Financial Institutions rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.</p>
<p>A+, A, A- Single A (Adequate Safety)</p>	<p>Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.</p>
<p>BBB+, BBB, BBB- Triple B (Moderate Safety)</p>	<p>Financial Institutions rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.</p>
<p>BB+, BB, BB- Double B (Inadequate Safety)</p>	<p>Financial Institutions rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a bank as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.</p>
<p>B+, B, B- Single B (High Risk)</p>	<p>Financial Institutions rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems, which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.</p>
<p>C (Very High Risk)</p>	<p>Financial Institutions rated in this category are adjudged to be with very high risk of timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet obligations in a timely fashion.</p>
<p>D (Default)</p>	<p>Financial Institutions rated in this category are adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entities are unlikely to meet maturing financial obligations and calls for immediate external support of a high order.</p>

SHORT-TERM - FINANCIAL INSTITUTIONS

ST-1	Highest Grade Highest certainty of timely payment. Short -term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short -term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Issuer failed to meet scheduled principal and/or interest payments.

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must NOT be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting these criterions will not consider for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/Cheque/Bank Draft/Pay Order payable to one of the Bankers to the Issue A/C "**Islamic Finance and Investment Limited.**" and crossed "**A/C Payee only**" and must be drawn on a Bank in the same town as the Bank to which the Application form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. An applicant can submit NOT more than two Applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two Applications, those in excess of two Applications shall NOT be considered for allotment purpose.
10. No receipt will be Issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. Refund will be made only through "**ACCOUNT PAYEE**" Cheque(s) with Bank A/C No. and name of Bank Branch as mentioned in the Application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of the share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
15. The Banker's to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription of the IPO.

BANKERS TO THE ISSUE

<p>Prime Bank Limited</p> <ol style="list-style-type: none"> Motijheel Br., Motijheel C/A, Dhaka, Khatungonj Br. 142, Chand Meah Lane, Khatungonj. Moulvi Bazar Br. 77/4, Moulvi Bazar, Dhaka, Khulna Br., 07, Old Jessore Road, Khulna Islamic Banking Br. 19, Dilkusha C/A, Dhaka, Sylhet Br., Laldighirpar, Sylhet-3100, Mohakhali Br. 69, Mohakhali C/A, Dhaka, Barishal Br., 37, K.B, Hemayat Uddin Road, Barishal Rajshahi Br., 138/144, Shaheb Bazar, Rajshahi. Kawranbazar Br. 54 Kawranbazar C/A, Dhaka, Elephant Road Br. 136, Elephant Road, Dhaka, Islamic Banking Br. Nabiba Complex, Amberkhana, Sylhet., Court Rd Br., Court Rd., Moulvi Bazar, Sylhet Mouchak Br., Manahattah Tower, 83, Siddeswari Road Dhaka, Gulshan Br., Gulshan Avenue. Dhaka-1212, Narayangonj Br. 56 S.M. Maleh Road, Narayangonj Agrabad Br., Chamber House, Chittagong, Jubilee Rd Br., 05, Jubilee Rd. Chittagong, Bangshal Br., 43/44, Mallitola, N.S.Rd. Dhaka, Jessore Br., 47, Netajee Subash Chandra Rd., Jessore, Gonakbari Br. Gonakbari, Shamsar Plaza, Savar, Dhaka, Uttara Br., H #24, R#13, Sector#4, Uttara, Dhaka., Foreign Exchange Br., 82, Motijheel C/A, Dhaka Dhanmondi Br., H#99, R#11/A, Dhanmondi R/A, Dhaka Eskaton Br. 133, New Eskaton Rd, Dhaka, Bogra Br., 331/364, Rongpur Rd. Bogra, Madhabdi Br. Madhabdi Bazar, Narsingdi, Banani Br. House-62, Block-E, Kamal Ataturk Avenue, Dhaka, IBB Mirpur, Dhaka Br. Mamoni Tower, 1244 East Monipur, Mirpur, IBB O.R. Nizam Road Br. 739/804 CDA Avenue, Chittagong, Pragati Sarani Br. Facility Tower, Badda, Dhaka. IBB Br. B.S Plaza Pahartoli, Chittagong, Shimrali Branch, Narayangonj, Shyomili Br. Mohammadpur, Dhaka. Tongi Br., Plot#09, Block#F, Tongi, Gazipur, Fatickchari Br. Chittagong, 	<p>National Credit and Commerce Bank Limited</p> <ol style="list-style-type: none"> Motijheel Br., 6 Motijheel C.A. Dhaka Moghobazar Br. 382, Tongi diversion Road, Dhaka Dilkusha Br. 43, Dilkusha C/A, Dhaka Mirpur Br. Road # 1, Section 10, Mirpur, Dhaka Dhanmondi Br., Dhanmondi R/A, Dhaka Gulshan Br. 85, Gulshan Avenue, Dhaka Malibagh Br. B62, Malibagh Chowdhury Para, DIT Road, Dhaka Uttara Br. Sector#06, Uttara Model Town, Dhaka Khulna Br. 3, K.D.Ghosh Road, Khulna Agrabad Br. 34, Agrabad C/A, Chittagong Khatungonj Br. 601, Ramjoy Mohajan Lane, Khatungonj, Chittagong O.R. Nizam Road Br. 659, O.R. Nizam Road, Chittagong Jubilee Road Br. 5, Jubilee Road, Chittagong Chowhatta Br. Ambarkhana Airport Road, Sylhet. Moulvibazar Br. Yakub Mansion Sylhet Road, Moulvibazar Rangpur Br., Rainbow Plaza, G.L. Roy Road, Rangpur Jessore Br. Jess Tower, M.K. Road, Jessore. Laxmipur Br. College Road, Laxmipur <p>Investment Corporation of Bangladesh</p> <ol style="list-style-type: none"> Head Office, BSB Building (12th, 13th, 14th, & 15th Floor) 8, DIT Avenue, Dhaka. Local Office, Nayapaltan, VIP Road, Dhaka. Chittagong Br. Pine view, 100, Agrabad C/A, Chittagong Rajshahi Br., Gaffar Plaza, Saheb Bazar, Rajshahi Khulna Br., Shilpa Bank Bhaban, 25-26, KDA C/A, Khulna. Barishal Br., 87-88, Hemayat Uddin Road, Barishal. Sylhet Br., Chamber Building, Jail Road, Sylhet Bogra Br., Bogra Islamic Studies Group Bhaban, Station Road, Satmatha, Bogra <p>Export Import Bank of Bangladesh Limited</p> <ol style="list-style-type: none"> Motijheel Br. Sharif Mansion Motijheel Dhaka. Panthapath Br, 19/2, West Panthapath Dhaka Gulshan Br. 75, Gulshan Avenue, Dhaka-1212 Rajuk Avenue Br. 9, Rajuk Avenue, Motijheel, Dhaka. Uttara Br. H#61/A, R#7, Sector#4, Uttara Model Town, Uttara, Dhaka. Agrabad Branch, Mawla Chamber, Chittagong. Jubilee Road Br. 63-64, Jubilee Road, Chittagong. Sylhet Br. Al-Hamra Shopping City, Zinda Bazar, Sylhet. Bogra Br. Sheik Mansion, Borogola, Bogra. Jessore Br. 37, M.K Road, Jessore Elephant Road Br. 218, Elephant Road, Dhaka Malibagh Br. 484, DIT Road, Malibag, Dhaka. Ashulia Br. Rifat Square Plaza, Jamgara, Savar. 	<p>Arab Bangladesh Bank Limited</p> <ol style="list-style-type: none"> Principal Br., 30-31, Dilkusha C/A, Dhaka Merchant Banking Wing, Dilkusha C/A, Dhaka. Kawranbazar Br. Kawranbazar, Dhaka Kakrail Branch, Kakrail, Dhaka Dhanmondi Br. Mirpur Road, Lalmatia Dhaka. Mohakhali Br. Pacific Plaza, Mohakhali, Dhaka. Gulshan Br. Gulshan Dhaka. New Elephant Rd, Br., Dhaka Nawabpur Br., Nawabpur Rd., Dhaka Uttara Branch, Uttara Dhaka Mirpur Branch, Mirpur-1, Dhaka Rokeya Sharani Branch, Dhaka Khulna Branch, KDA C/A, Khulna Modhuban Branch, Bandar Bazar, Sylhet Agrabad Br., Agrabad C/A, Chittagong. <p>Southeast Bank Limited</p> <ol style="list-style-type: none"> Principal Br, 1 Dilkusha C/A, Dhaka Imamgonj Br., Mitford Rd., Dhaka-1100. Dhanmondi Br., Dhaka1205. Uttara Br., Uttara Model Town, Dhaka, New Elephant Rd. Br. Dhaka. Gulshan Br., Gulshan Avenue, Dhaka-1212. Motijheel Br., Motijheel C/A, Dhaka Kawran Bazar Br., Dhaka Banani Branch, Banani, Dhaka Bangshal Br, North South Rd, Dhaka New Eskaton Br. Ramna Dhaka. Agargaon Br. Mohammadpur Dhaka. , Bandar Bazar Br. (Islami Banking), Shylet., Shahjahaj Upashahar Br. Main Road Sylhet. Laldighirpar Br., New Market, Sylhet, Chouhatta br. Chouhatta, Sylhet. Moulivi Bazar Br., Moulivi Bazar Kulaura Br., Moulivi Bazar Agrabad Br., Agrabad C/A Chittagong, Jubilee Road Br., Jubilee Road, Chittagong Khatungonj Br., Khatungonj, Chittagong Halishahar Br, Halishahar H.E, Chittagong CDA Avenue Br., Pachlaish, Chittagong Cox's Bazar Br., Bazar Ghat, Cox Bazar. Chagalnaya Br. (Islami Banking) Feni Feni Branch, Feni, Khulna Br., Sir Iqbal Road Br., Khulna. <p>Social Investment Bank Limited</p> <ol style="list-style-type: none"> Principal Br. 15, Dilkusha, Dhaka Panthapath Br. Dhaka Agrabad Br. Chittagong Khulna Br. Dhaka Sylhet Br. Sylhet. Rajshahi Br. Rajshahi Gulshan Br. Dhaka. Babu Bazar Br. Dhaka. Moulvi Bazar Br. Bogra Br. Bogra. Sirajgonj Br. Sirajgonj IDB Bhaban Br. Dhaka. Khatungonj Br. Chittagong. Chandaikona Br. Sirajgonj. Sonargaon Br. Narayangonj. Foreign Exchange Br. Dhaka. Halishahr Br. Chittagong. Hasnabad Br. Keranigonj. Dhanmondi Br. Dhaka. Nawabpur Road Br. Dhaka. Jubilee Road Br. Chittagong. Ultra Br. Dhaka. Fatullah Br. Narayangonj Mirpur Br. Dhaka.
<p>The Trust Bank Limited</p> <ol style="list-style-type: none"> Principal Branch, Trust Bhaban, 98, Shahid Swarani, Dhaka Cantonment, Dhaka-1206., Sena Kallyan Bhaban Branch, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka-1000 Gulshan Corporate Branch, 110, Gulshan Avenue, Dhaka Agrabad Branch, BSB Bhaban 106, Agrabad C/A, Chittagong Dhanmondi Branch, BDR Headquarters, 4, BDR Gate, Peelkhana, Dhaka Comilla Cantonment Br. Comilla Rangpur Cantonment Br. Rangpur 		

Issuer Company:
Islamic Finance and Investment Limited

Issue Manager:
AAA Consultants & Financial Advisers

Nominee :		
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INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in Block Letters in English and must NOT be abbreviated.
3. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of Shares favoring **"Islamic Finance and Investment Limited."** and crossed **"ACCOUNT PAYEE ONLY"**.
5. Application shall be sent by the applicant directly to the Company within 29/09/2005 so as to reach the Company within 08/10/2005. No Application sent after 29/09/2005 or received by the Company after 08/10/2005 will be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.
7. All the applicants shall first be treated as applied for one minimum lot. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.
8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint Application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or Company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of the share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
12. The intending NRB applicants shall deposit share money by US \$/UK Pound Sterling draft drawn on and payable in Dhaka, Bangladesh, so that the Issuer's collecting Bank can clear that proceeds and deposit the same into Issuer's Bank account in time.
13. Spot buying rate (TT Clean) in US Dollars and UK Pound Sterling of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**

THE NRB APPLICATION ALONG WITH THE DRAFT, AS ABOVE, IS TO BE SUBMITTED TO

THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA-5