Auditors' Report
&
Audited Financial Statements
of
BRAC EPL Investments Limited

For the year ended 31 December 2015

A. QASEM & CO.
Chartered Accountants Since 1953

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BRAC EPL INVESTMENTS LTD

We have audited the accompanying financial statements of **BRAC EPL Investments Limited**, which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended ,and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Investments Limited as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

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

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

c) the company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka
1 February 2016

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BRAC EPL Investments Limited
Statement of Financial Position
As at 31 December 2015

Assets	Notes	2015 Taka	2014 Taka
Non-current assets			
Property, plant and equipment	5	14,819,841	21,284,246
Investment in associate company	6	15,369,427	14,879,943
Investment in unquoted securities	7	-	954,795
Deferred tax assets	8	9,755,465	12,387,979
		39,944,733	**49,506,963**
Current assets			
Account receivables	9	86,475,934	47,857,744
Inter-company receivables	10	3,132,142	3,427,553
Other receivables		386,978	417,614
Investment in quoted securities	11	61,762,282	192,698,440
Advance income tax	12	4,632,937	6,432,844
Loans and advances to customers	13	3,824,643,861	3,769,646,105
Accrued interest and management fees receivable	14	770,208,684	863,047,060
Advances, deposits and prepayments	15	4,775,780	5,045,163
Cash and cash equivalents	16	60,062,868	19,531,386
		4,816,081,465	**4,908,103,909**
Total assets		**4,856,026,198**	**4,957,610,872**
Equity and Liabilities			
Shareholders' equity			
Share capital	17	585,000,000	585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(298,688,521)	37,466,827
Shareholders' equity		**723,137,430**	**1,059,292,778**
Current liabilities			
Finance lease obligations - current portion	18	-	61,916
Customer deposits	19	83,432,920	59,418,979
Bank overdrafts	20	2,320,943,428	2,444,519,524
Short term loan	21	1,047,059,353	690,000,000
Revolving time loan	22	250,000,000	240,000,000
Account payables	23	15,089,800	17,618,617
Other liabilities	24	410,965,940	426,694,462
Provision for taxation	25	1,028,410	17,200,000
Inter-company payable to BRAC EPL Stock Brokerage Limited		4,368,917	2,804,595
		4,132,888,768	**3,898,318,094**
Total equity and liabilities		**4,856,026,198**	**4,957,610,872**

These financial statements should be read in conjunction with annexed notes 1 to 37

Chairman **Director** **Chief Executive Officer**

Signed in terms of our report of even date annexed

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
1 February 2016

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BRAC EPL Investments Limited

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 Taka	2014 Taka
Revenue			
Interest income from margin loan		324,161,399	614,643,530
Interest expenses	26	(447,442,970)	(481,011,747)
Net interest income (A)		**(123,281,571)**	**133,631,783**
Fee and commission income	27	99,483,400	128,183,763
Fee and commission expenses	28	(16,607,458)	(33,093,982)
Net fee and commission income (B)		**82,875,942**	**95,089,781**
(Loss)/gain from investment in securities	29	(10,991,629)	(23,708,279)
Other operating income	30	3,035,256	3,783,664
Net (loss)/gain from investment in securities (C)		**(7,956,373)**	**(19,924,615)**
Total operating income/(loss) (A+B+C)		**(48,362,002)**	**208,796,949**
Operating expenses	31	(112,789,421)	(129,833,701)
Depreciation	5	(10,437,075)	(16,154,198)
Operating profit/(loss) (D)		**(171,588,498)**	**62,809,050**
Finance income		1,093,892	1,262,522
Financial expenses	32	(890,927)	(1,571,914)
Net finance income (E)		**202,965**	**(309,392)**
Share of profit of equity in associate company (F)		489,484	538,172
Impairment loss on investment in unquoted securities (G)		(954,795)	(1,545,205)
Profit/(loss) before provisions (D+E+F+G)		**(171,850,844)**	**61,492,625**
Provision for loans and advances	24.1	(142,198,602)	(278,572,688)
Loss before tax		**(314,049,446)**	**(217,080,063)**
Tax expenses	33	22,105,902	12,951,676
Net loss after tax		**(336,155,348)**	**(230,031,739)**
Other comprehensive Income		-	-
Total loss		**(336,155,348)**	**(230,031,739)**

These financial statements should be read in conjunction with annexed notes 1 to 37

Chairman **Director** **Chief Executive Officer**

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1 February 2016

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BRAC EPL Investments Limited

Statement of Changes in Equity

For the year ended 31 December 2015

Amount in Taka

Particulars	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2014	585,000,000	436,825,951	267,498,566	1,289,324,517
Total comprehensive income for the year 2	-	-	(230,031,739)	(230,031,739)
Balance as on 31 December 2014	**585,000,000**	**436,825,951**	**37,466,827**	**1,059,292,778**
Total comprehensive income for the year 2	-	-	(336,155,348)	(336,155,348)
Balance as on 31 December 2015	**585,000,000**	**436,825,951**	**(298,688,521)**	**723,137,430**

Chairman **Director** **Chief Executive Officer**

Signed in terms of our report of even date annexed

Dated, Dhaka
1 February 2016

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BRAC EPL Investments Limited
Statement of Cash Flows
For the year ended 31 December 2015

	2015 Taka	2014 Taka
A. Operating activities		
Net profit before tax	(314,049,446)	(217,080,063)
Add: Items not involving in movement of cash:		
Depreciation on property, plant and equipment	10,437,075	16,050,031
Depreciation of intangible asset	-	104,167
Gain on disposal of property, plant and equipment	(651,387)	(20,000)
Finance charge - lease	2,504	36,404
Bad debt expenses	10,274,104	10,833,009
Fair value adjustments for fall in values of investment in securities	(10,173,850)	22,246,029
Share of profit of equity in associate company	(489,484)	(538,172)
Impairment loss on investment in unquoted securities	954,795	1,545,205
	10,353,758	**50,256,673**
Income tax paid	(33,845,069)	(97,547,144)
Operating (loss)/profit before changes in working capital	**(337,540,758)**	**(264,370,534)**
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	(54,997,756)	(99,868,875)
(Increase)/decrease in accrued interest and mgt. fees receivable	92,838,376	(388,092,763)
(Increase)/decrease in account receivables	(48,892,294)	131,073,991
(Increase)/decrease in advance, deposits and prepayments	269,383	5,320,610
(Increase)/decrease in inter-company receivable	295,411	(1,321,141)
(Increase)/decrease in other receivables	30,636	596,125
Increase/(decrease) in customer deposits	24,013,941	19,997,702
Increase/(decrease) in account payables	(2,528,817)	(36,762,282)
Increase/(decrease) in inter-company payable	1,564,322	747,304
Increase/(decrease) in other liabilities	(15,728,522)	214,860,615
	(3,135,320)	(153,448,716)
Net cash (used)/from operating activities (A)	**(340,676,077)**	**(417,819,250)**
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(4,952,786)	(155,203)
Disposal of property, plant and equipment	1,631,500	20,000
Sale/(purchase) of investment securities	141,108,628	(180,229,361)
Net cash used in investing activities (B)	**137,787,342**	**(180,364,564)**
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(123,576,096)	257,648,651
Receipt/(repayment) of short term loans	357,059,353	90,000,000
Receipt/(repayment) of revolving time loan	10,000,000	240,000,000
Capital lease obligation paid	(63,040)	(378,240)
Net cash from/(used) in financing activities (C)	**243,420,217**	**587,270,411**
Net decrease in cash and cash equivalents (A+B+C)	**40,531,482**	**(10,913,403)**
Cash and cash equivalents at the beginning of the year	19,531,386	30,444,789
Cash and cash equivalents at the end of the year	**60,062,868**	**19,531,386**

Chairman **Director** **Chief Executive Officer**

Signed in terms of our report of even date annexed

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
1 February 2016

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BRAC EPL Investments Limited
Notes to the financial statements
For the year ended 31 December 2015

1.0 Background and legal status

BRAC EPL Investments Limited (hereinafter referred to as "the Company" or BEIL) was incorporated in Bangladesh on 18 April 2000 as a private limited company under the Companies Act 1994 initially in the name of Equity Partners Limited, the name of which was changed to BRAC EPL Investments Limited on 4 October 2009. BRAC Bank Limited acquired 51% of its equity in August 2009 and a further 25% in May 2011. On 11 February 2010 a new Merchant Banker Registration Certificate was issued in favour of BRAC EPL Investments Limited which allows the organization to perform the various activities including issue management, underwriting and portfolio management. The company was converted to a public limited company on 4 November 2012. The registered office of the Company is located at WW Tower (Level - 9), 68 Motijheel C/A, Dhaka - 1000.

1.1 Nature of business

BEIL delivers a whole range of investment banking services including traditional merchant banking activities such as issue management, underwriting and portfolio management. The Company also delivers value-added services such as wealth management, corporate advisory and corporate finance.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements of the Company have been prepared on going concern basis under the historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs), the Companies Act 1994 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments in quoted shares which have been measured at "Marked to Market" in accordance with BAS 39: *Financial Instruments: Recognition and Measurement.*

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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3 . Summary of significant accounting policies

3.1 Financial assets and liabilities

Recognition

The Company initially recognizes loans and advances and deposits on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Identification and measurement of impairment

At each financial position date the Company assesses whether there is an objective evidence that financial assets not carried at fair value through profit and loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower and a significant downturn in the active market for a security.

Impairment losses on financial assets are measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows of that asset. Losses are recognized in statement of comprehensive income and reflected as an allowances against loans and advances.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through statement of comprehensive income.

3.2 Recognition of property, plant and equipment (PPE)

The cost of an item of property, plant and equipment is recognized as an assets if and only if is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Property, plant and equipment have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

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Subsequent costs of enhancement of an existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

3.3 Depreciation of property, plant and equipment (PPE)

The company uses straight line method for charging depreciation. Full month depreciation is charged on additions irrespective of date of its acquisition whereas no depreciation is charged in the month of disposal. The rates of depreciation on various classes of property, plant and equipment are as under:

Name of the assets	Rates
Furniture and fixtures	10%-33.33%
Office floor space	5%-20%
Motor vehicles	20%
Leasehold improvement	15%-33.33%
IT equipment	10%-50%
Office equipment	10%-50%

3.4 Investments

The Company holds investment securities which are both actively traded in a quoted market and those which are unquoted.

(a) Fair value through profit or loss
Investments in shares which are actively traded on a quoted market are designated at fair value through statement of comprehensive income. Gains or losses arising from a change in the fair value of such financial assets are recognized in the statement of comprehensive income.

(b) Available for sale
Investments in shares which are not actively traded on a quoted market are designated as Available for Sale (AFS) assets. Since their fair values cannot be reliably measured, these are held at cost.

3.5 Taxation

The Company current tax has been calculated on the basis of the Finance Act 2015.

3.6 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value and subsequently measured at amortized cost.

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3.7 Customer deposits

Customer deposits consist of funds provided by customers which have not yet been used to invest in securities. These are initially measured at fair value and subsequently measured at amortized cost.

3.8 Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.8.1 Income in suspense

Income from loans and advances is moved to suspense account when reasonable doubt is established over its recoverability.

3.9 Lease obligation

Leases of property, plant and equipment (PPE) are classified as finance leases where the Company (lessee) has substantially all the risks and rewards of ownership. Leased assets are capitalized on the basis of lower of fair value of leased assets and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance of lease obligation. The PPE acquired under finance leases are depreciated over their estimated useful lives.

3.10 Revenue recognition

3.10.1 Interest income

Interest income is recognized in the statement of comprehensive income using the effective interest method. Interest is accrued on a daily basis and applied to customer's account every quarter.

Interest income on negative equity accounts is recognised on the basis of expected recovery in the normal course of business.

3.10.2 Fee and commission income

Fees and commission income are recognized at the later of when the corresponding service is provided and when management feel that all necessary procedures in connection with such activity is completed.

3.10.3 Investment in associates

Investment in associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 25% to 50% of the voting power of another entity.

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3.10.4 Dividend income

Dividend income is recognized when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

3.10.5 Finance income

Finance income comprises of interest income on fixed deposits and savings accounts. Interest income is recognized as it accrues, using the effective interest method.

4 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

** Credit risk
** Liquidity risk
** Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework.

4.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and investment securities. These loans and advances are fully backed by the securities held by the customer as the average margin loan to customer deposit ratio stood at 0.9/1.0.

With respect to credit risk arising from the other financial assets of the Company, the maximum exposure is equal to the carrying amounts of the financial assets.

4.2 Settlement Risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of losses due to failure of and entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For such transactions the Company only allows the purchase of tradable securities if the customer has adequate cash/purchase power beforehand.

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4.3 Liquidity Risk

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

Under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board.

4.4 Market Risk

A key market risk for the Company is the volatility in price movements of traded securities. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company is subject to various market risks, including risks from interest and currency exchange rates.

4.4.1 Interest Rate Risk

The Company relies heavily on borrowed funds from the money markets to fund its margin loans. Any hikes in interest rates in the money markets will increase its cost of funds and reduce the interest rate spread that the Company earns on its margin loans.

Interest rate risks are primarily managed through monitoring of interest rate gaps and re-pricing of products in the MANCOM which is the monitoring body for such strategies and is assisted by Treasury on a day-to-day basis.

4.5 Capital Management

The Company's objective when managing capital is to maintain a capital structure that provides a balance between the risk associated with higher level of borrowings and the advantages and security of a sound capital position.

There were no changes in the BOD's approach to capital management during the year. The Company is not subject to any externally-imposed capital requirements.

4.6 General

i) Amounts appearing in these financial statements have been rounded off to the nearest Bangladesh Taka; and

ii) Figures related to previous year have been rearranged wherever considered necessary to confirm with current year's presentation.

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

Amount in Taka

Assets	Cost				Rate of depreciation	Depreciation				Written down value at 31 December 2015	Written down value on 31 December 2014
	Balance on 1 January 2015	Additions during the year	Adjustment during the year	Balance on 31 December 2015		Balance on 1 January 2015	Charged during the Period	Adjustment during the year	Balance on 31 December 2015		
Furniture & fittings	4,722,923	-	363,873	4,359,050	10%-33.33%	3,853,654	505,291	289,705	4,069,240	289,810	869,269
Office floor space	6,348,797	-	-	6,348,797	5%-20%	1,405,743	307,383	-	1,713,126	4,635,671	4,943,054
Motor vehicles	14,251,899	4,815,821	4,490,439	14,577,281	20%	10,380,651	1,767,204	4,103,067	8,044,788	6,532,493	3,871,248
Leasehold improvement	53,747,408	-	2,380,899	51,366,509	15%-33.33%	44,037,212	6,605,644	1,904,719	48,738,137	2,628,372	9,710,196
IT equipment	14,302,733	136,965	411,045	14,028,653	10%-50%	14,115,477	128,437	411,045	13,832,869	195,784	187,256
Office equipment	10,204,822	-	425,342	9,779,480	10%-50%	8,501,599	1,123,116	382,946	9,241,769	537,711	1,703,223
Total 2015	**103,578,582**	**4,952,786**	**8,071,598**	**100,459,770**		**82,294,337**	**10,437,075**	**7,091,482**	**85,639,929**	**14,819,841**	**21,284,246**
Total 2014	**103,628,329**	**155,203**	**204,950**	**103,578,582**		**66,449,256**	**16,050,031**	**204,950**	**82,294,337**	**21,284,246**	**37,179,074**

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Since 1953

	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

6 Investment in associate company

BRAC Asset Management Company Limited	14,879,943	14,341,771
Profit for the period	489,484	538,172
	15,369,427	**14,879,943**

In 2010, the company along with other BRAC entities, invested Taka 12,500,000 in BRAC Asset Management Company Limited which represents 25% of the paid up capital of the company. BRAC Asset Management did not start operation during the year 2011 to 31 December 2015 due to pending regulatory approval.

7 Investment in unquoted securities

BRAC Impact Ventures Limited	954,795	2,500,000
Impairment loss	(954,795)	(1,545,205)
	-	**954,795**

In 2012, the company along with other BRAC entities, invested Taka 2,500,000 in BRAC Impact Ventures Limited which represents 12.50% of the paid up capital of the company. BRAC Impact Ventures Limited has since gone into voluntary winding up and therefore the total carrying amount has been written off.

8 Deferred tax

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 disclosed in statement of comprehensive income.

Deferred tax on temporary differences

(i) Deductible temporary differences		
Property, plant and equipment	(26,014,572)	(33,057,211)
(ii) Taxable temporary difference		
Finance lease obligations	-	22,600
Net taxable temporary differences	(26,014,572)	(33,034,611)
Deferred tax asset	**(9,755,465)**	**(12,387,979)**
Net taxable temporary differences	(26,014,572)	(33,034,611)
Tax rate	37.50%	37.50%
Deferred tax asset as at 31 December	(9,755,465)	(12,387,979)
Less: opening balance as at 1 January	12,387,979	8,139,655
Deferred tax expense /(income)	**2,632,515**	**(4,248,324)**

9 Account receivables

Portfolio Management Department (PMD) (Note-9.1)	8,911,854	12,283,785
Investment Banking Department (IBD) (Note-9.2)	4,425,133	5,394,237
Structured Finance Department (SFD) (Note-9.3)	73,138,947	30,179,722
	86,475,934	**47,857,744**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

9.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading	4,305,146	10,381,035
Receivable from brokerage for own investment	4,606,708	-
Dividend income receivable	-	1,902,750
	8,911,854	**12,283,785**

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. However, these receivables are considered as good at the reporting date.

9.2 Investment Banking Department (IBD)

Corporate advisory fees	4,425,133	5,394,237
	4,425,133	**5,394,237**

9.3 Structured Finance Department (SFD)

Debt arrangement fees	72,111,822	28,972,222
Corporate advisory fees	1,027,125	1,207,500
	73,138,947	**30,179,722**

10 Inter-company receivables

BRAC EPL Stock Brokerage Limited	2,165,292	2,040,932
BRAC Asset Management Company Limited	966,850	909,350
BRAC	-	477,271
	3,132,142	**3,427,553**

11 Investment in quoted securities	**61,762,282**	**192,698,440**

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.

12 Advance income tax

Opening balance	6,432,844	12,314,186
Add: paid during the year	33,845,069	97,547,143
	40,277,913	**109,861,329**
Less: adjusted during the year	35,644,976	103,428,485
	4,632,937	**6,432,844**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

13 Loans and advances to customers

Opening balance	3,769,646,105	3,669,777,230
Proceed during the year	54,997,756	99,868,875
	3,824,643,861	**3,769,646,105**

At reporting date, the aggregate value of stocks held in customer portfolios was Tk. 4,549,741,493 which exceeded the total margin loans extended of Tk. 3,824,643,861 resulting in an overall surplus of Tk. 725,097,632. However, at reporting date, there are certain margin loans against which the aggregate value of that portfolio falls below the loan extended to individuals' margin accounts and such shortfall amounts to Tk. 1,876,359,884 against an amount of Tk. 1,392,863,441 in the preceding year. Management has successfully taken efforts to attract fresh deposits from accountholders and realized outstanding charges. In addition, the subsequent position of these amounts have improved due to upward price trend and positive market movements and helped reduce any further deterioration in the portfolio.

14 Accrued interest and management fees receivable

Accrued interest receivable	744,550,734	821,075,318
Accrued management fees receivable	25,657,950	41,971,742
	770,208,684	**863,047,060**

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.

15 Advances, deposits and prepayments

Advances		
Staff loans	581,139	2,420,667
VAT	-	249,083
General suppliers	337,832	199,998
	918,971	**2,869,748**
Deposits		
Regulators	314,500	314,500
Prepayments		
Office rent	3,542,309	1,860,915
	4,775,780	**5,045,163**

16 Cash and cash equivalents

Cash in hand	130,843	60,580
Balance with Banks		
BRAC Bank Limited	11,901,293	3,039,957
Standard Chartered Bank	46,593,306	14,387,056
NRB Commercial Bank Limited	499,189	504,612
NRB Bank Limited	-	1,147,247
One Bank Limited	851,627	300,744
United Commercial Bank Limited	77,885	79,605
Standard Bank Limited	8,725	10,845
IFIC Bank Limited	-	740
	60,062,868	**19,531,386**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

17 Share capital

17.1 Authorized share capital

300,000,000 ordinary shares of Taka 10 each	**3,000,000,000**	**3,000,000,000**

17.2 Issued, subscribed and paid-up share capital

58,500,000 ordinary shares of Taka 10 each	**585,000,000**	**585,000,000**

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

Name of shareholders	Nationality/ Incorporated in	No of shares	Face value per	Amount Taka	Amount Taka
BRAC Bank Ltd.	Bangladesh	44,459,962	10	444,599,620	444,599,620
Other individual shareholders	Various	14,040,038		140,400,380	140,400,380
		58,500,000		**585,000,000**	**585,000,000**

18 Finance lease obligations

Opening balance	61,916	403,752
Less: payments made during the year	61,916	341,836
	-	**61,916**
Less: current portion-transferred to current liabilities		61,916
	-	-

The repayment of lease obligations and repayable amount after the balance sheet date are as follows:

Finance lease liabilities-minimum lease payments

Payable not later than one year	-	61,916
Payable later than one year but not later than 5 years	-	-
	-	**61,916**

19 Customer deposits

Opening balance	59,418,979	39,421,277
Change during the year	24,013,941	19,997,702
	83,432,920	**59,418,979**

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

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka
20 Bank overdrafts		
BRAC Bank Limited	845,110,659	841,802,475
IFIC Bank Limited	594,158,570	567,306,750
One Bank Limited	37,792,993	163,990,965
Standard Bank Limited	297,335,749	289,076,709
United Commercial Bank Limited	538,638,419	483,573,983
NRB Commercial Bank Limited	7,907,038	98,768,642
	2,320,943,428	2,444,519,524

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

BRAC Bank Limited

Type of facility	: **Overdraft 1- 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 2016

BRAC Bank Limited

Type of facility	: **Overdraft 2- renewal**
Loan limit	: BDT 50,000,000 (BDT fifty 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 2016

IFIC Bank Limited

Type of facility	: **Overdraft - renewal**
Facility limit	: BDT 600,000,000 (BDT six hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: 1 (One) year (will be renewed after one year).
Purpose	: For merchant banking operation of the company as margin loans to clients and day to day activities.
Expiry	: 31 January 2016

One Bank Limited

Type of facility	: **Overdraft - revolving**
Facility limit	: BDT 80,000,000 (BDT eighty million) only.
Repayment procedures	: BDT 80,000,000 (BDT eighty million) only.
Purpose	: For merchant banking operation of the company as margin loans to clients and day to day activities.
Expiry	: 31 March 2016

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Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

Standard Bank Limited

Type of facility	: **Overdraft - renewal**
Facility limit	: BDT 300,000,000 (BDT three hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Purpose	: For merchant banking operation of the company as margin loans to clients and day to day activities.
Expiry	: 30 September 2016

United Commercial Bank Limited

Type of facility	: **Overdraft - renewal**
Facility limit	: BDT 550,000,000 (BDT five hundred fifty million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Purpose	: For merchant banking operation of the company as margin loans to clients and day to day activities.
Expiry	: 31 May 2016

NRB Commercial Bank Limited

Type of facility	: **Overdraft - renewal**
Facility limit	: BDT 50,000,000 (BDT fifty million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Purpose	: For merchant banking operation of the company as margin loans to clients.
Expiry	: 23 April 2016

21	**Short term loan**	**1,047,059,353**	**690,000,000**
21.1	Opening balance	690,000,000	600,000,000
	Add: received during the year	1,165,000,000	1,380,000,000
		1,855,000,000	**1,980,000,000**
	Less: payment during the year	1,285,000,000	1,290,000,000
		570,000,000	**690,000,000**

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

Loan limit	: BDT 700,000,000 (BDT seven 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	: 29 March 2016

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

21.2 Short term loan

Opening balance	-	
Add: Received during the year	567,605,183	
	567,605,183	-
Less: Payment during the year	90,545,830	
	477,059,353	-

The terms and conditions of the loan taken from Investments Corporation of Bangladesh (ICB)are as follows:

Loan limit	: BDT 56,76,05,183 (BDT fifty six crore seventy six lac five thousand one hundred eighty three) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: 480 days
Purpose	: To meet funding requirement for margin lending.
Expiry	: 31 December 2016

22 Revolving time loan

Loan received during the year	250,000,000	240,000,000

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

Loan limit	: BDT 250,000,000 (BDT two hundred fifty million) only.
Repayment procedures	: Each Time Loan to be adjusted from client's revenues or other sources within validity.
Maximum tenor	: 360 days for each time loan
Purpose	: To meet funding requirement for margin lending and day to day operational activities.
Expiry	: 30 September 2016

23 Account payables

Broker for client trading	2,518,288	9,788,661
VAT on fee income	11,949,986	5,106,386
Payable for other PMD activities	4,888	1,930,440
Tax deducted at source from salaries and allowances	290,793	421,061
Tax deducted at source from suppliers	73,708	41,238
Withholding VAT on office rent	111,307	78,955
Withholding VAT on suppliers' payments	106,009	225,980
Tax deducted at source from office rent	34,821	25,896
	15,089,800	**17,618,617**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

24 Other liabilities

Provision for loans and advances (Note 24.1)	375,271,977	278,572,688
Interest suspense account (Note 24.2)	-	130,000,000
Accrued interest payable	28,858,086	-
Sales receivable in transit	5,025,673	16,484,177
CDBL charges	70,534	103,950
Office maintenance	384,317	298,079
Audit fees	198,000	198,000
IT expenses	761,684	836,462
Telephone and mobile expenses	21,099	21,099
Rent	42,750	110,138
Security services	(4,644)	6,412
Legal and professional fees	287,474	36,000
Repair and maintenance	35,865	14,332
Advertisement	13,125	13,125
	410,965,940	**426,694,462**

24.1 Provision for loans and advances

Opening balance	278,572,688	-
Provision made during the year	142,198,602	278,572,688
Provision released during the year	(45,499,313)	-
Closing balance	**375,271,977**	**278,572,688**

A provision has been made of BDT 375,271,977 which represents 20% of the total shortfall between the aggregate value of the portfolio and the loans extended on these accounts. BSEC circular SEC/CMRRCD/2009-193/181 dated 8 December 2015 requires a 20% provision on such shortfall at 31 December 2015.

24.2 Interest suspense account

Opening balance	130,000,000	-
Addition during the year	-	130,000,000
Release during the year	130,000,000	-
	-	**130,000,000**

25 Provision for taxation

Opening balance	17,200,000	103,428,485
Add : provision made during the year	1,028,410	17,200,000
	18,228,410	**120,628,485**
Less: paid/adjusted during the year	17,200,000	103,428,485
	1,028,410	**17,200,000**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka
26 Interest expenses		
BRAC Bank Limited	151,735,380	215,068,686
United Commercial Bank Limited	97,547,367	93,448,433
IFIC Bank Limited	84,932,520	91,454,177
Standard Bank Limited	43,243,120	42,381,945
ONE Bank Limited	15,384,540	23,059,585
NRB Commercial Bank Limited	11,923,395	9,758,643
NRB Bank Limited	32,743,557	5,840,278
Investment Corporation of Bangladesh	9,933,091	-
	447,442,970	**481,011,747**
27 Fee and commission income		
Portfolio Management Department (PMD) (note-27.1)	44,906,150	105,236,830
Investment Banking Department (IBD) (note-27.2)	1,000,000	500,000
Structured Finance Department (SFD) (note-27.3)	53,577,250	22,101,933
Impact Investments Department fees	-	345,000
	99,483,400	**128,183,763**
27.1 Portfolio Management Department (PMD)		
Settlement fees	31,791,409	60,553,147
Management fees	12,638,203	44,193,653
BO maintenance fees	438,700	431,500
Documentation fees	24,861	55,200
Commission income from IPO	12,977	3,330
	44,906,150	**105,236,830**
27.2 Investment Banking Department (IBD)		
Corporate advisory fees	**1,000,000**	**500,000**
27.3 Structured Finance Department (SFD)		
Debt arrangement fees	50,900,000	22,101,933
Corporate advisory fees	2,677,250	-
	53,577,250	**22,101,933**
28 Fee and commission expenses		
Brokerage commission cost	16,607,458	31,534,784
Consultancy fees	-	1,559,198
	16,607,458	**33,093,982**
29 (Loss)/Income from investment in securities		
Realized (loss)/ gain during the year	(21,165,479)	(1,462,250)
Fair value adjustment at reporting date	10,173,850	(22,246,029)
	(10,991,629)	**(23,708,279)**

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		Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka
30	**Other operating income**		
	Dividend income	1,575,714	2,794,335
	Rental income	726,785	759,660
	Interest income on staff loan	81,370	209,669
	Gain on disposal of property, plant and equipment	651,387	20,000
		3,035,256	**3,783,664**
31	**Operating expenses**		
	Salaries and allowances	51,270,848	61,096,368
	Other personnel expenses	9,141,386	8,983,575
	Rental expenses	18,131,291	17,104,152
	Utilities, maintenance and running expenses	9,211,994	10,368,180
	CDBL expenses	1,115,171	3,042,335
	Legal and professional fees	2,813,883	2,219,983
	Telephone, communication and IT expenses	3,666,459	4,674,833
	Bad debt expenses	10,274,104	10,833,009
	Printing and stationery	665,548	1,295,713
	Travelling and conveyance	1,800,169	2,362,726
	Vehicle maintenance expenses	1,521,458	1,716,246
	Entertainment expenses	958,729	1,649,195
	Training and development expenses	172,768	905,506
	Meeting expenses	699,499	623,250
	Business development and promotional expenses	-	612,244
	License and renewal fees	110,688	253,816
	Advertisement expenses	650,839	1,515,398
	Audit fees	253,000	253,000
	Regulatory fees	177,370	150,000
	Insurance	154,217	174,172
		112,789,421	**129,833,701**
32	**Financial expenses**		
	Bank charges and commission	785,323	449,010
	Finance charge - lease	2,504	36,404
	Loan arrangement fees	103,100	1,086,500
		890,927	**1,571,914**
33	**Tax expenses**		
	Prior year taxes	18,444,977	-
	Current year taxes	1,028,410	17,200,000
	Deferred tax income/(expense)	2,632,515	(4,248,324)
		22,105,902	**12,951,676**

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	Balance as at 31 Dec 2015 Taka	Balance as at 31 Dec 2014 Taka

34 Contingent liabilities and commitments

a) Underwriting Commitments Outstanding	NIL	NIL
b) Other contingent liabilities	NIL	NIL

35 Number of employees

During the period 45 permanent employees were in the employment with the company whose earning was Taka 36,000 or more per annum.

36 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 below.

Name of party	Nature of transactions	2015 Taka	2014 Taka
BRAC Bank Limited	IT transaction costs	760,696	755,243
	Interest payable	28,120,691	-
	Loans and borrowings	1,415,110,659	1,531,802,475
BRAC EPL Stock Brokerage Limited	Expenses payable	4,368,917	2,804,596
BRAC EPL Stock Brokerage Limited	Receivable	2,165,292	2,040,932
BRAC Asset Management Company Ltd.	Reimbursable expenses	966,850	909,350

37 Events after the reporting date

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

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