

**Unaudited Financial Statements
of
BRAC EPL Investments Limited**

For the period ended 31 March 2018

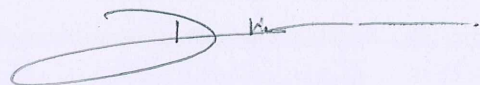
BRAC EPL Investments Limited
Statement of Financial Position
As at 31 March 2018

	Notes	31-Mar-18 Taka	2017 Taka
Assets			
Non-current assets			
Property, plant and equipment	5	10,601,617	7,203,370
Investment in associate company	6	15,564,706	15,526,676
Deferred tax assets	7	282,647,551	282,647,551
		308,813,874	305,377,597
Current assets			
Account receivables	8	19,887,647	16,528,035
Inter-company receivables	9	1,755,227	2,101,350
Other receivables		1,200,000	3,246,315
Investment in quoted securities	10	1,317,405,343	1,356,164,306
Investment in Share-IPO		2,105,000	-
Advance income tax	11	15,857,526	14,748,510
Loans and advances to customers	12	1,719,119,450	1,722,386,221
Accrued interest and management fees receivable	13	322,504,984	313,417,017
Advances, deposits and prepayments	14	6,994,858	7,180,295
Cash and cash equivalents	15	81,649,617	40,721,893
		3,488,479,652	3,476,493,943
Total assets		3,797,293,526	3,781,871,540
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		(1,758,143,650)	(1,689,313,634)
Shareholders' equity		1,263,682,301	1,332,512,317
Current liabilities			
Customer deposits	17	650,493,883	343,191,760
Bank overdrafts	18	787,375,207	772,117,975
Short term loan	19	-	220,000,000
Account payables	20	8,356,922	31,934,404
Other liabilities	21	1,084,155,000	1,079,046,889
Provision for taxation	22	2,572,644	2,072,644
Inter-company payable to BRAC EPL Stock Brokerage Limited		657,570	995,551
		2,533,611,225	2,449,359,223
Total equity and liabilities		3,797,293,526	3,781,871,540

These financial statements should be read in conjunction with annexed notes 1 to 33



Chief financial officer



Chief executive officer

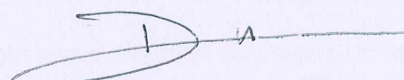
BRAC EPL Investments Limited
Statement of Profit or Loss & Other Comprehensive Income
For the period ended 31 March 2018

	Notes	31-Mar-18 Taka	31-Mar-17 Taka
Revenue			
Interest income from margin loan		24,763,989	6,514,414
Interest expenses	23	(18,420,971)	(21,320,233)
Net interest income (A)		6,343,018	(14,805,819)
Fee and commission income	24	11,300,772	25,396,293
Fee and commission expenses	25	(2,437,594)	(9,374,154)
Net fee and commission income (B)		8,863,178	16,022,139
(Loss)/gain from investment in securities	26	(72,708,411)	31,235,381
Other operating income/(loss)	27	4,968,848	341,838
Net (loss)/gain from investment in securities (C)		(67,739,563)	31,577,219
Total operating income/(loss) (A+B+C)		(52,533,367)	32,793,539
Operating expenses	28	(15,051,650)	(16,016,845)
Depreciation & amortization	5	(448,993)	(522,214)
Operating profit/(loss) (D)		(68,034,010)	16,254,479
Finance income		-	-
Financial expenses	29	(334,036)	(251,149)
Net finance income (E)		(334,036)	(251,149)
Share of profit of equity in associate company (F)		38,029	
Impairment loss on investment in unquoted securities (G)			
Profit/(loss) before provisions (D+E+F+G)		(68,330,016)	16,003,330
Provision for loans and advances	21.1		(177,000,000)
Loss before tax		(68,330,016)	(160,996,670)
Tax expenses	30	500,000	260,392
Net loss after tax		(68,830,016)	(161,257,062)
Other comprehensive Income			
Total loss		(68,830,016)	(161,257,062)

These financial statements should be read in conjunction with annexed notes 1 to 33



Chief financial officer

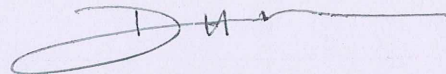


Chief executive officer

BRAC EPL Investments Limited
Statement of Changes in Equity
For the period ended 31 March 2018


Particulars	Amount in Taka			
	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2016	585,000,000	436,825,951	(1,199,451,558)	1,822,374,393
Increase of share capital	2,000,000,000			2,000,000,000
Total comprehensive income for the year 2016	-	-	(489,862,076)	(489,862,076)
Balance as on 31 December 2016	2,585,000,000	436,825,951	(1,689,313,634)	1,332,512,317
Total comprehensive income for the year 2017	-	-	(68,830,016)	(68,830,016)
Balance as on 31 December 2017	2,585,000,000	436,825,951	(1,758,143,650)	1,263,682,301

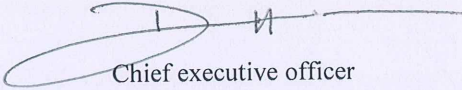

 Chief financial officer


 Chief executive officer

BRAC EPL Investments Limited
Statement of Cash Flows
For the period ended 31 March 2018

	March	
	2018	2017
	Taka	Taka
A. Operating activities		
Net profit before tax	(68,330,016)	(160,996,670)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	429,442	522,214
Amortization of intangible asset	19,551	
Gain on disposal of property, plant and equipment	(2,842,200)	
Bad debt expenses		
Fair value adjustments for fall in values of investment in securities	74,739,062	(20,089,180)
Share of profit of equity in associate company	(38,029)	
	72,307,825	(19,566,966)
Income tax paid	(1,109,016)	(212,604)
Operating (loss)/profit before changes in working capital	2,868,793	(180,776,240)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	3,266,771	(9,306,533)
(Increase)/decrease in accrued interest and mgt. fees receivable	(9,087,967)	584,236,635
(Increase)/decrease in account receivables	(3,359,612)	(85,795,104)
(Increase)/decrease in advance, deposits and prepayments	185,438	(823,231)
(Increase)/decrease in inter-company receivable	346,123	(34,500)
(Increase)/decrease in other receivables	2,046,315	(100,000)
Increase/(decrease) in customer deposits	307,302,123	78,876,075
Increase/(decrease) in account payables	(23,577,483)	1,361,908
Increase/(decrease) in inter-company payable	(337,981)	85,641
Increase/(decrease) in other liabilities	5,108,110	388,743,491
	281,891,837	957,244,383
Net cash (used)/from operating activities (A)	284,760,631	776,468,143
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(3,847,240)	(46,958)
Disposal of property, plant and equipment	2,842,200	
Sale/(purchase) of investment securities	(38,085,099)	(673,882,375)
Net cash used in investing activities (B)	(39,090,139)	(673,929,333)
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	15,257,232	(58,569,864)
Receipt/(repayment) of short term loans	(220,000,000)	(79,211,617)
Receipt/(repayment) of revolving time loan		-
Capital lease obligation paid		-
Share Capital Increased		-
Net cash from/(used) in financing activities (C)	(204,742,768)	(137,781,480)
Net decrease in cash and cash equivalents (A+B+C)	40,927,724	(35,242,671)
Cash and cash equivalents at the beginning of the year	40,721,893	187,455,271
Cash and cash equivalents at the end of the year	81,649,617	152,212,600


Chief financial officer


Chief executive officer

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

Assets	Cost				Rate of depreciation	Depreciation				Amount in laka	
	Balance on 1 January 2018	Additions during the year	Adjustment during the year	Balance on 31 March 2018		Balance on 01 January 2018	Charged during the Period	Adjustment during the year	Balance on 31 March 2018	Written down value at 31 March 2018	Written down value at 31 December 2017
Furniture & fittings	4,394,050	-	-	4,394,050	10%-33.33%	4,331,768	1,750	-	4,333,518	60,532	62,282
Office floor space	6,348,797	-	-	6,348,797	5%-20%	2,408,346	76,846	-	2,485,192	3,863,605	3,940,451
Motor vehicles	14,577,281	3,847,240	6,347,746	12,076,775	20%	11,790,961	298,146	6,347,746	5,741,362	6,335,413	2,786,320
Leasehold improvement	600,940	-	-	600,940	15%-33.33%	600,940	-	-	600,940	-	-
IT equipment	14,233,271	-	-	14,233,271	10%-50%	14,077,510	46,742	-	14,124,252	109,019	155,761
Office equipment	9,857,480	-	-	9,857,480	10%-50%	9,781,399	5,958	-	9,787,357	70,123	76,081
Mar-18	50,011,819	3,847,240	-	47,511,313		42,990,924	429,442	6,347,746	37,072,620	10,438,693	7,020,895
Total 2017	97,857,754	203,718	48,049,653	50,011,819		88,862,236	2,178,341	48,049,653	42,990,924	7,020,895	

5.1 Intangible assets

Assets	Cost				Rate of depreciation 33.33%	Amortization				Amount in laka	
	Balance on 1 January 2018	Additions during the year	Adjustment during the year	Balance on 31 March 2018		Balance on 01 January 2018	Charged during the Period	Adjustment during the year	Balance on 31 March 2018	Written down value at 31 March 2018	Written down value at 31 December 2017
Software	234,610	-	-	234,610		52,136	19,551	-	71,686	162,924	182,475
Total 2018		-	-	234,610							

Balance as at 31 March 2018 Taka	Balance as at 31 Dec 2017 Taka
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6 Investment in associate company

BRAC Asset Management Company Limited	15,526,676	15,369,427
Profit for the period	38,029	157,249
	<u>15,564,706</u>	<u>15,526,676</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 2017 due to pending

7 Deferred tax assets

<u>282,647,551</u>	<u>282,647,551</u>
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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	(3,917,263)	(3,917,263)
(ii) Taxable temporary difference		
Finance lease obligations	(3,917,263)	(3,917,263)
Net taxable temporary differences		
Deferred tax asset	(1,468,974)	(1,468,974)
Net taxable temporary differences	(3,917,263)	(3,917,263)
Tax rate	37.50%	37.50%
Deferred tax asset as at 31 December	(1,468,974)	(1,468,974)
Less: opening balance as at 1 January	9,318,000	9,318,000
Deferred tax expense /(income)	<u>7,849,026</u>	<u>7,849,026</u>

7.2 Net Operating loss carry forwards

Operation income/(loss) before provision	(749,809,540)	(749,809,540)
Tax rate	37.50%	37.50%
Deferred tax asset as at 31 December	(281,178,577)	(281,178,577)
Less: opening balance as at 1 January	-	-
Deferred tax expense /(income) from operating loss	(281,178,577)	(281,178,577)
Total deferred tax expense /(income)	<u>(273,329,551)</u>	<u>(273,329,551)</u>

8 Account receivables

Portfolio Management Department (PMD) (Note-8.1)	6,440,950	3,656,338
Investment Banking Department (IBD) (Note-8.2)	-	-
Structured Finance Department (SFD) (Note-8.3)	13,446,697	12,871,697
	<u>19,887,647</u>	<u>16,528,035</u>

8.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading	6,440,950	3,656,338
Receivable from brokerage for own investment	-	-
	<u>6,440,950</u>	<u>3,656,338</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 Investment Banking Department (IBD)

Corporate advisory fees

	-
	-

8.3 Structured Finance Department (SFD)

Debt arrangement fees

10,568,072 10,568,072

Corporate advisory fees

2,878,625 2,303,625

13,446,697	12,871,697
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9 Inter-company receivables

BRAC EPL Stock Brokerage Limited

69,000 34,500

BRAC Asset Management Company Limited

966,850 966,850

BRAC Impact Ventures Limited

719,377 1,100,000

1,755,227	2,101,350
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10 Investment in quoted securities

1,317,405,343	1,356,164,306
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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

14,748,510 16,514,787

Add: paid during the year

1,109,016 3,469,492

15,857,526	19,984,279
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Less: adjusted during the year

- 5,235,769

15,857,526	14,748,510
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12 Loans and advances to customers

Opening balance

1,722,386,221 3,616,388,219

Increase / (decrease) during the year

(3,266,771) (1,894,001,998)

1,719,119,450	1,722,386,221
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13 Accrued interest and management fees receivable

Accrued interest receivable

310,182,629 290,386,010

Accrued management fees receivable

12,322,356 23,031,008

322,504,984	313,417,017
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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

88,423 28,423

General suppliers

240,823 318,823

329,246	347,246
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Deposits

Regulators

314,500 314,500

Pre- IPO

4,713,400 4,713,400

5,027,900	5,027,900
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Prepayments

Office rent

1,637,712 1,805,150

6,994,858	7,180,295
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15 Cash and cash equivalents

Cash in hand	103,899	71,882
Balance with Banks		
BRAC Bank Limited	10,052,376	5,801,776
Standard Chartered Bank	69,433,211	32,034,288
NRB Commercial Bank Limited	509,053	509,053
NRB Bank Limited	603,317	603,317
One Bank Limited	843,738	1,597,554
United Commercial Bank Limited	-	-
Standard Bank Limited	6,539	6,539
IFIC Bank Limited	-	-
Midland Bank	97,485	97,485
	<u>81,649,617</u>	<u>40,721,893</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>
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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>
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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)	Amount
				Taka
BRAC Bank Ltd.	Bangladesh	258,100,078	10	2,581,000,780
Other individual shareholders	Various	399,922		3,999,220
		<u>258,500,000</u>		<u>2,585,000,000</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 99.85% of shares of BEIL's total subscribed shares.

17 Customer deposits

Opening balance	343,191,760	66,633,683
Change during the year	<u>307,302,123</u>	<u>276,558,077</u>
	<u>650,493,883</u>	<u>343,191,760</u>

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

18 Bank overdrafts

BRAC Bank Limited	787,375,207	772,117,975
IFIC Bank Limited		
One Bank Limited		
Standard Bank Limited		-
United Commercial Bank Limited		
NRB Commercial Bank Limited		
	<u>787,375,207</u>	<u>772,117,975</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

19 Short term loan	-	220,000,000
19.1 Opening balance	220,000,000	680,000,000
Add: received during the year	-	690,000,000
	220,000,000	1,370,000,000
Less: payment during the year	220,000,000	1,150,000,000
	-	220,000,000

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
Add: Received during the year	-
	99,211,617
Less: Payment during the year	99,211,617
	-

20 Account payables		
Broker for client trading	2,031,682	3,408,549
VAT on fee income	4,362,986	4,287,986
Payable for other PMD activities	1,064,523	6,061
Broker for Own Investment	-	23,393,695
Tax deducted at source from salaries and allowances	335,004	337,451
Tax deducted at source from suppliers	81,327	83,126
Withholding VAT on office rent	89,300	
Withholding VAT on suppliers' payments	353,292	378,728
Tax deducted at source from office rent	38,808	38,808
	8,356,922	31,934,404