



BRAC EPL Investments Limited
Statement of Financial Position
As at 30 September 2019

	Notes	30-Sep-19 Taka	31-Dec-18 Taka
Assets			
Non-current assets			
Property, plant and equipment	5	7,592,770	8,872,028
Investment in associate company	6	-	15,676,040
Deferred tax assets	7	282,156,147	282,156,146
		289,748,916.710	306,704,215
Current assets			
Account receivables	8	17,338,936	27,928,847
Inter-company receivables	9	107,305	21,022
Other receivables			10,376,907
Investment in quoted securities	10	1,025,970,088	1,142,452,451
Advance income tax	11	23,668,215	18,608,816
Loans and advances to customers	12	1,693,200,541	1,703,219,146
Accrued interest and management fees receivable	13	319,564,754	332,702,890
Advances, deposits and prepayments	14	2,807,511	5,688,435
Cash and cash equivalents	15	7,772,431	14,054,573
		3,090,429,781	3,255,053,087
Total assets		3,380,178,698	3,561,757,302
Equity and Liabilities			
Shareholders' equity			
Share capital	16	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(2,112,728,163)	(1,907,652,764)
Shareholders' equity		909,097,788	1,114,173,187
Current liabilities			
Customer deposits	17	95,630,182	94,838,032
Bank overdrafts	18	725,208,129	799,265,809
Short term loan	19	565,000,000	470,000,000
Account payables	20	9,534,253	9,716,579
Other liabilities	21	1,071,101,603	1,069,765,582
Provision for taxation	22	3,670,757	2,970,757
Inter-company payable	23	935,987	1,027,356
		2,471,080,910	2,447,584,115
Total equity and liabilities		3,380,178,698	3,561,757,302

These financial statements should be read in conjunction with annexed notes 1 to 34

Aclog

 Chief financial officer


 Chief executive officer

BRAC EPL Investments Limited
Statement of Profit or Loss & Other Comprehensive Income
For the period ended 30 September 2019

	Notes	30 September 2019	30 September 2018
Revenue			
Interest income from margin loan		12,643,942	69,351,742
Interest expenses	24	(100,332,141)	(81,547,998)
Net interest income (A)		(87,688,199)	(12,196,256)
Fee and commission income	25	11,767,219	26,336,803
Fee and commission expenses	26	(4,954,282)	(7,081,504)
Net fee and commission income (B)		6,812,938	19,255,299
(Loss)/gain from investment in securities	27	(92,303,796)	(145,841,321)
Other operating income/(loss)	28	10,316,288	11,583,417
Net (loss)/gain from investment in securities (C)		(81,987,508)	(134,257,904)
Total operating income/(loss) (A+B+C)		(162,862,769)	(127,198,861)
Operating expenses	29	(40,823,227)	(44,444,228)
Depreciation & amortization	5	(1,758,651)	(1,818,903)
Operating profit/(loss) (D)		(205,444,647)	(173,461,992)
Finance income		33,186	74,789
Financial expenses	30	(460,818)	(401,427)
Net finance income (E)		(427,632)	(326,638)
Share of profit of equity in associate company (F)		1,496,879	106,665
Impairment loss on investment in unquoted securities (G)			
Profit/(loss) before provisions (D+E+F+G)		(204,375,399)	(173,681,965)
Provision for loans and advances			
Loss before tax		(204,375,399)	(173,681,965)
Tax expenses	31	700,000.00	902,600
Net loss after tax		(205,075,399)	(174,584,565)
Other comprehensive Income			
Total loss		(205,075,399)	(174,584,565)

These financial statements should be read in conjunction with annexed notes 1 to 34


Chief financial officer


Chief executive officer

BRAC EPL Investments Limited
Statement of Changes in Equity
For the period ended 30 September 2019

Particulars	Amount in Taka			
	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2017	2,585,000,000	436,825,951	(1,199,451,558)	1,822,374,393
Total comprehensive income for the year 2017	-	-	(489,862,076)	(489,862,076)
Balance as on 31 December 2017	2,585,000,000	436,825,951	(1,689,313,634)	1,332,512,317
Total comprehensive income for the period	-	-	(218,339,130)	(218,339,130)
Balance as on 30 December 2018	2,585,000,000	436,825,951	(1,907,652,764)	1,114,173,187
Total comprehensive income for the period	-	-	(205,075,399)	(205,075,399)
Balance as on 30 September 2019	2,585,000,000	436,825,951	(2,112,728,163)	909,097,788

Acting

Attehdob

Chief financial officer

[Signature]

Chief executive officer

BRAC EPL Investments Limited
Statement of Cash Flows
For the period ended 30 September 2019

	2019 Taka	2018 Taka
A. Operating activities		
Net profit before tax	(204,375,399)	(173,681,965)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	1,574,764	1,740,700
Amortization of intangible asset	183,887	78,203
Gain on disposal of property, plant and equipment	(24,000)	(2,842,200)
Bad debt expenses		
Fair value adjustments for fall in values of investment in securities	105,799,093	157,076,896
Share of profit of equity in associate company	(1,496,879)	(149,364)
	106,036,865	155,904,235
Income tax paid	(5,059,399)	(4,262,906)
Operating (loss)/profit before changes in working capital	(103,397,934)	(22,040,636)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	10,018,605	19,167,075
(Increase)/decrease in accrued interest and mgt. fees receivable	13,138,136	(19,285,873)
(Increase)/decrease in account receivables	10,589,911	(11,400,812)
(Increase)/decrease in advance, deposits and prepayments	2,880,924	1,491,860
(Increase)/decrease in inter-company receivable	(86,283)	2,080,328
(Increase)/decrease in other receivables	10,376,907	(7,130,593)
Increase/(decrease) in customer deposits	792,150	(248,353,728)
Increase/(decrease) in account payables	(182,326)	(22,217,826)
Increase/(decrease) in inter-company payable	(91,369)	31,805
Increase/(decrease) in other liabilities	1,336,021	(9,281,307)
	48,772,676	(294,899,069)
Net cash (used)/from operating activities (A)	(54,625,258)	(316,939,705)
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(479,391)	(4,081,850)
Disposal of property, plant and equipment	24,000	2,842,200
Striking off Brac Asset Management	17,172,920	
Sale/(purchase) of investment securities	10,683,270	56,634,959
Net cash used in investing activities (B)	27,400,798	55,395,309
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(74,057,680)	27,147,834
Receipt/(repayment) of short term loans	95,000,000	250,000,000
Receipt/(repayment) of revolving time loan		
Capital lease obligation paid		
Share Capital Increased		
Net cash from/(used) in financing activities (C)	20,942,320	277,147,834
Net decrease in cash and cash equivalents (A+B+C)	(6,282,140)	15,603,438
Cash and cash equivalents at the beginning of the year	14,054,573	40,721,893
Cash and cash equivalents at the end of the year	7,772,431	56,325,331



Chief financial officer



Chief executive officer



5 Property, plant and equipment-at cost less accumulated depreciation

Assets	Cost				Rate of depreciation	Depreciation				Amount in Iaka	
	Balance on 1 January 2019	Additions during the year	Adjustment during the year	Balance on 30 September 2019		Balance on 01 January 2019	Charged during the Period	Adjustment during the year	Balance on 30 September 2019	Written down value at 30 September 2019	Written down value at 31 December 2018
Furniture & fittings	4,394,050	-	-	4,394,050	10%-33.33%	4,338,768	5,250	-	4,344,018	50,033	55,283
Office floor space	6,348,797	-	-	6,348,797	5%-20%	2,722,434	230,537	-	2,952,971	3,395,826	3,626,363
Motor vehicles	12,104,340	-	-	12,104,340	20%	7,260,747	1,299,459	-	8,560,206	3,544,134	4,843,593
Leasehold improvement	600,940	-	-	600,940	15%-33.33%	600,940	-	-	600,940	-	-
IT equipment	14,233,271	-	255,000	13,978,271	10%-50%	14,211,629	21,643	255,000	13,978,271	-	21,643
Office equipment	9,857,480	-	-	9,857,480	10%-50%	9,832,111	17,875	-	9,849,986	7,494	25,369
Jun-19	47,538,879	-	255,000	47,283,879		38,966,629	1,574,764	255,000	40,286,392	6,997,486	8,572,250
2018	50,011,819	3,847,240	6,347,746	47,511,313		42,990,924	429,442	6,347,746	37,072,620	10,438,693	

5.1 Intangible assets

Assets	Cost				Rate of depreciation 33.33%	Amortization				Written down value at June 2019	Written down value at 31 December 2018
	Balance on 1 January 2019	Additions during the year	Adjustment during the year	Balance on 30 June 2019		Balance on 01 January 2019	Charged during the Period	Adjustment during the year	Balance on 30 June 2019		
Software	469,220	479,391	-	948,611		169,441	183,887	-	353,328	595,283	299,780
2018				234,610		52,136	19,551		71,686		

Balance as at 30 September. 2019 Taka	Balance as at 31 December. 2018 Taka
--	---

6 Investment in associate company

BRAC Asset Management Company Limited	15,676,040	15,526,676
Profit for the period	1,496,879	149,364
	<u>17,172,920</u>	<u>15,676,040</u>
Striking off Investments in associate	<u>(17,172,920.00)</u>	

7 Deferred tax assets

<u>282,156,147</u>	<u>282,156,146</u>
--------------------	--------------------

Deferred tax has been recognized in accordance with the provision of BAS 12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and their tax base. Related tax income / expense has been recognised in the Profit and Loss account.

7.1 Deferred tax on temporary differences

(i) Deductible temporary differences		
Property, plant and equipment		(2,606,850)
(ii) Taxable temporary difference		
Finance lease obligations		(2,606,850)
Net taxable temporary differences		<u>(977,569)</u>
Deferred tax asset		(977,569)
Net taxable temporary differences	-	(2,606,850)
Tax rate		37.50%
Deferred tax asset as at 31 December		<u>(977,569)</u>
Less: opening balance as at 1 January		(1,468,974)
Deferred tax expense /(income)	<u>-</u>	<u>491,405</u>

7.2 Net Operating loss carry forwards

Operation income/(loss) before provision	-	
Tax rate		37.50%
Deferred tax asset as at 31 December		<u>(281,178,577)</u>
Less: opening balance as at 1 January		-
Deferred tax expense /(income) from operating loss		<u>(281,178,577)</u>
Total deferred tax expense /(income)	<u>-</u>	<u>491,405</u>

8 Account receivables

Portfolio Management Department (PMD) (Note-8.1)	3,604,739	3,528,400
Structured Finance Department (SFD) (Note-8.2)	13,734,197	24,400,447
	<u>17,338,936</u>	<u>27,928,847</u>

8.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading	3,604,739	3,528,400
Receivable from brokerage for own investment	-	
	<u>3,604,739</u>	<u>3,528,400</u>

PMD's receivables consist mainly of net receivables from brokers for daily sale and buy transactions of clients. These are cleared every 3 working days. Dividend income receivable represents approved dividends declared by listed entities which have not yet been credited to the company's account through the Central Depository Bangladesh Limited. These receivables are considered good at the reporting date.

8.2 Structured Finance Department (SFD)

Debt arrangement fees	11,430,572	22,096,822
Corporate advisory fees	2,303,625	2,303,625
	<u>13,734,197</u>	<u>24,400,447</u>

9 Inter-company receivables

BRAC EPL Stock Brokerage Limited	107,305	21,022
BRAC Asset Management Company Limited	-	-
BRAC Impact Ventures Limited	-	-
	<u>107,305</u>	<u>21,022</u>

10 Investment in quoted securities

<u>1,025,970,088</u>	<u>1,142,452,451</u>
----------------------	----------------------

The company invests in quoted securities, traded on the secondary capital market in Bangladesh. At the reporting date these are recognized at market value on aggregate basis. As per BAS 39 Financial Instruments: Recognition and Measurement, these have been classified as fair value through profit or loss where gains or losses arising from a change in the fair value of such financial assets are recognized in the statement of comprehensive income.

11 Advance income tax

Opening balance	18,608,816	14,748,510
Add: paid during the year	5,059,399	3,860,306
	<u>23,668,215</u>	<u>18,608,816</u>
Less: adjusted during the year	-	-
	<u>23,668,215</u>	<u>18,608,816</u>

12 Loans and advances to customers

Opening balance	1,703,219,146	1,722,386,221
Increase / (decrease) during the year	(10,018,605)	(19,167,075)
	<u>1,693,200,541</u>	<u>1,703,219,146</u>

13 Accrued interest and management fees receivable

Accrued interest receivable	317,961,705	317,373,625
Accrued management fees receivable	1,603,048	15,329,265
	<u>319,564,754</u>	<u>332,702,890</u>

Accrued interest receivable and accrued portfolio management fee is deducted from client's account on every calendar quarter and adjusted with client's purchase power accordingly.

14 Advances, deposits and prepayments

Advances		
Staff loans	80,000	
General suppliers	206,258	206,258
	<u>286,258</u>	<u>206,258</u>
Deposits		
Regulators	310,000	314,500
Pre- IPO	573,541	3,529,965
	<u>883,541</u>	<u>3,844,465</u>
Prepayments		
Office rent	1,637,712	1,637,712
	<u>2,807,511</u>	<u>5,688,435</u>

15 Cash and cash equivalents

Cash in hand	93,969	98,868
Balance with Banks		
Brac Bank Limited	2,653,651	7,659,807
Standard Chartered Bank	2,573,392	5,211,796
NRB Commercial Bank Limited	511,992	511,992
NRB Bank Limited	1,667	1,667
One Bank Limited	1,836,171	468,854
United Commercial Bank Limited		
Standard Bank Limited	5,369	5,369
IFIC Bank Limited		-
Midland Bank	96,220	96,220
	<u>7,772,431</u>	<u>14,054,573</u>

16 Share capital**16.1 Authorized share capital**

300,000,000 ordinary shares of Taka 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>
---	----------------------	----------------------

16.2 Issued, subscribed and paid-up share capital

258,500,000 ordinary shares of Taka 10 each	<u>2,585,000,000</u>	<u>2,585,000,000</u>
---	----------------------	----------------------

The company's shareholding position as at 31 December was as follows:

Name of shareholders	Nationality/ Incorporated in	No of shares	Face value per share (Taka)
BRAC Bank Ltd.	Bangladesh	258,358,734	10
Other individual shareholders	Various	141,266	
		<u>258,500,000</u>	

As per Form-117, BRAC Bank Limited (hereinafter called the "said Transferee") acquired shares from the minority shareholders on 19th November 2017. Now BRAC Bank Limited currently holding 99.95% of shares of BEIL's total subscribed shares.

17 Customer deposits

Opening balance	94,838,032	343,191,760
Change during the year	792,150	(248,353,728)
	<u>95,630,182</u>	<u>94,838,032</u>

Customer deposits represent un invested funds lying in the company's account at the reporting date.

18 Bank overdrafts

BRAC Bank Limited	725,208,129	799,265,809
IFIC Bank Limited	-	
One Bank Limited	-	
Standard Bank Limited	-	
United Commercial Bank Limited		
NRB Commercial Bank Limited		
	<u>725,208,129</u>	<u>799,265,809</u>

The terms and conditions of the bank overdraft are as follows:

BRAC Bank Limited

Type of facility	: Overdraft I- renewal
Facility limit	: BDT 800,000,000 (BDT eight hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: On demand
Purpose	: To meet day to day operational activities.
Expiry	: 29 March 2020

19 Short term loan	565,000,000	470,000,000
19.1 Opening balance	470,000,000	220,000,000
Add: received during the year	565,000,000	970,000,000
	1,035,000,000	1,190,000,000
Less: payment during the year	470,000,000	720,000,000
	565,000,000	470,000,000

The terms and conditions of the loan taken from IIDFC Limited are as follows:

Loan limit	: BDT 500,000,000 (BDT five hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: 180 days (maximum from date of each disbursement)
Purpose	: To meet funding requirement for margin lending.
Expiry	: 02 November 2019.

The terms and conditions of the loan taken from United Finance Limited are as follows:

Loan limit	: BDT 250,000,000 (BDT Two hundred fifty million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: 90 days (maximum from date of each disbursement)
Purpose	: To meet funding requirement for margin lending.
Expiry	: 21 October 2019.

19.2 Short term loan	
Opening balance	
Add: Received during the year	
Less: Payment during the year	

20 Account payables

Broker for client trading	2,416,330	3,269,339
VAT on fee income	4,400,486	5,791,736
Payable for other PMD activities	1,750,786	883
Broker for Own Investment	-	-
Tax deducted at source from salaries and allowances	243,819	219,146
Tax deducted at source from suppliers	57,613	84,093
Withholding VAT on office rent	152,310	-
Withholding VAT on suppliers' payments	398,967	310,534
Tax deducted at source from office rent	113,943	40,848
	9,534,253	9,716,579

21 Other liabilities

Provision for loans and advances (Note 21.1)	1,059,064,609	1,059,064,609
Interest payable	1,590,407	-
Sales receivable in transit	4,321,350	4,905,854
	-	-
Salaries & Other payable	-	-
CDBL charges	-	19,970
Office maintenance	5,242,650	5,068,921
Audit fees	189,750	198,000
IT expenses	211,386	211,386
Telephone and mobile expenses	21,099	21,099
Rent	55,813	55,813
Security services	(4,546)	(4,644)
Legal and professional fees	165,474	215,574
Repair and maintenance	-	-
Printing- Postage & Stationery	9,001	9,001
Advertisement	-	-
Other payable	-	-
Liability for fixed Assets	234,610	-
	1,071,101,603	1,069,765,582

21.1 Provision for loans and advances

Opening balance	1,059,064,609	1,059,064,609
Provision made during the year	-	-
Provision released during the year	-	-
Closing balance	1,059,064,609	1,059,064,609

22 Provision for taxation

Opening balance	2,970,757	2,072,644
Add : provision made during the year	700,000	898,113
	3,670,757	2,970,757
Less: paid/adjusted during the year	-	-
	3,670,757	2,970,757

23 Inter-company payable

BRAC EPL Stock Brokerage Limited	935,987	400,000
BRAC Asset Management Company Limited	-	627,356
	935,987	1,027,356

From Jan- September 2019 Taka	From Jan- September 2018 Taka
--	--

24 Interest expenses

BRAC Bank Ltd	79,294,696	81,547,998
United Finance	916,666	
IIDFC	20,120,779	
Standard Bank Limited	-	-
ONE Bank Limited	-	
NRB Commercial Bank Limited	-	
NRB Bank Limited	-	
Investment Corporation of Bangladesh	-	
	100,332,141	81,547,998

25 Fee and commission income

Portfolio Management Department (PMD) (Note-25.1)	11,767,219	22,491,803
Investment Banking Department (IBD) (Note-25.2)		
Structured Finance Department (SFD) (Note-25.3)	-	3,845,000
	11,767,219	26,336,803

25.1 Portfolio Management Department (PMD)

Settlement fees	9,243,643	13,094,060
Management fees	2,280,831	9,134,563
BO maintenance fees	221,700	229,500
Documentation fees	9,300	12,800
Commission income from IPO	11,745	20,880
	11,767,219	22,491,803

25.2 Investment Banking Department (IBD)

Corporate advisory fees	-	
-------------------------	---	--

25.3 Structured Finance Department (SFD)

Debt arrangement fees	-	2,000,000
Corporate advisory fees	-	1,845,000
Private equity arrangement fees	-	
	-	3,845,000

26 Fee and commission expenses

Brokerage commission cost	4,954,282	7,081,504
	4,954,282	7,081,504

27 (Loss)/Income from investment in securities

Realized (loss)/ gain during the year	13,495,297	11,235,575
Fair value adjustment at reporting date	(105,799,093)	(157,076,896)
	(92,303,796)	(145,841,321)

28 Other operating income/(loss)

Dividend income	10,292,288	8,741,217
Interest income on staff loan	-	-
Gain on disposal of property, plant and equipment	24,000	2,842,200
Unrealized Interest and fees from negative equities customers written-off during the year	-	-
Others	-	-
	10,316,288	11,583,417

29 Operating expenses

Salaries and allowances	19,840,156	25,165,299
Other personnel expenses	3,650,761	1,936,693
Rental expenses	7,204,428	7,044,110
Utilities, maintenance and running expenses	4,732,952	5,076,122
CDBL expenses	298,051	451,617
Legal and professional fees	776,900	908,800
Telephone, communication and IT expenses	1,054,449	1,059,251
Bad debt expenses	-	-
Printing and stationery	464,327	180,301
Travelling and conveyance	530,291	201,007
Vehicle maintenance expenses	743,930	897,223
Entertainment expenses	205,978	294,900
Training and development expenses	-	-
Meeting expenses	220,004	250,834
License and renewal fees	36,913	121,196
Advertisement expenses	-	-
Audit fees	189,750	189,750
Regulatory fees	150,000	200,000
Insurance	724,337	467,125
	40,823,227	44,444,228

30 Financial expenses

Bank charges and commission	460,818	401,427
	460,818	401,427

31 Tax expenses

Prior year taxes	-	402,600
Current year taxes	700,000	500,000
Deferred tax (income)/expense		
	700,000	902,600

32 Number of employees

During the period 25 permanent employees were in the employment with the company whose earning was Taka 36,000 or more per annum.

33 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business. In accordance with the provisions of BAS 24 : Related party disclosure, these are detailed

Name of party	Nature of transactions
Brac Bank Limited	Interest payable
	Loans and borrowings
	Interest Expense
BRAC EPL Stock Brokerage Limited	Expenses payable
BRAC EPL Stock Brokerage Limited	Receivable
BRAC Asset Management Company Ltd.	Payable
BRAC IT Services Limited	Internet exp payable

34 Events after the reporting date

No subsequent events were noted for which adjustments or disclosures are required in accordance with BAS 10.