

**Auditors' Report  
&  
Audited Financial Statements  
of  
BRAC EPL Stock Brokerage Limited  
For the year ended 31 December 2016**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF BRAC EPL STOCK BROKERAGE LIMITED**

We have audited the accompanying financial statements of **BRAC EPL Stock Brokerage Limited**, which comprise the statement of financial position as at 31 December 2016 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 (BSAs). 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 Stock Brokerage Limited** as at 31 December 2016 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
- d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka  
27 February 2017

  
**A. Qasem & Co.**

Chartered Accountants

## BRAC EPL Stock Brokerage Limited Statement of Financial Position As at 31 December 2016

Assets	Notes	2016 Taka	2015 Taka
<b>Non-current assets</b>			
Property, plant and equipment	5	23,489,138	32,679,175
Intangible assets	6	31,698	4,503,628
Membership at cost	7	11,027,750	11,027,750
Investment in associate company	8	14,930,161	14,754,650
Investment in unquoted securities	9	-	-
Investment in zero coupon bond		-	14,574,678
Investment in DSE & CSE	10	46,009,744	46,009,744
<b>Total non-current assets</b>		<b>95,488,490</b>	<b>123,549,625</b>
<b>Current assets</b>			
Investment in shares	11	278,392,421	104,865,084
Account receivables	12	272,732,104	84,104,347
Inter-company receivables	13	10,070,727	11,651,926
Margin loan receivables	14	143,985,649	118,200,928
Advances, deposits and prepayments	15	324,646,201	226,252,622
Other receivables	16	8,229,333	8,730,876
Investment in FDRs	17	195,692,966	230,439,923
Cash and cash equivalents	18	410,529,819	573,277,580
<b>Total current assets</b>		<b>1,644,279,220</b>	<b>1,357,523,286</b>
<b>Total assets</b>		<b>1,739,767,710</b>	<b>1,481,072,911</b>
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>			
Share capital	19	451,500,000	451,500,000
Retained earnings		277,659,381	182,822,764
<b>Total equity</b>		<b>729,159,381</b>	<b>634,322,764</b>
<b>Current liabilities</b>			
Account payables	20	556,670,384	472,005,327
Investment suspense account	21	46,009,744	46,009,744
Inter-company payables	22	972,834	15,620,035
Liability for expenses	23	103,647,798	76,286,478
Provision for income tax	24	303,307,569	236,828,563
<b>Total current liabilities</b>		<b>1,010,608,329</b>	<b>846,750,146</b>
<b>Total equity and liabilities</b>		<b>1,739,767,710</b>	<b>1,481,072,911</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Chairperson

Dated, Dhaka  
27 February 2017

  
A. Qasem & Co.  
Chartered Accountants



**BRAC EPL Stock Brokerage Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2016**

	<u>Notes</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>Service Revenue</b>	25	433,478,927	373,144,638
Direct expenses	26	(132,336,594)	(95,049,276)
<b>Gross profit</b>		<b>301,142,333</b>	<b>278,095,363</b>
Operating expenses	27	(215,002,837)	(215,283,256)
<b>Operating profit</b>		<b>86,139,496</b>	<b>62,812,107</b>
Other income	28	(25,484)	575,000
Finance income	29	72,622,671	87,582,599
Finance expenses	30	(6,264,142)	(2,707,105)
Impairment loss	9	-	(954,795)
Share of profit of equity in associate company	8	175,511	469,905
<b>Profit before tax</b>		<b>152,648,051</b>	<b>147,777,711</b>
Income tax expenses	31	(57,811,435)	(68,546,182)
<b>Net profit after tax</b>		<b>94,836,616</b>	<b>79,231,529</b>
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income/(loss)</b>		<b>94,836,616</b>	<b>79,231,529</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

Allocation of income between Brokerage Income and Other than Brokerage Income has been shown in Annexure-1 which is also an integral part of these financial statements.



**Chief Executive Officer**



**Director**



**Chairperson**

Dated, Dhaka  
27 February 2017



**A. Qasem & Co.**  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2016**

Particulars	Share capital	Retained earnings	Amount in Taka
			Total
Balance as at 1 January 2015	451,500,000	103,591,236	555,091,236
Net profit for the year ended 2015	-	79,231,529	79,231,529
Balance as at 31 December 2015	451,500,000	182,822,765	634,322,766
Net profit for the year ended 2016	-	94,836,616	94,836,616
Balance as at 31 December 2016	451,500,000	277,659,381	729,159,381



Chief Executive Officer



Director



Chairperson

**BRAC EPL Stock Brokerage Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

	<b>2016</b>	<b>2015</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>A. Cash flows from operating activities:</b>		
Commission, interest and others received	449,776,038	347,665,199
Payments for creditors and other expenses	(303,136,960)	(247,616,862)
Loans and advances	(167,225,103)	44,808,167
<b>Cash generated from operating activities</b>	<b>(20,586,025)</b>	<b>144,856,505</b>
Other income	85,309,918	69,268,785
Income tax paid	(65,314,328)	(74,074,118)
<b>Cash generated used in other operating activities</b>	<b>19,995,590</b>	<b>(4,805,333)</b>
<b>Net cash flows from operating activities</b>	<b>(590,435)</b>	<b>140,051,172</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of fixed assets	(3,327,067)	(3,955,392)
Sale of fixed assets	122,400	575,000
Redemption/investment in zero coupon bond	14,574,678	16,453,443
Investment in shares	(173,527,337)	(58,719,626)
<b>Net cash flows (used)/from investing activities</b>	<b>(162,157,326)</b>	<b>(45,646,575)</b>
<b>C. Cash flows from financing activities:</b>		
Finance cost	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(162,747,761)</b>	<b>91,697,492</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>573,277,580</b>	<b>481,580,087</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>410,529,819</b>	<b>573,277,580</b>

  
**Chief Executive Officer**

  
**Director**

  
**Chairperson**



**BRAC EPL Stock Brokerage Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2016**

**1.1 Background and legal status**

BRAC EPL Stock Brokerage Limited (hereinafter referred to as the "Company" or BESL) was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act 1994 initially in the name of Equity Partners Securities Limited, the name of which was changed to BRAC EPL Stock Brokerage Limited on 04 October 2009. The registered office of the Company is located at DSE Annex Building, Dhaka.

**1.2 Nature of business**

The main objectives of the Company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the Company are to buy, sell, hold or otherwise acquire or invest the capital of the Company in shares, stocks and fixed income securities, etc. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

**2 Basis of preparation of financial statements****2.1 Components of the financial statements**

The financial statements referred to here comprise:

- a) Statement of Financial Position
- b) Statement of Profit or Loss and Other Comprehensive Income
- c) Statement of Changes in Equity
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements

**2.1 Reporting Period**

These financial statements cover one calendar year from 1 January 2016 to 31 December 2016.

**2.3 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, the Securities and Exchange Commission Rules 1987 and other applicable laws and regulations applicable in Bangladesh.

**2.4 Basis of Measurements**

The financial statements have been prepared on the historical cost basis except for investment in shares which have been recognized at market price valued on aggregate basis. No adjustments have been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous years.

## **2.5 Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka (Taka/Tk), which is the company's functional currency. All financial information presented in Taka has been rounded to the nearest integer, except where otherwise indicated.

## **2.6 Use of estimates and judgments**

The preparation of financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### **2.6.1 Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in Note 4 – significant accounting policies

### **2.6.2 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in the following notes:

Note 5	Depreciation on property and equipment
Note 6	Amortization of intangible asset
Note 24	Provision for income tax

## **2.7 Going concern**

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

## **3 Significant accounting policies**

### **3.1 Property, plant and equipment**

#### **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labor and any other cost directly attributable to bringing the assets to a working condition for their intended use.



### Subsequent costs

The costs of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

### Depreciation

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	<u>2016</u> Rates (%)	<u>2015</u> Rates (%)
Office floor space	2%	2%
Furniture and fixture	12.50%	12.50%
Office decoration	15%	15%
Computers and accessories	25%	25%
Air cooler and ceiling fans	20%	20%
Electrical and office equipment	20%	20%
Vehicles	20%	20%

### Retirement and disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

## 3.2 Intangible assets

### Recognition and measurement

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be measured reliably.

An intangible asset is measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization and accumulated impairment losses (if any).

### Amortization of intangible assets

Amortization is recognized in the Statement of Comprehensive Income on straight line basis from the date that they are available for use. Amortization on intangible assets is charged for the full month from the month of acquisition. In case of disposals, amortization is charged up to the immediate previous month of disposal. The rate of amortization is 33.33% per annum for software. Amortization methods and amortization rate are reviewed at each reporting date and adjusted if appropriate.

### 3.3 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

#### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **(ii) Non-derivative financial assets – measurement**

##### **Financial assets at fair value through profit or loss**

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in the Statement of Comprehensive Income.

Financial assets classified as held for trading

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Financial assets classified as held-for-trading comprise investments in quoted shares as these shares are acquired principally for the purpose of selling in the near term to earn short-term profit.



**Held-to-maturity financial assets**

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise investments in FDR as the Company has the positive intent and ability to hold them to maturity.

**Loans and receivables**

Loans and receivables are financial assets with fixed or predeterminable payment that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, receivable from DSE, receivables from clients, intercompany receivables and other receivables.

**Cash and cash equivalents**

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**Available-for-sale financial assets**

Available-for-sale financial assets are non derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost.

Subsequent to initial recognition, they are measured at fair value, and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. When an available-for-sale financial asset is derecognized, the gains or losses accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise investments in DSE and CSE membership as it is designated as such upon initial recognition.

**(iii) Non-derivative financial liabilities – measurement**

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.



(iv) Share capital

**Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

**3.4 Impairment**

**(i) Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there is measurable decrease in expected cash flows from a company of financial assets.

**Financial assets measured at amortized cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through Other Comprehensive Income.

### **(ii) Non-financial assets**

The carrying amount of the non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

## **3.5 Investments in associate company**

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Accounting for Investments in Associates"). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Investment in associate is accounted for in consolidated financial statements under the "equity method". Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the profits or losses of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

## **3.6 Provisions**

The company recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

## **3.7 Taxation**

### **a) Current tax :**

Current tax has been made on the basis of the Finance Act 2016. Income tax withheld from the transactions of traded securities in accordance with section 53BBB @ 0.05% is the minimum tax of the Company under section 82C of Income Tax Ordinance (ITO) 1984. Income tax provision is made on capital gains on sale of shares of listed company @ 10% as per SRO No. 269/Law/Income Tax/2010 dated 1 July 2010 whereas it is @ 35% on other than Brokerage income as per tax laws.

### **b) Deferred tax:**

The Company is under purview of section 82C of Income Tax Ordinance (ITO) 1984 which is the minimum tax, therefore, no deferred tax is required.



### 3.8 Contingencies

Contingencies arising from claims, litigation assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

#### **Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognized in the financial statements, but may require disclosure. A provision should be recognized in the period in which the recognition criteria of provision have been met.

#### **Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognized. Only when the realization of the related economic benefit is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

### 3.9 Revenue recognition

Revenue comprises of brokerage commission and gain on sale of shares. Details of revenue recognition policy are given as under:

- (i) Brokerage commission is recognized as income when selling or buying orders are executed.
- (ii) Interest income on FDR and STD accounts is recognized when accrued.
- (iii) Cash dividend income is recognized on the declaration of dividend; and
- (iv) Capital gains on sale of shares are recognized upon realization.

#### **Cost of services**

Cost of services includes laga and howla charges of stock exchanges booked on daily basis as per trading after receiving the trade reports and the charges of Central Depository Bangladesh Ltd. (CDBL) booked on monthly basis, after receiving the bills from CDBL.

### 3.10 Service charge

A memorandum of understanding (MOU) between BRAC Bank Limited (BBL) and BRAC EPL Stock Brokerage Limited (BESL) has been signed on 27 march 2011 which states that BESL will be charged a 5% fee for all disbursements made by BBL to cover overhead expenses.



### **3.11 Recognition & measurement of financial instrument**

Financial assets at fair value through profit or loss are assets held for trading that is shown at fair market value as required by BAS-39: Financial Instrument - Recognition & Measurement. As per BAS-39 any fluctuation in the fair market value of the shares/ securities classified as fair value through profit and 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.

### **3.12 Margin loan to clients**

Margin loans are given as per margin loan policy of the Company. Normally clients are required to deposit Taka 25 lac for entitlement of margin loan.

### **3.13 General**

- i) Amounts appearing in these financial statements have been rounded off to the nearest Taka; and
- ii) Figures relating to previous year have been rearranged wherever considered necessary to confirm with current year's presentation.

## **4. Standards issued but not yet effective**

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2015. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

### **New or amended standards**

#### **BFRS 9 Financial Instruments**

##### **Summary of the requirements**

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.

BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

##### **Possible impact on financial statements**

The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.

## **BFRS 14 Regulatory Deferral Accounts**

### **Summary of the requirements**

BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

### **Possible impact on financial statements**

The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 14.

## **BFRS 15 Revenue from Contracts with Customers**

### **Summary of the requirements**

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes.

BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

### **Possible impact on financial statements**

The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

## **Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)**

### **Summary of the requirements**

These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of BAS 41 Agriculture.

The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.

### **Possible impact on financial statements**

None. The Company does not have any bearer plants.

**5 Property, plant and equipment**

Particulars	Cost				Rate (%)	Depreciation				Written down value as at 31 December 2016
	As at 1 January 2016	Additions during the year	Adjustment/ disposal	As at 31 December 2016		As at 1 January 2016	Charged during the year	Adjustment/ disposal	As at 31 December 2016	
Office floor space	10,472,795	-	-	10,472,795	2	1,100,708	209,460	-	1,310,168	9,162,627
Furniture and fixtures	8,210,368	36,764	276,420	7,970,712	12.5	5,381,907	991,797	215,126	6,158,578	1,812,135
Office decoration	40,626,579	1,312,792	-	41,939,371	15	30,056,304	6,002,624	-	36,058,927	5,880,444
Computers and accessories	24,857,439	1,604,546	69,376	26,392,609	25	21,621,635	2,090,755	8,670	23,703,720	2,688,889
Air coolers and ceiling fans	9,144,884	-	748,650	8,396,234	20	8,793,129	351,265	748,650	8,395,744	490
Electrical and office equipment	15,785,959	372,965	171,746	15,987,178	20	12,753,963	1,273,301	145,862	13,881,402	2,105,776
Vehicles	11,700,020	-	-	11,700,020	20	8,411,223	1,450,019	-	9,861,242	1,838,778
<b>Total 2016</b>	<b>120,798,044</b>	<b>3,327,067</b>	<b>1,266,192</b>	<b>122,858,919</b>		<b>88,118,868</b>	<b>12,369,220</b>	<b>1,118,308</b>	<b>99,369,781</b>	<b>23,489,138</b>
<b>Total 2015</b>	<b>118,006,833</b>	<b>3,955,392</b>	<b>1,164,181</b>	<b>120,798,044</b>		<b>73,619,106</b>	<b>15,663,943</b>	<b>1,164,181</b>	<b>88,118,868</b>	<b>32,679,175</b>

Amount in Taka



## 6 Intangible assets

	2016 <u>Taka</u>	2015 <u>Taka</u>
Cost at the beginning of the year	24,498,695	24,498,695
Add: Addition during the year	-	-
Cost at the close of the year	<u>24,498,695</u>	<u>24,498,695</u>
Accumulated depreciation at the beginning of the year	19,995,067	13,683,209
Add: Depreciation during the year @ 33.33%	4,471,930	6,311,858
Accumulated depreciation at the end of the year	<u>24,466,997</u>	<u>19,995,067</u>
Carrying amount as at 31 December	<u>31,698</u>	<u>4,503,628</u>

## 7 Membership at cost

Dhaka Stock Exchange Limited (DSE)	6,920,500	6,920,500
Chittagong Stock Exchange Limited (CSE)	4,107,250	4,107,250
	<u>11,027,750</u>	<u>11,027,750</u>

Pursuant the Exchanges Demutualization Act 2013, Dhaka Stock Exchange and Chittagong Stock Exchange have issued ordinary shares and Trading Right Entitlement Certificate (TREC) license to BRAC EPL Stock Brokerage Limited. The valuation of TREC is yet to be decided. Later if the valuation of TREC is decided, "Membership at cost" will be adjusted accordingly against "Investment Suspense Account" or any other manner as permitted under registration.

## 8 Investment in associate company

BRAC Asset Management Company Limited		
Opening balance	14,754,650	14,284,745
Add: Profit for the year	175,511	469,905
	<u>14,930,161</u>	<u>14,754,650</u>

In 2010, the Company along with other BRAC entities, invested Taka 12,000,000 in BRAC Asset Management Company Limited (BAMCL) which represents 24% of the paid up capital of the Company. BAMCL did not start operation during the year 2011 to 2014 due to pending regulatory approval. BESL's share of the profit of BAMCL for the year 2016 has been recognized in the profit and loss.

## 9 Investment in unquoted securities

BRAC Impact Ventures Limited		
Opening balance	-	954,795
Less: Impairment loss	-	954,795
	<u>-</u>	<u>-</u>

During the year 2012, the company, along with other BRAC entities, invested taka 2,500,000 in the shares of BRAC Impact Ventures Limited (BIVL) which represents 12.5% of paid up capital of that company. In 2015, investment in BIVL has been fully impaired as BIVL has been winded up and BESL did not recover its investment.

## 10 Investments in DSE & CSE

	2016 Taka	2015 Taka
Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
Chittagong Stock Exchange Limited (CSE)	17,149,320	17,149,320
	<u>46,009,744</u>	<u>46,009,744</u>

As per the provisions of the Exchanges Demutualization Act 2013 and in accordance with the Bangladesh Securities Exchange Commission (BSEC) approved Demutualization scheme, BRAC EPL Stock Brokerage Limited received the following ordinary shares:

Shares issued by	No. of shares	No. of shares
Dhaka Stock Exchange Limited (DSE)	7,215,106	7,215,106
Chittagong Stock Exchange Limited (CSE)	4,287,330	4,287,330
<b>Total</b>	<b>11,502,436</b>	<b>11,502,436</b>

Out of these 11,502,436 shares, 40% shares i.e. 4,600,974 shares has been transferred by both Exchanges to the Company's BO account. Remaining 60% shares i.e. 6,901,462 shares will remain in blocked account for disposal in due course.

### Valuation of 40%

40% shares which are transferred in the BO account will be held by the Company as the Company does not have the sale right of these shares. The shares are transferred to the Investment Suspense Account in the absence of any clear guideline in this regard. In future, when the clear guidelines and policies are available, investment suspense account will be adjusted for appropriate accounting treatment.

### Valuation of 60% shares:

As per the scheme, 60% shares which will be transferred to the blocked account will be off-loaded in the following manner:

1. 25% shares will be sold to the strategic investors by the both Exchanges.
2. Except shares allotted in favor of strategic investors, shares held in blocked account shall be sold to general public/ institutional investors.
3. The DSE & CSE shall distribute all the sale proceeds of shares held in blocked account to the initial shareholders pro-rata basis periodically as determined by the Exchanges.

## 11 Investment in shares

Investment in shares-IPO	10,001,000	1,000
Investment in shares of listed Companies-Dealer Account	268,391,421	104,864,084
	<u>278,392,421</u>	<u>104,865,084</u>

## 12 Account receivables

Clients	253,228,837	66,916,984
Dhaka Stock Exchange Limited (DSE)	16,763,064	17,109,945
Chittagong Stock Exchange Limited (CSE)	2,740,203	77,417
	<u>272,732,104</u>	<u>84,104,347</u>



	2016 <u>Taka</u>	2015 <u>Taka</u>
<b>13 Inter-company receivables</b>		
BRAC Bank Limited	1,865,779	-
BRAC EPL Investment Limited	8,204,948	11,651,926
	<u>10,070,727</u>	<u>11,651,926</u>

<b>14 Margin loan receivables</b>	<u>143,985,649</u>	<u>118,200,928</u>
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The above amount represents loan entitled to clients against securities. The Company had started margin loan facilities from 01 October 2011. Loan limit to single client is maximum 50% of client's margin.

<b>15 Advances, deposits and prepayments</b>		
Advances (Note-15.1)	321,920,437	224,006,088
Deposits (Note-15.2)	988,981	988,981
Prepayments (Note-15.3)	1,736,784	1,257,552
	<u>324,646,201</u>	<u>226,252,622</u>

**15.1 Advances**

Income tax (Note-15.1.1)	288,357,611	214,375,711
Office rent	14,722,277	4,845,843
Software system	187,430	187,430
Salary and allowances	1,265,181	574,783
Other advances	17,387,939	4,022,321
	<u>321,920,437</u>	<u>224,006,088</u>

**15.1.1 Advance Income Tax**

Balance at beginning of the year	214,375,711	166,361,563
Add: Paid during the year	65,314,328	48,014,148
	<u>279,690,040</u>	<u>214,375,711</u>
Adjustment made for previous years	8,667,571	-
Balance at end of the year	<u>288,357,611</u>	<u>214,375,711</u>

**15.2 Security deposits**

DSE-floor space	850,024	850,024
Depository Participator (DP) for CDBL	102,500	102,500
BTCL-land phone	23,705	23,705
Deposit to BRAC EPL Investment Limited	10,752	10,752
Mobile phone	2,000	2,000
	<u>988,981</u>	<u>988,981</u>



	2016 <u>Taka</u>	2015 <u>Taka</u>
<b>15.3 Prepayments</b>		
Prepaid insurance	942,201	674,734
Prepaid VAT	794,583	582,818
	<u>1,736,784</u>	<u>1,257,552</u>
<b>16 Other receivables</b>		
Other income receivables	8,208,833	8,710,376
Accounts receivable-others	20,500	20,500
	<u>8,229,333</u>	<u>8,730,876</u>
<b>17 Investment in FDRs</b>		
BRAC Bank Limited	10,916,114	52,175,849
Standard Chartered Bank	25,696,580	24,359,257
Jamuna Bank Limited	7,347,812	6,986,186
Trust Bank Limited	-	6,917,218
NRB Global Bank Limited	36,143,208	33,160,000
The Farmers Bank Limited	18,190,590	16,620,000
Lanka Bangla Finance Limited	73,834,407	68,286,600
Phoenix Finance Limited	18,564,254	16,934,812
Islamic Finance & Investment Ltd.	5,000,000	5,000,000
	<u>195,692,966</u>	<u>230,439,923</u>
<b>18 Cash and cash equivalents</b>		
<b>Cash in hand</b>	<u>161,218</u>	<u>142,611</u>
<b>Cash at bank</b>		
<b>Current account with:</b>		
Standard Chartered Bank	61,055,502	71,729,383
One Bank Limited	319,076,115	448,751,015
The City Bank Limited	22,912,061	18,116,446
BRAC Bank Limited	2,739,027	2,414,167
Hong Kong and Shanghai Banking Corporation	2,284,583	767,552
The City Bank Limited (Islami)	1,300	1,990
	<u>408,068,589</u>	<u>541,780,552</u>
<b>Short term deposit with</b>		
BRAC Bank Limited	<u>404,733</u>	<u>27,529,802</u>
<b>BO account with</b>		
BRAC Bank Limited	<u>1,517,201</u>	<u>3,481,167</u>
<b>Dealer account with</b>		
BRAC Bank Limited	<u>378,078</u>	<u>343,448</u>
	<u>410,529,819</u>	<u>573,277,580</u>

	2016 Taka	2015 Taka
<b>19 Share capital</b>		
<b>19.1 Authorized share capital</b>		
10,000,000 ordinary shares of Taka 100 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

**19.2 Issued, subscribed and paid-up share capital**

500,000 ordinary shares of Taka 100 each	50,000,000	50,000,000
4,015,000 bonus shares of Taka 100 each	401,500,000	401,500,000
	<u>451,500,000</u>	<u>451,500,000</u>

The Company's shareholding position at the date of statement of financial position was as follows:

Name of share-holders	Nationality/ incorporated in	No. of shares		2016	2015
		2015	Face value		
BRAC Bank Limited	Bangladesh	4,063,498	100	406,349,800	406,349,800
Saiful Islam	Bangladeshi	451,500	100	45,150,000	45,150,000
BRAC	Bangladesh	2	100	200	200
		<u>4,515,000</u>		<u>451,500,000</u>	<u>451,500,000</u>

The Board of Directors in its 69th Board meeting, held on 6th March 2016 has proposed 15% stock dividend which subsequently got approved on 16th AGM held on 21st March 2016. The company will increase its paid-up share capital from Taka 451,500,000 to Taka 519,225,000 by issuing 677,250 bonus shares to the shareholder as approved in 16th Annual General Meeting (AGM) held on 21st March 2016 after receiving consent from Bangladesh Securities & Exchange Commission.

**20 Account payables**

Clients	365,046,500	467,532,284
Dhaka Stock Exchange Limited (DSE)	62,491,691	4,111,627
Chittagong Stock Exchange Limited (CSE)	767,193	361,416
Payable to Issuer (IPO)	128,365,000	-
	<u>556,670,384</u>	<u>472,005,327</u>

**21 Investment suspense account**

Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
Chittagong Stock Exchange Limited (CSE)	17,149,320	17,149,320
	<u>46,009,744</u>	<u>46,009,744</u>

**22 Inter-company payables**

BRAC Bank Limited	-	12,091,899
BRAC EPL Investment Limited	209,990	2,165,292
BRAC IT Services Limited	762,844	1,362,844
	<u>972,834</u>	<u>15,620,035</u>



	2016 <u>Taka</u>	2015 <u>Taka</u>
<b>23 Liability for</b>		
Performance bonus	30,935,067	31,175,884
Provision for bad debts	20,373,284	13,298,759
CDBL BO maintenance fees	9,955,820	5,499,420
Withholdings tax and VAT	1,355,497	902,684
Bank guarantee commission	1,800,000	1,840,000
Business development expenses	755,462	755,462
Legal and professional fees	440,501	400,001
Computer expenses	626,633	626,633
Office rent	210,154	224,795
Audit fee	187,688	158,125
Electricity bills	632,231	536,350
Entertainment expense	137,720	137,720
CDBL charges	1,423,882	1,078,257
Repair and office maintenance	577,816	525,404
Telephone and mobile bills	420,774	428,131
Utilities and outsources	984,511	1,219,806
Salary and allowance	460,652	445,168
Travelling expense	5,471	5,471
Trading expenses payable	29,240,835	7,388,815
Other payables	3,123,801	9,639,593
	<b><u>103,647,798</u></b>	<b><u>76,286,478</u></b>
<b>24 Provision for income tax</b>		
Balance at the beginning of the	236,828,563	194,342,351
Add: Provision made during the year (Note-31)	61,000,000	68,546,182
Adjustment of tax provision for previous year	5,479,006	(26,059,970)
	<b><u>303,307,569</u></b>	<b><u>236,828,563</u></b>
<b>25 Service Revenue</b>		
Dhaka Stock Exchange (DSE)	369,338,545	312,165,943
Chittagong Stock Exchange	3,906,109	4,877,601
Income from margin loan	18,051,405	20,816,538
Annual account maintenance fees	4,136,000	6,926,250
BO account maintenance fees	13,316,000	12,126,000
Advisory income	22,168,134	13,404,269
IPO Service Charge	413,500	410,605
BO account opening fees	360,900	915,200
Sale of BO form	84,200	192,200
Others	1,704,134	1,310,032
	<b><u>433,478,927</u></b>	<b><u>373,144,638</u></b>

	2016 <u>Taka</u>	2015 <u>Taka</u>
<b>26 Direct expenses</b>		
Howla-DSE	11,500	9,100
Howla-CSE	74,184	93,238
Laga-DSE	18,923,704	16,134,948
Laga-CSE	188,526	230,350
CDBL Maintenance	14,360,739	14,114,716
Trading expense	98,777,942	64,466,924
	<u><u>132,336,594</u></u>	<u><u>95,049,276</u></u>

This represents Howla and Laga charges paid to DSE and CSE for the transactions of traded securities. Howla is paid based on number of transactions and Laga is paid based on turnover at applicable rate prescribed by DSE and CSE.

## **27 Operating expenses**

Administrative expenses (Note-27.1)	177,507,848	183,336,461
Other operating expenses (Note-27.2)	37,494,989	31,946,795
	<u><u>215,002,837</u></u>	<u><u>215,283,256</u></u>

### **27.1 Administrative expenses**

Salary and allowances	116,706,605	113,263,444
Office rent and service charges	22,621,154	22,079,128
Depreciation (Note-5)	12,369,220	15,663,943
Internet bills	4,341,032	7,028,327
Outsourcing expenses	9,405,669	10,544,950
CDBL charges	4,235,006	5,267,104
Depreciation of intangible assets (Note-6)	4,471,930	6,311,858
Insurance	879,177	778,589
Networking expenses	1,123,068	1,702,707
DSE, CSE and BSEC charges	1,354,987	696,409
	<u><u>177,507,848</u></u>	<u><u>183,336,461</u></u>

### **27.2 Other operating expenses**

Utility expenses	3,383,003	3,481,833
Entertainment	2,812,587	2,157,894
Office maintenance	2,167,102	2,450,843
Telephone and mobile bills	2,098,475	2,292,927
Printing and stationery	1,910,902	1,795,337
Business promotional expenses	4,580,472	5,357,424
Advertisement	1,488,903	1,309,155
Fuel and lubricants	2,787,340	2,160,629



	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Service charge-BRAC Bank Limited	-	431,071
Board meeting fees	480,000	435,000
Travel and conveyance	2,211,497	829,034
Postage and courier	503,873	371,931
Professional fees	1,040,167	534,194
Training and development	873,901	1,371,531
Repair and maintenance	8,273,754	4,584,368
Fees and subscriptions	394,422	391,567
News paper, books and periodicals	171,843	107,286
Audit fee	173,938	170,903
Photocopy and photograph	17,319	51,657
Reward and recognition	300,000	105,430
Other expenses	1,825,492	1,556,781
	<u><b>37,494,989</b></u>	<u><b>31,946,795</b></u>
<b>28 Other income</b>		
Gain/(loss) on sale of fixed assets	(25,484)	575,000
	<u><b>(25,484)</b></u>	<u><b>575,000</b></u>
<b>29 Finance income</b>		
Income from bank interest	25,774,531	34,178,836
Income from zero coupon bond	4,222,633	4,457,878
Realized gain on share	10,504,256	36,427,147
Unrealized gain/(loss) on share	10,919,736	7,886,312
Dividend income	21,201,515	4,632,426
	<u><b>72,622,671</b></u>	<u><b>87,582,599</b></u>
<b>30 Finance</b>		
Bank guarantee commission	1,800,000	1,840,000
Bank interest, charges and commission	4,464,142	867,105
	<u><b>6,264,142</b></u>	<u><b>2,707,105</b></u>
<b>31 Income tax expenses</b>		
Provision for tax on brokerage commission	43,518,043	37,176,979
Provision for tax other than brokerage commission	17,481,957	31,369,203
<b>Provision for 2016</b>	<u><b>61,000,000</b></u>	<u><b>68,546,182</b></u>
Adjustment for previous year	(3,188,565)	-
	<u><b>57,811,435</b></u>	<u><b>68,546,182</b></u>

## 32 Contingent liabilities and capital expenditure commitments

### A. Contingent liabilities

There is no contingent liability of the company as at 31 December 2016 (31 December 2015: Nil).

### B. Pending litigation

There is no pending litigation against the Company as at 31 December 2016 (31 December 2015: Nil).

### C. Commitments

There is no material capital commitment as at 31 December 2016 (31 December 2015: Nil).

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>33 Number of employees engaged for drawing remuneration</b>		
i) Up to Taka 3000 per month	-	-
ii) Above Taka 3000 per month	103	99
	<u>103</u>	<u>99</u>

## 34 Financial risk management

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments.

- credit risk
- liquidity risk
- market risk

### 34.1 Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, clients are grouped according to their risk profile, i.e. their legal status, financial condition etc. Receivable from clients is the debit balance in the client ledger as a result of buy/sell of

### 34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected



### 34.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 34.3.1 Currency risk

The Company has not entered into any transaction denominated by a currency other than the local currency during the year ended 31 December 2016.

#### 34.3.2 Interest rate risk

The only interest bearing financial instrument for the Company is the short notice deposit (SND) account maintained by the Company with its commercial banks. These are highly liquid and very short term deposits with nominal interest rate. Interest rate fluctuation for such investment have little impact on financial statements. Therefore, interest rate risk for the Company is insignificant.

### 35 Related party transactions

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

Name of party	Relationship with BESL	Nature of transactions	2016 Taka	2015 Taka
BRAC EPL Investments Limited	Common Parent	Expenses receivable	8,204,948	11,651,926
BRAC Bank Limited	Parent Company	Commission receivable	1,865,779	-
BRAC Bank Limited	Parent Company	IT services	-	12,091,899
BRAC EPL Investment Limited	Common Parent	Expenses payable	209,990	2,165,292
BRAC IT Services Limited	Common Parent	IT services	762,844	1,362,844

### 36 Events after the reporting period

The Board of Directors in its 75th Board meeting held on 1st March 2017 has proposed 35% stock dividend subject to the approval of shareholders at the next annual general meeting.

  
Chief Executive Officer

  
Director

  
Chairperson

Annexure - 1

**BRAC EPL Stock Brokerage Limited**  
**Allocation of profit and loss**  
**For the year ended 31 December 2016**

	Brokerage Income	Other than Brokerage Income	Total
Brokerage commission	373,244,654	-	373,244,654
Interest from margin loan	-	18,051,405	18,051,405
BO Account maintenance fees	-	13,316,000	13,316,000
Advisory fees	-	22,168,134	22,168,134
BO Account opening fees	-	360,900	360,900
Sale of BO form	-	84,200	84,200
Annual account maintenance fees	-	4,136,000	4,136,000
IPO service charges	-	413,500	413,500
Others	-	1,704,134	1,704,134
<b>Gross revenue</b>	<b>373,244,654</b>	<b>60,234,273</b>	<b>433,478,927</b>
Direct expenses	(117,975,855)	(14,360,739)	(132,336,594)
	255,268,799	45,873,534	301,142,333
Operating expenses *	(184,902,440)	(30,100,397)	(215,002,837)
<b>Operating Profit</b>	<b>70,366,359</b>	<b>15,773,137</b>	<b>86,139,496</b>
Financial expenses		(6,264,142)	(6,264,142)
Impairment loss	-	-	-
	-	(6,264,142)	(6,264,142)
<b>Operating Profit</b>	<b>70,366,359</b>	<b>9,508,995</b>	<b>79,875,353</b>
<b>Non-operating income:</b>			
Realized gain on shares	-	10,504,256	10,504,256
Unrealized gain/(Loss) on shares	-	10,919,736	10,919,736
Bank interest	-	25,774,531	25,774,531
Share of profit of equity in associate company	-	175,511	175,511
Income from Zero coupon bond	-	4,222,633	4,222,633
Dividend income	-	21,201,515	21,201,515
Gain/(loss) on sale of fixed assets	-	(25,484)	(25,484)
	-	72,772,697	72,772,697
<b>Net profit before tax</b>	<b>70,366,359</b>	<b>82,281,692</b>	<b>152,648,051</b>

\* Operating expenses have been allocated to Brokerage Income and other than Brokerage Income on the basis of gross revenue, percentage of gross revenue works out at 86% and 14% respectively