

**Un audited Financial Statements
of
BRAC EPL Investments Limited**

For the period ended 30 June 2017



BRAC EPL Investments Limited
Statement of Financial Position
As at 30 June 2017

	Notes	30 June 2017 Taka	2016 Taka
Assets			
Non-current assets			
Property, plant and equipment	5	7,996,867	8,995,518
Intangible assets	5.1	221,578	-
Investment in associate company	6	15,369,427	15,369,427
Deferred tax assets	7	9,318,000	9,318,000
		32,905,872	33,682,945
Current assets			
Account receivables	8	28,965,532	29,559,219
Inter-company receivables	9	1,333,241	1,264,241
Other receivables		1,747,619	-
Investment in quoted securities	10	1,057,236,410	84,282,993
Investment in Share-IPO		8,000,000	30,000,000
Advance income tax	11	12,241,845	16,514,787
Loans and advances to customers	12	2,800,127,101	3,616,388,219
Accrued interest and management fees receivable	13	313,456,394	728,606,636
Advances, deposits and prepayments	14	3,827,611	3,256,251
Cash and cash equivalents	15	58,194,580	187,455,271
		4,285,130,332	4,697,327,617
Total assets		4,318,036,203	4,731,010,562
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		(1,544,205,379)	(1,199,451,558)
Shareholders' equity		1,477,620,572	1,822,374,393
Current liabilities			
Customer deposits	17	235,170,966	66,633,683
Bank overdrafts	18	811,961,355	936,357,568
Short term loan	19	330,000,000	779,211,617
Account payables	20	26,473,983	46,710,966
Other liabilities	21	1,433,780,012	1,078,186,162
Provision for taxation	22	1,035,101	624,709
Inter-company payable to BRAC EPL Stock Brokerage Limited		1,994,214	911,466
		2,840,415,631	2,908,636,170
Total equity and liabilities		4,318,036,203	4,731,010,562

These financial statements should be read in conjunction with annexed notes 1 to 35


Chief Financial Officer


Chief Executive Officer

BRAC EPL Investments Limited
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 30 June 2017

	Notes	30 June	
		2017	2016
Revenue			
Interest income from margin loan		12,902,496	27,268,492
Interest expenses	23	(39,756,896)	(178,701,455)
Net interest income (A)		(26,854,400)	(151,432,963)
Fee and commission income	24	31,608,841	32,432,370
Fee and commission expenses	25	(13,029,511)	(5,052,835)
Net fee and commission income (B)		18,579,330	27,379,535
(Loss)/gain from investment in securities	26	62,155,491	5,183,025
Other operating income	27	1,358,789	1,416,555
Net (loss)/gain from investment in securities (C)		63,514,280	6,599,580
Total operating income/(loss) (A+B+C)		55,239,210	(117,453,848)
Operating expenses	28	(32,860,200)	(38,558,434)
Depreciation & Amortization	5 & 5.1	(1,058,642)	(4,381,671)
Operating profit/(loss) (D)		21,320,368	(160,393,953)
Finance income		76,256	336,078
Financial expenses	29	(430,609)	(240,924)
Net finance income (E)		(354,353)	95,154
Share of profit of equity in associate company (F)			107,811
Impairment loss on investment in unquoted securities (G)			-
Profit/(loss) before provisions (D+E+F+G)		20,966,015	(160,190,988)
Provision for loans and advances	21.1	(354,000,000)	(383,792,632)
Loss before tax		(333,033,985)	(543,983,620)
Tax expenses	30	11,719,836	1,502,808
Net loss after tax		(344,753,821)	(545,486,429)
Other comprehensive Income			
Total loss		(344,753,821)	(545,486,429)

These financial statements should be read in conjunction with annexed notes 1 to 35


Chief Financial Officer


Chief Executive Officer

BRAC EPL Investments Limited
Statement of Changes in Equity
For the year ended 30 June 2017

Particulars	Amount in Taka			
	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2016	585,000,000	436,825,951	(298,688,521)	723,137,430
Total comprehensive income for the year 2016	-	-	(900,763,037)	(900,763,037)
Increase of share capital	2,000,000,000			2,000,000,000
Balance as on 31 December 2016	2,585,000,000	436,825,951	(1,199,451,558)	1,822,374,393
Total comprehensive income for the period	-	-	(344,753,821)	(344,753,821)
Balance as on 31 December 2016	2,585,000,000	436,825,951	(1,544,205,379)	1,477,620,572



Chief Financial Officer



Chief Executive Officer

BRAC EPL Investments Limited
Statement of Cash Flows
For the year ended 30 June 2017

	June 30	
	2017	2016
A. Operating activities		
Net profit before tax	(344,753,821)	(513,175,863)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	1,045,610	4,381,671
Amortization of intangible asset	13,032	-
Gain on disposal of property, plant and equipment		(75,000)
Finance charge - lease		-
Bad debt expenses		-
Fair value adjustments for fall in values of investment in securities	(44,820,485)	(1,058,572)
Share of profit of equity in associate company	-	(107,811)
Impairment loss on investment in unquoted securities		
	(43,761,843)	3,140,288
Income tax paid	4,272,942	(6,860,229)
Operating (loss)/profit before changes in working capital	(384,242,722)	(516,895,804)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	816,261,119	68,292,161
(Increase)/decrease in accrued interest and mgt. fees receivable	415,150,243	(31,488,796)
(Increase)/decrease in account receivables	593,687	53,049,385
(Increase)/decrease in advance, deposits and prepayments	(571,360)	(116,253)
(Increase)/decrease in inter-company receivable	(69,000)	(692,902)
(Increase)/decrease in other receivables	(1,747,619)	(216,033)
Increase/(decrease) in customer deposits	168,537,283	(13,993,689)
Increase/(decrease) in account payables	(20,236,983)	107,510
Increase/(decrease) in inter-company payable	1,082,748	(730,239)
Increase/(decrease) in other liabilities	356,004,243	390,656,045
	1,735,004,361	464,867,189
Net cash (used)/from operating activities (A)	1,350,761,639	(52,028,614.87)
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(281,568)	(103,900)
Disposal of property, plant and equipment	-	75,000
Sale/(purchase) of investment securities	(906,132,932)	4,758,769.00
Net cash used in investing activities (B)	(906,414,501)	4,729,869
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(124,396,213)	48,471,983
Receipt/(repayment) of short term loans	(449,211,617)	(2,130,383)
Receipt/(repayment) of revolving time loan		
Capital lease obligation paid		
Share Capital Increased	-	2,000,000,000
Net cash from/(used) in financing activities (C)	(573,607,830)	2,046,341,600
Net decrease in cash and cash equivalents (A+B+C)		
	(573,607,830)	2,046,341,600
Cash and cash equivalents at the beginning of the year	187,455,271	60,062,868
Cash and cash equivalents at the end of the period	58,194,580	2,059,105,722


Chief Financial Officer


Chief Executive Officer

BRAC EPL Investments Limited
Notes to the financial statements
For the year ended 30 June 2017

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. In 30 June 2016 BRAC Bank Limited subscribed 200 million shares further to increase BEIL's paid up capital. So that BRAC Bank Limited currently holding 94.57% of shares of BEIL's total subscribed shares. 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 Concord Baksh Tower, 8 th floor, Plot 11/A, Road-48, Kamal Atartuk Avenue, Gulshan-2.

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.

2.0 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, Securities & Exchange Commission Ordinance-1969, Securities & Exchange Commission Act 1993, Depository (User) Regulation-2003 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.

3.0 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.

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:

<u>Name of the assets</u>	<u>Rates</u>
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 2016.

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.

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 Revenue recognition

3.9.1 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.

3.9.2 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.

3.9.3 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.

3.9.4 Dividend income

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

3.9.5 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.

4.0 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 an 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.

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.

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

Assets	Cost			Rate of depreciation
	Balance on 1 January 2017	Additions during the period	Adjustment during the period	
Furniture & fittings	4,394,050	-	-	10%-33.33%
Office floor space	6,348,797	-	-	5%-20%
Motor vehicles	14,577,281	-	-	20%
Leasehold improvement	48,650,593	-	31,422,130	15%-33.33%
IT equipment	14,132,553	46,958	-	10%-50%
Office equipment	9,754,480	-	-	10%-50%
Total 2017 (Q2)	97,857,754	46,958	31,422,130	
Total 2016	100,459,770	145,900	2,747,916	

5.1 Intangible assets

Assets	Cost			Rate of depreciation
	Balance on 1 January 2017	Additions during the period	Adjustment during the period	
Software	-	234,610	-	33.33%
Total 2017 (Q2)	-	234,610	-	

Amount in Taka

	Depreciation			Rate of depreciation	Written down value at 30 June 2017	Written down value at 31 December 2016
	Balance on 01 January 2017	Charged during the period	Adjustment during the period			
	4,322,423	5,844			65,783	71,627
	2,060,736	153,692			4,134,369	4,288,061
	10,139,541	825,710			3,612,030	4,437,740
	48,640,693	7,255	31,422,130		2,645	9,900
	13,951,011	46,459			182,041	181,542
	9,747,830	6,650			(0)	6,650
Total 2017 (Q2)	88,862,236	1,045,610	31,422,130		7,996,867	8,995,518
Total 2016	85,639,930	5,970,222	2,747,916		88,862,236	

	Depreciation			Rate of depreciation	Written down value at 30 June 2017	Written down value at 31 December 2016
	Balance on 01 January 2017	Charged during the Period	Adjustment during the year			
	-	13,032	-		221,578	-
Total 2017 (Q2)	-	13,032	-		221,578	-

Balance as at 30 June 2017 Taka	Balance as at 31 Dec 2016 Taka
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6 Investment in associate company

BRAC Asset Management Company Limited	15,369,427	15,369,427
Profit for the period	-	-
	<u>15,369,427</u>	<u>15,369,427</u>

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.

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.

7 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	(24,847,999)	(24,847,999)
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(ii) Taxable temporary difference

Finance lease obligations		
Net taxable temporary differences	<u>(24,847,999)</u>	<u>(24,847,999)</u>

Deferred tax asset

Net taxable temporary differences	(24,847,999)	(24,847,999)
Tax rate	37.50%	37.50%
Deferred tax asset as at 31 December	<u>(9,318,000)</u>	<u>(9,318,000)</u>
Less: opening balance as at 1 January	9,755,465	9,755,465
Deferred tax expense /(income)	<u>437,465</u>	<u>437,465</u>

8 Account receivables

Portfolio Management Department (PMD) (Note-8.1)	8,084,952	9,253,639
Investment Banking Department (IBD) (Note-8.2)	4,425,133	4,425,133
Structured Finance Department (SFD) (Note-8.3)	16,455,447	15,880,447
	<u>28,965,532</u>	<u>29,559,219</u>

8.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading	8,084,952	9,253,639
Receivable from brokerage for own investment	-	-
	<u>8,084,952</u>	<u>9,253,639</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. However, these receivables are considered as good at the reporting date.

8.2 Investment Banking Department (IBD)

Corporate advisory fees	4,425,133	4,425,133
	<u>4,425,133</u>	<u>4,425,133</u>

8.3 Structured Finance Department (SFD)

Debt arrangement fees	14,151,822	13,576,822
Corporate advisory fees	2,303,625	2,303,625
	<u>16,455,447</u>	<u>15,880,447</u>

9 Inter-company receivables

BRAC EPL Stock Brokerage Limited	366,391	297,391
BRAC Asset Management Company Limited	966,850	966,850
	<u>1,333,241</u>	<u>1,264,241</u>

10 Investment in quoted securities

<u>1,057,236,410</u>	<u>84,282,993</u>
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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	16,514,787	4,632,937
Add: paid during the year		11,881,851
	<u>16,514,787</u>	<u>16,514,787</u>
Less: adjusted during the year	4,272,942	-
	<u>12,241,845</u>	<u>16,514,787</u>

12 Loans and advances to customers

Opening balance	3,616,388,219	3,824,643,861
Realized during the year	816,261,119	208,255,642
	<u>2,800,127,101</u>	<u>3,616,388,219</u>

At reporting date, the aggregate value of stocks held in customer portfolios was Tk. 2,623,292,067 which exceeded the total margin loans extended of Tk. 2,800,127,101 resulting in an overall shortfall of Tk. 176,835,034. 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. 1,988,551,266 against an amount of Tk. 1,767,706,518 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.

13 Accrued interest and management fees receivable

Accrued interest receivable	-	710,475,612
Accrued management fees receivable	-	18,131,024
	<u>-</u>	<u>728,606,636</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	92,983	260,595
General suppliers	213,258	206,258
	<u>306,241</u>	<u>466,853</u>
Deposits		
Regulators	314,500	314,500
Others	1,066,846	
Prepayments		
Office rent	2,140,025	2,474,899
	<u>3,827,611</u>	<u>3,256,251</u>

15 Cash and cash equivalents

Cash in hand	44,730	64,954
Balance with Banks		
BRAC Bank Limited	12,969,101	27,507,846
Standard Chartered Bank	42,423,617	156,007,174
NRB Commercial Bank Limited	507,824	506,140
NRB Bank Limited	604,392	619,967
One Bank Limited	737,212	2,567,310
United Commercial Bank Limited	77,310	77,310
Standard Bank Limited	732,334	5,935
IFIC Bank Limited		-
Midland Bank	98,060	98,635
	58,194,580	187,455,271

16 Share capital**16.1 Authorized share capital**

300,000,000 ordinary shares of Taka 10 each

3,000,000,000 **3,000,000,000****16.2 Issued, subscribed and paid-up share capital**

258,500,000 ordinary shares of Taka 10 each

2,585,000,000 **2,585,000,000**

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

Name of shareholders	Nationality/ Incorporated in	No of shares	Face value per share	Amount Taka	Amount Taka
BRAC Bank Ltd.	Bangladesh	244,459,832	10	2,444,598,320	2,444,598,320
Other individual shareholders	Various	14,040,168		140,401,680	140,401,680
		258,500,000		2,585,000,000	2,585,000,000

In 30 June 2016 BRAC Bank Limited subscribed 200 million shares 10 Tk each further to increase BEIL's paid up capital with the consent of BSEC, vide approval no BSEC/CI/CPLC-543/2016/372. So that BRAC Bank Limited currently holding 94.57% of shares of BEIL's total subscribed shares.

17 Customer deposits

Opening balance	66,633,683	83,432,920
Change during the year	168,537,283	(16,799,237)
	235,170,966	66,633,683

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

18 Bank overdrafts

BRAC Bank Limited	811,961,355	851,255,019
IFIC Bank Limited	-	-
One Bank Limited	-	-
Standard Bank Limited	-	85,102,549
United Commercial Bank Limited	-	-
NRB Commercial Bank Limited	-	-
	<u>811,961,355</u>	<u>936,357,568</u>

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 2018

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 2018

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 2017

19 Short term loan	330,000,000	779,211,617
19.1 Opening balance	680,000,000	570,000,000
Add: received during the year	380,000,000	1,410,000,000
	1,060,000,000	1,980,000,000
Less: payment during the year	730,000,000	1,300,000,000
	330,000,000	680,000,000

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 2018

19.2 Short term loan		
Opening balance	99,211,617	477,059,353
Add: Received during the year	-	-
	99,211,617	477,059,353
Less: Payment during the year	99,211,617	377,847,736
	-	99,211,617

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

20 Account payables		
Broker for client trading	11,759,134	4,754,037
VAT on fee income	4,515,086	4,437,986
Payable for other PMD activities	10,043,312	31,958,333
Broker for Own Investment	-	4,529,335
Tax deducted at source from salaries and allowances	1,440	594,089
Tax deducted at source from suppliers	(21,562)	79,254
Withholding VAT on office rent	-	120,555
Withholding VAT on suppliers' payments	137,766	198,570
Tax deducted at source from office rent	38,808	38,808
	26,473,983	46,710,966

21 Other liabilities

Provision for loans and advances (Note 23.1)	1,412,132,271	1,059,064,609
Accrued interest payable		-
Sales receivable in transit	19,240,739	16,619,378
CDBL charges	69,203	199,303
Office maintenance	1,498,748	1,596,926
Audit fees	126,500	198,000
IT expenses	211,386	211,386
Telephone and mobile expenses	21,099	21,099
Rent	55,813	55,813
Security services	(4,644)	(4,644)
Legal and professional fees	310,476	105,871
Repair and maintenance	37,770	37,770
Printing- Postage & Stationery	9,001	9,001
Advertisement		-
Other payable	71,650	71,650
	1,433,780,012	1,078,186,162

21.1 Provision for loans and advances

Opening balance	1,059,064,609	375,271,977
Provision made during the year	354,000,000	683,792,632
Provision released during the year	(932,338)	-
Closing balance	1,412,132,271	1,059,064,609

A provision has been made of BDT 1,412,132,271 which represents 70% of the total shortfall between the aggregate value of the portfolio and the loans extended on these accounts. BSEC circular SEC/CMRRCD/2009-193/196 dated 28 December 2016 requires a 100% provision on such shortfall at 31 December 2017.

22 Provision for taxation

Opening balance	624,709	1,028,410
Add : provision made during the year	410,392	624,709
	1,035,101	1,653,119
Less: paid/adjusted during the year	-	1,028,410
	1,035,101	624,709

23 Interest expenses

BRAC Bank Limited	38,586,419	50,482,548
United Commercial Bank Limited		35,278,185
IFIC Bank Limited		42,010,535
Standard Bank Limited	1,170,477	16,653,097
ONE Bank Limited		1,085,192
NRB Commercial Bank Limited		234,905
NRB Bank Limited		17,872,198
Investment Corporation of Bangladesh		15,084,796
	39,756,896	178,701,455

24 Fee and commission income

Portfolio Management Department (PMD) (note-26.1)	29,608,841	18,260,001
Investment Banking Department (IBD) (note-26.2)		-
Structured Finance Department (SFD) (note-26.3)	2,000,000	18,008,425
	31,608,841	36,268,426

24.1 Portfolio Management Department (PMD)

Settlement fees	26,705,992	9,563,195
Management fees	2,874,059	8,682,376
BO maintenance fees	3,600	100
Documentation fees	19,400	6,000
Commission income from IPO	5,790	8,330
	29,608,841	18,260,001

24.2 Investment Banking Department (IBD)

Corporate advisory fees	-	-
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24.3 Structured Finance Department (SFD)

Debt arrangement fees	500,000	15,500,000
Corporate advisory fees	1,500,000	2,508,425
	2,000,000	18,008,425

25 Fee and commission expenses

Brokerage commission cost	13,029,511	5,052,835
	13,029,511	5,052,835

26 (Loss)/Income from investment in securities

Realized (loss)/ gain during the year	17,335,006	4,124,453
Fair value adjustment at reporting date	44,820,485	1,058,572
	62,155,491	5,183,025

27 Other operating income

Dividend income	1,352,408	901,144
Rental income		424,291
Interest income on staff loan	6,381	16,120
Gain on disposal of property, plant and equipment		75,000
	1,358,789	1,416,555

28 Operating expenses

Salaries and allowances	16,983,327	19,325,591
Other personnel expenses	2,190,266	3,233,981
Rental expenses	4,586,527	8,222,965
Utilities, maintenance and running expenses	3,258,625	3,078,328
CDBL expenses	1,018,478	262,238
Legal and professional fees	1,075,200	301,300
Telephone, communication and IT expenses	1,052,562	923,603
Bad debt expenses	-	-
Printing and stationery	144,840	250,679
Travelling and conveyance	131,661	133,902
Vehicle maintenance expenses	567,963	596,766
Entertainment expenses	424,492	281,386
Training and development expenses	72,950	34,711
Meeting expenses	208,750	215,250
Business development and promotional expenses	-	-
License and renewal fees	-	-
Advertisement expenses	-	142,520
Audit fees	126,500	126,500
Regulatory fees	157,500	640,000
Insurance	860,559	788,714
	32,860,200	38,558,434

29 Financial expenses

Bank charges and commission	430,609	240,924
Finance charge - lease		-
Loan arrangement fees		-
	430,609	240,924

30 Tax expenses

Prior year taxes	11,309,444	
Current year taxes	410,392	471,212
Deferred tax (income)/expense	-	1,031,596
	11,719,836	1,502,808

31 Number of employees

During the period 35 permanent employees were in the employment with the company whose earning was Taka 36,000 or more per annum.

32 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	30 June 2017 Taka	2016 Taka
BRAC Bank Limited	Internet exp payable	-	984,747
	Interest payable	-	18,232,497
	Loans and borrowings	1,141,961,355	1,759,086,440
BRAC EPL Stock Brokerage Limited	Expenses payable	1,994,214	3,638,679
BRAC EPL Stock Brokerage Limited	Receivable	366,391	2,589,583
BRAC Asset Management Company Ltd.	Reimbursable expenses	966,850	1,074,661
BRAC IT Services Limited	Internet exp payable	23,800	-

33 Events after the reporting date

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