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

For the year ended 31 December 2017

A. QASEM & Co.
Chartered Accountants Since 1953

A member firm of
Ernst & Young Global Limited



**Auditors' Report
&
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of
BRAC EPL Investments Limited
For the year ended 31 December 2017**

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

We have audited the accompanying financial statements of **BRAC EPL Investments Limited**, which comprise the statement of financial position as at 31 December 2017 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 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Investments Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's financial statements dealt with by the report are in agreement with the books of account and returns; and
- d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka
31 January 2018


A. Qasem & Co.
Chartered Accountants

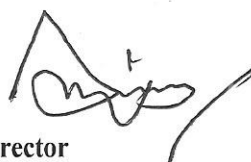
BRAC EPL Investments Limited
Statement of Financial Position
As at 31 December 2017

	Notes	2017 Taka	2016 Taka
Assets			
Non-current assets			
Property, plant and equipment	5	7,203,370	8,995,518
Investment in associate company	6	15,526,676	15,369,427
Deferred tax assets	7	282,647,551	9,318,000
		305,377,597	33,682,945
Current assets			
Account receivables	8	16,528,035	29,559,219
Inter-company receivables	9	2,101,350	1,264,241
Other receivables		3,246,315	-
Investment in quoted securities	10	1,356,164,306	84,282,993
Investment in Share-IPO		-	30,000,000
Advance income tax	11	14,748,510	16,514,787
Loans and advances to customers	12	1,722,386,221	3,616,388,219
Accrued interest and management fees receivable	13	313,417,017	728,606,636
Advances, deposits and prepayments	14	7,180,295	3,256,251
Cash and cash equivalents	15	40,721,893	187,455,271
		3,476,493,943	4,697,327,617
Total assets		3,781,871,540	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		(1,689,313,634)	(1,199,451,558)
Shareholders' equity		1,332,512,317	1,822,374,393
Current liabilities			
Customer deposits	17	343,191,760	66,633,683
Bank overdrafts	18	772,117,975	936,357,568
Short term loan	19	220,000,000	779,211,617
Account payables	20	31,934,404	46,710,966
Other liabilities	21	1,079,046,889	1,078,186,162
Provision for taxation	22	2,072,644	624,709
Inter-company payable to BRAC EPL Stock Brokerage Limited		995,551	911,466
		2,449,359,223	2,908,636,170
Total equity and liabilities		3,781,871,540	4,731,010,562

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



Chief Executive Officer




Director



Chairman

Dated, Dhaka
31 January 2018


A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Revenue			
Interest income from margin loan		156,836,025	48,633,373
Interest expenses	23	(75,887,801)	(234,259,890)
Net interest income (A)		80,948,224	(185,626,517)
Fee and commission income	24	71,649,270	45,330,121
Fee and commission expenses	25	(23,011,291)	(10,455,381)
Net fee and commission income (B)		48,637,979	34,874,740
(Loss)/gain from investment in securities	26	158,311,818	13,617,456
Other operating income/(loss)	27	(939,551,130)	1,905,690
Net (loss)/gain from investment in securities (C)		(781,239,312)	15,523,146
Total operating income/(loss) (A+B+C)		(651,653,109)	(135,228,632)
Operating expenses	28	(95,569,702)	(74,170,091)
Depreciation & amortization	5	(2,230,477)	(5,970,222)
Operating profit/(loss) (D)		(749,453,289)	(215,368,945)
Finance income		151,748	497,466
Financial expenses	29	(665,248)	(497,401)
Net finance income (E)		(513,500)	65
Share of profit of equity in associate company (F)		157,249	-
Impairment loss on investment in unquoted securities (G)		-	-
Profit/(loss) before provisions (D+E+F+G)		(749,809,540)	(215,368,880)
Provision for loans and advances	21.1		(683,792,632)
Loss before tax		(749,809,540)	(899,161,512)
Tax expenses	30	(259,947,464)	1,601,526
Net loss after tax		(489,862,076)	(900,763,037)
Other comprehensive Income			
Total loss		(489,862,076)	(900,763,037)

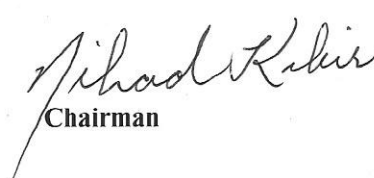
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Chief Executive Officer

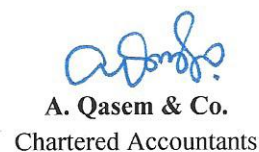


Director



Chairman

Dated, Dhaka
31 January 2018



A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited
Statement of Changes in Equity
For the year ended 31 December 2017

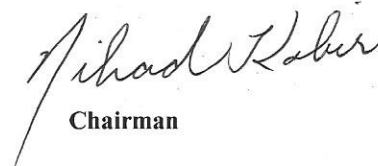
Particulars	Amount in Taka			
	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2016	585,000,000	436,825,951	(298,688,521)	723,137,430
Increase of share capital	2,000,000,000			2,000,000,000
Total comprehensive income for the year 2016	-	-	(900,763,037)	(900,763,037)
Balance 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 year 2017	-	-	(489,862,076)	(489,862,076)
Balance as on 31 December 2017	2,585,000,000	436,825,951	(1,689,313,634)	1,332,512,317



Chief Executive Officer

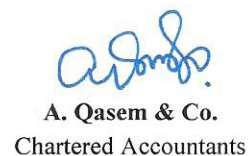


Director



Chairman

Dated, Dhaka
31 January 2018



A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited
Statement of Cash Flows
For the year ended 31 December 2017

	2017 Taka	2016 Taka
A. Operating activities		
Net profit before tax	(749,809,540)	(900,763,037)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	2,178,341	5,970,222
Amortization of intangible asset	52,136	-
Gain on disposal of property, plant and equipment		(75,000)
Bad debt expenses	18,884,606	-
Fair value adjustments for fall in values of investment in securities	(58,596,125)	(5,866,002)
Share of profit of equity in associate company	(157,249)	-
	(37,638,291)	29,220
Income tax paid	(10,167,876)	(11,881,851)
Operating (loss)/profit before changes in working capital	(797,615,707)	(912,615,668)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	1,894,001,998	208,255,642
(Increase)/decrease in accrued interest and mgt. fees receivable	415,189,619	41,602,048
(Increase)/decrease in account receivables	(5,853,422)	56,916,715
(Increase)/decrease in advance, deposits and prepayments	(3,924,044)	1,519,528
(Increase)/decrease in inter-company receivable	(837,109)	1,867,901
(Increase)/decrease in other receivables	(3,246,315)	386,978
Increase/(decrease) in customer deposits	276,558,077	(16,799,237)
Increase/(decrease) in account payables	(14,776,561)	31,621,165
Increase/(decrease) in inter-company payable	84,085	(3,457,451)
Increase/(decrease) in other liabilities	860,728	667,220,222
	2,558,057,055	989,133,511
Net cash (used)/from operating activities (A)	1,760,441,348	76,517,843
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(438,328)	(110,900)
Disposal of property, plant and equipment	-	75,000
Sale/(purchase) of investment securities	(1,183,285,188)	(46,655,943)
Net cash used in investing activities (B)	(1,183,723,517)	(46,691,843)
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(164,239,593)	(1,384,585,860)
Receipt/(repayment) of short term loans	(559,211,617)	(267,847,736)
Receipt/(repayment) of revolving time loan	-	(250,000,000)
Capital lease obligation paid	-	-
Share Capital Increased	-	2,000,000,000
Net cash from/(used) in financing activities (C)	(723,451,210)	97,566,404
Net decrease in cash and cash equivalents (A+B+C)	(146,733,378)	127,392,404
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 year	40,721,893	187,455,271

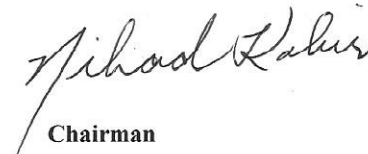


Chief Executive Officer

Dated, Dhaka
31 January 2018



Director



Chairman

BRAC EPL Investments Limited
Notes to the financial statements
For the year ended 31 December 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. BRAC Bank Limited currently holding 99.85% 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. Dhaka-1212

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%
Software	33.33%

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 2017.

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	Depreciation				Amount in I raka	
	Balance on 1 January 2017	Additions during the year	Adjustment during the year	Balance on 31 December 2017		Charged during the Period	Adjustment during the year	Balance on 31 December 2017	Written down value at 31 December 2017	Written down value at 31 December 2016	
Furniture & fittings	4,394,050	-	-	4,394,050	10%-33.33%	9,344	-	4,331,768	62,282	71,627	
Office floor space	6,348,797	-	-	6,348,797	5%-20%	347,610	-	2,408,346	3,940,451	4,288,061	
Motor vehicles	14,577,281	-	-	14,577,281	20%	1,651,420	-	11,790,961	2,786,320	4,437,740	
Leasehold improvement	48,650,593	-	48,049,653	600,940	15%-33.33%	9,900	48,049,653	600,940	-	9,900	
IT equipment	14,132,553	100,718	-	14,233,271	10%-50%	126,498	-	14,077,510	155,761	181,542	
Office equipment	9,754,480	103,000	-	9,857,480	10%-50%	33,568	-	9,781,399	76,081	6,650	
Total 2017	97,857,754	203,718	48,049,653	50,011,819		2,178,341	48,049,653	42,990,924	7,020,895	8,995,518	
Total 2016	100,459,770	145,900	2,747,916	97,857,754		5,970,222	2,747,916	88,862,236	8,995,518		

5.1 Intangible assets

Assets	Cost				Rate of depreciation	Depreciation				Amount in I raka	
	Balance on 1 January 2017	Additions during the year	Adjustment during the year	Balance on 31 December 2017		Charged during the Period	Adjustment during the year	Balance on 31 December 2017	Written down value at 31 December 2017	Written down value at 31 December 2016	
Software	-	234,610	-	234,610	33.33%	52,136	-	52,136	182,475	-	
Total 2017	-	234,610	-	234,610		52,136	-	52,136	182,475	-	

Balance as at 31 Dec 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	157,249	-
	15,526,676	15,369,427

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 regulatory approval.

7 Deferred tax assets

282,647,551	9,318,000
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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)	(24,847,999)
(ii) Taxable temporary difference		
Finance lease obligations		
Net taxable temporary differences	(3,917,263)	(24,847,999)
Deferred tax asset	(1,468,974)	(9,318,000)
Net taxable temporary differences	(3,917,263)	(24,847,999)
Tax rate	37.50%	37.50%
Deferred tax asset as at 31 December	(1,468,974)	(9,318,000)
Less: opening balance as at 1 January	9,318,000	9,755,465
Deferred tax expense /(income)	7,849,026	437,465

7.2 Net Operating loss carry forwards

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

8 Account receivables

Portfolio Management Department (PMD) (Note-8.1)	3,656,338	9,253,639
Investment Banking Department (IBD) (Note-8.2)	-	4,425,133
Structured Finance Department (SFD) (Note-8.3)	12,871,697	15,880,447
	16,528,035	29,559,219

Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
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8.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading	3,656,338	9,253,639
Receivable from brokerage for own investment	-	-
	3,656,338	9,253,639

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	-	4,425,133
	-	4,425,133

8.3 Structured Finance Department (SFD)

Debt arrangement fees	10,568,072	13,576,822
Corporate advisory fees	2,303,625	2,303,625
	12,871,697	15,880,447

9 Inter-company receivables

BRAC EPL Stock Brokerage Limited	34,500	297,391
BRAC Asset Management Company Limited	966,850	966,850
BRAC Impact Ventures Limited	1,100,000	-
	2,101,350	1,264,241

10 Investment in quoted securities

1,356,164,306	84,282,993
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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	3,469,492	11,881,851
	19,984,279	16,514,787
Less: adjusted during the year	5,235,769	-
	14,748,510	16,514,787

12 Loans and advances to customers

Opening balance	3,616,388,219	3,824,643,861
Increase / (decrease) during the year	(1,894,001,998)	(208,255,642)
	1,722,386,221	3,616,388,219

At reporting date, the aggregate market value of stocks held in customer portfolios amounted to Tk.2,239,795,624 which exceeded the total margin loans of Tk.1,722,386,221 resulting in an overall surplus of Tk.517,974,09,403. Management has successfully taken efforts to attract fresh deposits from accountholders and realized outstanding charges.

Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
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13 Accrued interest and management fees receivable

Accrued interest receivable	290,386,010	710,475,612
Accrued management fees receivable	23,031,008	18,131,024
	313,417,017	728,606,636

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	28,423	260,595
General suppliers	318,823	206,258
	347,246	466,853
Deposits		
Regulators	314,500	314,500
Pre- IPO	4,713,400	
	5,027,900	314,500
Prepayments		
Office rent	1,805,150	2,474,899
	7,180,295	3,256,251

15 Cash and cash equivalents

Cash in hand	71,882	64,954
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Balance with Banks		
BRAC Bank Limited	5,801,776	27,507,846
Standard Chartered Bank	32,034,288	156,007,174
NRB Commercial Bank Limited	509,053	506,140
NRB Bank Limited	603,317	619,967
One Bank Limited	1,597,554	2,567,310
United Commercial Bank Limited	-	77,310
Standard Bank Limited	6,539	5,935
IFIC Bank Limited	-	-
Midland Bank	97,485	98,635
	40,721,893	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
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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
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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	Amount Taka	Amount Taka
BRAC Bank Ltd.	Bangladesh	258,100,078	10	2,581,000,780	2,444,598,320
Other individual shareholders	Various	399,922		3,999,220	140,401,680
		258,500,000		2,585,000,000	2,585,000,000

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.

Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
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17 Customer deposits

Opening balance	66,633,683	83,432,920
Change during the year	276,558,077	(16,799,237)
	343,191,760	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	772,117,975	851,255,019
IFIC Bank Limited		-
One Bank Limited		-
Standard Bank Limited	-	85,102,549
United Commercial Bank Limited		-
NRB Commercial Bank Limited		-
	772,117,975	936,357,568

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

	Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
19 Short term loan	220,000,000	779,211,617
19.1 Opening balance	680,000,000	570,000,000
Add: received during the year	690,000,000	1,410,000,000
	1,370,000,000	1,980,000,000
Less: payment during the year	1,150,000,000	1,300,000,000
	220,000,000	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

20 Account payables		
Broker for client trading	3,408,549	4,754,037
VAT on fee income	4,287,986	4,437,986
Payable for other PMD activities	6,061	31,958,333
Broker for Own Investment	23,393,695	4,529,335
Tax deducted at source from salaries and allowances	337,451	594,089
Tax deducted at source from suppliers	83,126	79,254
Withholding VAT on office rent		120,555
Withholding VAT on suppliers' payments	378,728	198,570
Tax deducted at source from office rent	38,808	38,808
	31,934,404	46,710,966

21 Other liabilities		
Provision for loans and advances (Note 21.1)	1,059,064,609	1,059,064,609
Sales receivable in transit	7,403,908	16,619,378
Salaries & Other payable	6,500,000	-
CDBL charges	59,414	199,303
Office maintenance	5,357,730	1,596,926
Audit fees	198,000	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	170,574	105,871
Repair and maintenance	-	37,770
Printing- Postage & Stationery	9,001	9,001
Advertisement	-	-
Other payable		71,650
	1,079,046,889	1,078,186,162

21.1 Provision for loans and advances

	Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
Opening balance	1,059,064,609	375,271,977
Provision made during the year	-	683,792,632
Provision released during the year	-	-
Closing balance	1,059,064,609	1,059,064,609

22 Provision for taxation

Opening balance	624,709	1,028,410
Add : provision made during the year	2,072,644	624,709
	2,697,353	1,653,119
Less: paid/adjusted during the year	624,709	1,028,410
	2,072,644	624,709

23 Interest expenses

BRAC Bank Limited	74,717,324	89,607,149
United Commercial Bank Limited	-	36,801,809
IFIC Bank Limited	-	44,316,307
Standard Bank Limited	1,170,477	20,069,314
ONE Bank Limited	-	1,239,567
NRB Commercial Bank Limited	-	234,905
NRB Bank Limited	-	17,922,892
Investment Corporation of Bangladesh	-	24,067,948
	75,887,801	234,259,890

24 Fee and commission income

Portfolio Management Department (PMD) (note-24.1)	69,349,270	25,921,696
Investment Banking Department (IBD) (note-24.2)	-	-
Structured Finance Department (SFD) (note-24.3)	2,300,000	19,408,425
	71,649,270	45,330,121

24.1 Portfolio Management Department (PMD)

Settlement fees	45,877,571	19,803,799
Management fees	23,013,659	5,441,673
BO maintenance fees	407,900	648,399
Documentation fees	39,200	13,700
Commission income from IPO	10,940	14,125
	69,349,270	25,921,696

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	1,800,000	3,908,425
	2,300,000	19,408,425

25 Fee and commission expenses

Brokerage commission cost	23,011,291	10,455,381
	23,011,291	10,455,381

26 (Loss)/Income from investment in securities

Realized (loss)/ gain during the year
Fair value adjustment at reporting date

Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
99,715,693	7,751,454
58,596,125	5,866,002
158,311,818	13,617,456

27 Other operating income/(loss)

Dividend income
Rental income
Interest income on staff loan
Gain on disposal of property, plant and equipment
Unrealized Interest and fees from negative equities customers written-off during the year
Others

19,218,830	1,378,955
-	424,291
7,817	27,444
-	75,000
(958,781,777)	-
4,000	-
(939,551,130)	1,905,690

28 Operating expenses

Salaries and allowances
Other personnel expenses
Rental expenses
Utilities, maintenance and running expenses
CDBL expenses
Legal and professional fees
Telephone, communication and IT expenses
Bad debt expenses
Printing and stationery
Travelling and conveyance
Vehicle maintenance expenses
Entertainment expenses
Training and development expenses
Meeting expenses
License and renewal fees
Advertisement expenses
Audit fees
Regulatory fees
Insurance

35,655,955	36,889,575
11,315,735	6,115,418
8,984,540	13,197,313
6,105,168	6,707,618
1,823,915	797,607
1,896,700	1,744,200
2,201,216	3,698,618
18,884,606	-
373,834	441,143
279,653	288,501
1,171,040	1,134,305
4,783,628	530,296
92,950	34,711
359,667	267,000
257,572	166,987
-	151,925
253,000	368,000
157,500	640,000
973,023	996,874
95,569,702	74,170,091

29 Financial expenses

Bank charges and commission

665,248	497,401
665,248	497,401

30 Tax expenses

Prior year taxes
Current year taxes
Deferred tax (income)/expense

11,309,444	539,352
2,072,644	624,709
(273,329,551)	437,465
(259,947,464)	1,601,526

Balance as at 31 Dec 2017 Taka	Balance as at 31 Dec 2016 Taka
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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	2017 Taka	2016 Taka
BRAC Bank Limited	Internet exp payable	-	21,000
	Interest payable	-	-
	Loans and borrowings	992,117,975	1,531,255,030
BRAC EPL Stock Brokerage Limited	Expenses payable	995,551	911,466
BRAC EPL Stock Brokerage Limited	Receivable	34,500	297,391
BRAC Asset Management Company Ltd.	Reimbursable expenses	966,850	966,850
BRAC IT Services Limited	Internet exp payable	23,800	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.