

**Independent Auditor's Report
&
Audited Financial Statements
of
Lankan Alliance Finance Limited**

As at & for the year ended 31 December 2018

A. QASEM & CO.

Chartered Accountants

Since 1953

A member firm of
Ernst & Young Global Limited



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As at & for the year ended 31 December 2018

**Independent Auditor’s Report
To the Shareholders of Lankan Alliance Finance Limited**

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Lankan Alliance Finance Limited** (“the Company”) which comprise the balance sheet as at 31 December 2018 and the profit & loss account, 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 notes.

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note 2 and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

Basis for Opinion

We conducted our audit in accordance with international Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Measurement of deferred tax assets	
<p>The Company reports net deferred tax assets to totaling BDT 988,035 as at 31 December 2018.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company’s key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company’s future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p>

Risk	Our response to the risk
	<p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
See note no 9.2 to the financial statements	

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 2 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. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the Management to ensure effective internal audit, internal control and risk management functions of the Company. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Company's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) 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;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred and payments made were for the purpose of the Company's business for the year;
- (v) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (ix) taxes and duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (x) nothing has come to our attention that the Company has adopted any unethical means i.e. "Window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xi) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;

- (xiii) the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xiv) the information and explanations required by us have been received and found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 288 person hours for the audit of the books and accounts of the Company
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the "First Schedule" of the Financial Institutions Act 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dated, Dhaka
27 March 2019


A. Qasem & Co.
Chartered Accountants

Lankan Alliance Finance Limited
Balance Sheet
As at 31 December 2018

	Note	Amounts in BDT	
		31 Dec 2018	31 Dec 2017
PROPERTY AND ASSETS			
Cash	3		
In hand	3.01	34,535	25,586
Balance with Bangladesh Bank and its agents	3.02	8,997,277	-
		9,031,812	25,586
Balance with other banks and financial institutions	4		
inside Bangladesh	4.01	319,423,406	1,104,746,437
Outside Bangladesh		-	-
		319,423,406	1,104,746,437
Money at call and short notice	5	150,000,000	-
Investments	6		
Government	6.01	-	-
Others	6.02	403,220	-
		403,220	-
Loans and advances	7		
Loans, cash credit, overdraft etc.		1,083,096,544	-
Bills purchased and discounted		-	-
		1,083,096,544	-
Fixed assets including land, building, furniture and fixtures	8	13,711,310	12,053,834
Other assets	9	51,064,244	19,946,319
Non-banking assets		-	-
Total Assets		1,626,730,535	1,136,772,177
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	100,000,000	-
Deposits and other accounts			
Current accounts and other accounts etc.	11	-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		356,810,740	-
Bearer certificate of deposits		-	-
Other deposits		-	-
		356,810,740	-
Other liabilities	12	41,685,432	38,242,937
Total Liabilities		498,496,172	38,242,937
Capital/Shareholders' equity			
Paid-up capital	13	1,000,000,000	1,000,000,000
Share premium		172,200,000	172,200,000
Statutory reserves	14	5,941,025	-
General reserves		-	-
Retained earnings	15	(49,906,662)	(73,670,761)
		1,128,234,363	1,098,529,239
Total Equity		1,128,234,363	1,098,529,239
Total Liabilities and Shareholders' equity		1,626,730,535	1,136,772,177
Net asset value per share- (NAV)		11.28	10.99



Lankan Alliance Finance Limited
 Balance Sheet
 As at 31 December 2018

Amounts in BDT
31 Dec 2018 31 Dec 2017

OFF-BALANCE SHEET ITEMS

Contingent liabilities

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Indemnity bond
- Corporate guarantee

-	-
-	-
-	-
-	-
-	-
-	-

Other commitments





- Documentary credits and short term trade related transactions
- Forward assets purchased and forward deposits placed
- Un-drawn note issuance and revolving underwriting facilities
- Un-drawn formal standby facilities, credit lines
- Un-disbursed contracted loans and leases

-	-
-	-
-	-
-	-
-	-

Total Off-Balance Sheet items including contingent liabilities

-	-

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

 <hr style="width: 80%; margin: 0 auto;"/> <p>Chairman</p>	 <hr style="width: 80%; margin: 0 auto;"/> <p>Director</p>	 <hr style="width: 80%; margin: 0 auto;"/> <p>Chief Executive Officer</p>	 <hr style="width: 80%; margin: 0 auto;"/> <p>Company Secretary</p>
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Signed in terms of our separate report of even date annexed.

Place: Dhaka
 Dated: 27 March 2019.


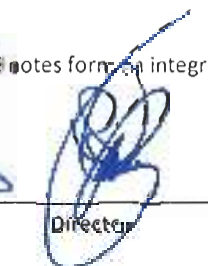
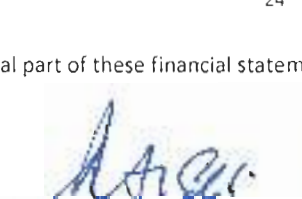


 A. Qasem & Co.
 Chartered Accountants



Lankan Alliance Finance Limited
Profit and Loss Account
For the year ended 31 December 2018

	Note	Amounts in BDT	
		31 Dec 2018	31 Dec 2017
Interest income	16	129,003,873	5,662,821
Less : Interest on deposits and borrowings etc.	17	8,133,593	-
Net interest income		120,870,280	5,662,821
Investment income	18	1,258,051	-
Commission, exchange and brokerage		-	-
Other operating income	19	347,042	27,990
Total operating income		122,475,373	5,690,811
Salaries, allowances and benefits	20	32,042,826	12,948,039
Rent, taxes, insurance, electricity etc.		12,966,804	12,005,290
Legal & Professional fees		1,508,423	3,228,882
Postage, stamp, telecommunication etc.		499,461	198,390
Stationery, printing, advertisements etc.		1,455,695	489,328
CEO's salary and benefits	21	15,923,799	1,030,878
Directors' fees	22	248,000	101,200
Auditors' fees		429,422	381,800
Charges on loan losses		-	-
Depreciation and repair of Company's assets		2,384,325	2,105,442
Other administration and maintenance	23	10,339,437	22,202,527
Total operating expenses		77,798,192	54,691,776
Profit before provisions		44,677,181	(49,000,964)
Provision for loans and investments			
General provision		10,830,966	-
Specific provision		-	-
Provision for diminution in value of investments		-	-
Other provision		-	-
Total provision		10,830,966	
Total profit before taxation		33,846,215	(49,000,964)
Provision for taxation			
Current tax expense		4,795,604	34,145
Deferred tax expenses/(income)		(654,514)	(333,521)
Net profit after taxation		29,705,125	(48,701,588)
Appropriations to:			
Statutory reserves		5,941,025	-
General reserves		-	-
Dividend etc.		-	-
		5,941,025	-
Retained surplus		23,764,100	(48,701,588)
Earnings per share	24	0.30	NA

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

 Chairman
 Director
 Chief Executive Officer
 Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka
 Dated: 27 March 2019.






 A. Qasem & Co.
 Chartered Accountants

Lankan Alliance Finance Limited
Cash Flow Statement
For the year ended 31 December 2018

	Amounts in BDT	
	31 Dec 2018	31 Dec 2017
A) Cash flows from operating activities		
Interest received	129,003,873	5,662,821
Interest paid	(8,133,593)	-
Dividend received	-	-
Fees and commission received	-	-
Paid to employees and suppliers	(75,413,867)	(52,252,812)
Payment of income tax	(4,795,604)	(34,145)
Received from other operating activities	1,605,093	27,990
Cash generated from operating activities before changes in operating assets and liabilities	42,265,902	(46,596,146)
Increase/(decrease) in operating assets and liabilities		
Installment receivable	-	-
Long-term finance	(783,096,544)	-
Real estate finance	-	-
Car loan	-	-
Personal loan	-	-
Loan against deposit	-	-
Loan to subsidiaries	-	-
Short term finance	(320,511,100)	-
Investment	(403,270)	-
Other assets	(31,117,929)	(4,670,034)
Term and other deposits	351,110,740	-
Net drawdown of short term loan	-	-
Payable and accrued expenses	(6,733,958)	10,971,830
Inter-company payables	-	-
Deferred liability-employee gratuity	-	-
Partly-paid-investors' fund	-	-
Deferred tax liability	-	-
Interest suspense account	-	-
Net cash flows from/(used in) operating activities	(722,275,004)	(20,294,350)
B) Cash flows from investing activities		
Purchase of fixed assets	16,771,800	3,046,781
Disposal of fixed assets	-	-
Increase/(Decrease) in inter-company payables	-	-
Net proceeds of Deposits	-	-
Net cash used in investing activities	(4,041,801)	(5,646,878)
C) Cash flows from financing activities		
Drawdown of term loans	100,000,000	-
Repayment of term loans	-	-
Proceeds from share issue	-	1,094,200,000
Dividend paid	-	-
Net cash flow from financing activities	100,000,000	1,094,200,000
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	(626,316,805)	1,068,258,772
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	1,104,772,023	36,513,251
G) Cash and cash equivalents at end of the year (D+E+F)	478,455,218	1,104,772,023
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies) (Note 4.02)	34,535	25,586
Balance with Bangladesh Bank and its agent bank(s) (Note 4.03)	8,997,277	-
Balance with other banks and financial institutions (Note 4.04)	319,423,426	1,104,746,437
Money at call and short notice (Note 5)	150,000,000	-
	478,455,218	1,104,772,023

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


Chairman


Director


Chief Executive Officer


Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 27 March 2019.




A. Qasem & Co.
Chartered Accountants

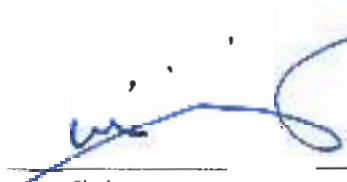
Lankan Alliance Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2018


Particulars	Amounts in BDT				
	Paid-up capital	Share premium	Statutory reserves	Retained earnings	Total
Balance at 01 January 2018	1,000,000,000	172,200,000	-	(73,670,761)	1,098,529,239
Net profit for the year 2018	-	-	-	29,705,125	29,705,125
Appropriation to reserve	-	-	5,941,025	(5,941,025)	-
Balance as at 31 December 2018	1,000,000,000	172,200,000	5,941,025	(49,906,661)	1,128,234,364


Lankan Alliance Finance Limited
Statement of Changes in Equity
For the year ended 31 December 2017


Particulars	Amounts in BDT				
	Paid-up capital	Share premium	Statutory reserves	Retained earnings	Total
Balance at 01 January 2017	10,000,000	-	-	(24,969,173)	(14,969,173)
Share Issue	990,000,000	172,200,000	-	-	1,162,200,000
Net profit for the year 2017	-	-	-	(48,701,588)	(48,701,588)
Balance at 31 December 2017	1,000,000,000	172,200,000	-	(73,670,761)	1,098,529,239

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


Chairman


Director


Chief Executive Officer


Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 27 March 2019.

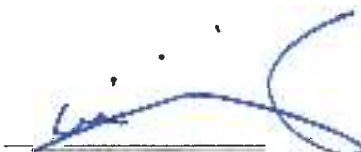

A. Qasem & Co.
Chartered Accountants




Lankan Alliance Finance Limited
Liquidity statement
As at 31 December 2018

Particulars	Amounts in BDT					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	9,031,812	-	-	-	-	9,031,812
Balance with other banks and financial institutions	136,923,406	-	182,500,000	-	-	319,423,406
Money at call and short notice	150,000,000	-	-	-	-	150,000,000
Investments	403,220	-	-	-	-	403,220
Loans & advances	20,128,885	169,827,210	251,502,415	641,638,034	-	1,083,096,544
Fixed assets including land, building, furniture and fixtures	-	-	-	9,320,037	4,391,273	13,711,310
Other assets	678,680	-	14,581,024	31,436,540	4,368,000	51,064,244
Non-banking assets	-	-	-	-	-	-
Total assets	317,166,003	169,827,210	448,583,439	682,394,611	8,759,273	1,626,730,536
Liabilities						
Borrowing from Bangladesh Bank, other banks and financial institutions & its agents	-	-	100,000,000	-	-	100,000,000
Deposits	3,350,000	5,300,000	194,068,000	154,092,740	-	356,810,740
Other accounts	-	-	-	-	-	-
Provision and other liabilities	6,445,357	19,312,263	8,157,836	7,769,977	-	41,685,432
Total liabilities	9,795,357	24,612,263	302,225,836	161,862,717	-	498,496,172
Net Liquidity Gap	307,370,646	145,214,947	146,357,603	520,531,894	8,759,273	1,128,234,364

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


Chairman


Director


Chief Executive Officer


Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 27 March 2019.




A. Qasem & Co.
Chartered Accountants

Lankan Alliance Finance Limited
Notes to the financial statements
As at and for the year ended 31 December 2018

1. Company and its activities

1.1 Legal status and nature of the Company

Lankan Alliance Finance Limited (The Company "Lankan Alliance Finance Limited") was incorporated in Bangladesh as a Public limited company on 27 September 2003 under the Companies Act 1994, in its earlier name of Alliance Leasing & Finance Company Limited. The Company changed its name in December 2017. The registered office of the company is situated at The Alliance Building, 63 Pragati Sarani, Baridhara, Dhaka-1212. The Company is registered as a Financial Institution under the Financial Institutions Act, 1993.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with International Financial Reporting Standards (IFRS) except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993 and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in Note-2.3.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in Note-2.3 by following the provision of Para 20 of IAS 1 Presentation of Financial Statements.

2.2 Basis of measurement

This financial statements have been prepared based on International Financial Reporting Standards (IFRS) and no adjustment has 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 year.

2.3 Disclosure of deviations from few requirements of IFRS due to mandatory compliance with Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institution in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IFRS. As such the company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below along with financial impact where applicable:



SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 Financial Instruments	<p>An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.</p> <p>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:</p> <p>a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or</p> <p>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</p>	<p>As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.</p> <p>Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.</p>	<p>In Financial Statements, an amount of Taka 10.83 million has been charged as incremental general provision for leases, loans and advances, on good loan for the year end 31 December 2018. Accumulated provision for leases, loans and advances as at 31 December 2018 at Taka 10.83 million.</p>
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 Financial Instruments	<p>Investment in shares falls either under at "fair value through profit/loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit of loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.</p>	<p>As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however, in case of any unrealized gain, no such gain can be recognized, and investments are recognized at cost only.</p>	<p>The unrealized gain as at 31 December 2018 was BDT 1 Million</p>



SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 Financial Instruments	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	During this year there is no impact on the financial statements due to this departure as there were no SMA or classified lease, loans and advances.
4	Presentation of cash and cash equivalent	IAS 7 Statement of Cash Flows	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2018 and corresponding year 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
5	Measurement of deferred tax asset	IAS 12 Income Tax	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against leases, loans and advances.
6	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 Presentation of Financial Statements	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement. IAS 1 requires separate line item for intangible assets on the face of statement of financial position.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income	Financial Statements for the year end 31 December 2018 and corresponding year of 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
		IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure	IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	allowed to include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IAS 39. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.	
7	Preparation of Statement of Cash Flows	IAS 7 Statement of Cash Flows	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	Current/Non-current distinction	IAS 1 Presentation of Financial Statement	As per Para 60 of IAS 1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
9	Off-balance sheet items	IAS 1 Presentation of Financial Statements	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11,



SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
					dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure but there is a disclosure in the financial statements
10	Impairment of Margin Loan (Loans and receivables)	IFRS 9 Financial instruments	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this departure.
11	Complete set of financial statements	IAS 1 Presentation of Financial Statements	As per IAS 1 Presentation of Financial Statements complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.



SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
12	Intangible asset	IAS 1 Presentation of Financial Statements	As per IAS 1 Presentation of Financial Statements para 54: the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
13	Other comprehensive income	IAS 1 Presentation of Financial Statements	As per IAS 1 Presentation of Financial Statements Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements.
14	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account	Financial Statements for the year end 31 December 2018 and corresponding period of 2017 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.



2.4 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated December 23, 2009):

- a) Balance Sheet as at 31 December 2018;
- b) Profit and Loss Account for the year ended 31 December 2018;
- c) Statement of Cash Flows for the year ended 31 December 2018;
- d) Statement of Changes in Equity for the year ended 31 December 2018;
- e) Liquidity Statement for the year ended 31 December 2018;
- f) Notes to the Financial Statements for the year ended 31 December 2018.

2.5 Directors' responsibility statement

The Board of Directors' takes the responsibility for the preparation and presentation of these financial statements.

2.6 Date of authorization

The Board of directors has authorized this financial statements on 25 March 2019.

2.7 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.8 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- Provision for impairment of loans, leases and investments
- Gratuity
- Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent Liability :

A 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 Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.



Contingent Assets:

A contingent asset is 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 Group. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.

2.9 Accounting for term finance & other finances

Books of accounts for term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealized principal for long-term finance are accounted for as term finance assets of the Company. Interest earnings are recognized as operational revenue periodically.

2.10 Investment in securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost or intrinsic value whichever is lower. Full provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated 31 January 2012.

2.11 Property and equipment

i) Recognition and measurement

Own assets

Items of own fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 16 Property, Plant and Equipment.

ii) Subsequent expenditure on Fixed assets

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

Depreciation is charged to amortize the cost of assets, over their estimated useful lives, using the straight-line method in accordance with BAS-16: "Property, Plant and Equipment". Full depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Asset category wise depreciation rates are as follows:

<u>Particulars of Property, Plant & Equipment</u>	<u>Rates</u>
Furniture and fixtures	20.00%
Office equipment	20.00%
Office decoration	10.00%
ICT Equipment	20.00%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss account.

Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.



2.12 Intangible assets and amortization of intangible assets

Recognition & Measurement

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of 3 years.

Subsequent expenditure

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.13 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will follow to the company and in accordance with IFRS 15 Revenue from contract with customers unless otherwise mentioned or otherwise guided by the separate IFRS.

Interest on term loans and short term finance

Interest on term loan and short term finance are recognized as revenue on an accrual basis and interest income on term loan is not recognized where any portion of interest is in arrear for more than three months.

Fee based revenues

Fees on services rendered by the company are recognized as and when services are rendered.

2.14 Interest suspense account

Interest on term finance overdue beyond three months period and interest on short term finance overdue beyond permitted credit term plus ninety days period are not recognized as revenue and credited to interest suspense account.

2.15 Accounts receivable

Accounts receivable at the balance sheet date is stated at amounts which are considered realizable. Specific allowance is made for receivable considered to be doubtful for recovery.

2.16 Cash flow statements

The cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standard (BAS) 7: "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.17 Conversion of foreign currency transactions

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the year are reported at the rates prevailing on the balance sheet date. Exchange gains or losses arising out of the said conversions are recognized as income or expense for the year after netting off.

2.18 Provision for doubtful accounts and future losses

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per the Bangladesh Bank Provisioning policy. A general provision has been made by the company to cover unforeseen losses on all loans and investments excluding those for which a specific provision has been made. The provision is considered adequate to meet any probable future losses.



2.19 Employees' benefit obligation

2.20 Defined contribution plan

The Company is in the process of setting up a contributory provident fund scheme for its permanent employees. Provident fund will be administered by a Board of Trustees, funded by equal contributions both by the employees and the Company at a predetermined rate. The contributions will be managed separately from the Company's asset.

2.20.1 Defined benefit plan

The Company also introduced a funded gratuity scheme. Employees are entitled to gratuity benefit after completion of minimum years of service with the Company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service.

2.21 Taxation

Tax expense comprises current and deferred tax.

2.21.1 Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12 Income Taxes. Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

Deferred tax normally results in a liability being recognized within the Statement of Financial Position. IAS 12 defines a deferred tax liability as being the amount of income tax payable in future periods. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

2.21.2 Current tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereto from time to time.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash (with less than three months maturity) and that are subject to an insignificant risk of change in value.

2.23 Bank loans

Bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on accrual basis and charged to profit and loss account.

2.24 Related party disclosure

As per International Accounting Standards (IAS) 24 Related Party Disclosures, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.



2.25 Statutory reserves

As per Financial Institutions Regulation 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year's profit to the fund until such reserve fund equals to its paid up share capital and share premium (if any). In conformity with the above requirement, the Company transfers 20% of net profit to statutory reserve before declaration of dividend.

2.26 Events after the balance sheet date

All material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed.

2.27 Contingent liabilities and contingent assets

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements.

A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

A 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.

2.28 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases:

- a) Balances with other bank and financial institutions are on the basis of their maturity term.
- b) Loans, advances and leases are on the basis of their repayment/maturity schedule
- c) Fixed assets are on the basis of their useful lives.
- d) Other assets are on the basis of their adjustment terms.
- e) Borrowings from other banks and financial institutions as per their maturity/repayment terms.
- f) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
- g) Other long term liabilities are on the basis of their maturity terms.
- h) Other liabilities are on the basis of their settlement terms.



2.29 Status of compliance of International Financial Reporting Standards

In addition to compliance with local regulatory requirements, in preparing the Financial Statements, LAFL applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied *
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS No.	Status
Share Based payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied *
Operating Segments	8	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied *
Revenue from Contract with Customers	15	Applied

N/A= Not Applicable

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements.



2.30 BASEL II & its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, the company is in the process of introducing necessary initiatives to ensure implementation of BASEL II accord.

2.31 Financial risk management

LAFL always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations and anti money laundering. In addition to the industry best practices for assessing, identifying and measuring risks, LAFL also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated January 24, 2016.

Credit Risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, frequent review of clients, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

Market Risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk.

Liquidity Risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational Risk

Appropriate internal control measures are in place, at LAFL, to address operational risks. LAFL has also established internal control & compliance department (ICC) to address operational risk and to frame and implement policies to encounter such risks.

Compliance Risk

Compliance risk is defined as the current or prospective risk of legal sanction and/or material financial loss that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. In general, compliance risk management is embedded in the day to day to business processes and practices of the company.



Money Laundering and Terrorist Financing Risk

In The Company, money laundering and terrorist financing risk takes two broad dimensions:

- a) Business risk i.e. the risk that The Company may be used for money laundering or terrorism financing and
- b) Regulatory risk i.e. the risk that The Company fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

To mitigate the risks, The Company, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), put in place a strict compliance program consisting of the following components:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) Creation of structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;
- d) Independent audit function including internal and external audit function to test the programs;
- e) Ongoing employee training programs.



		<u>Amounts in BDT</u>	
		<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
3	Cash		
	Cash in hand (including foreign currencies) (Note 3.01)	34,535	25,586
	Balance with Bangladesh Bank and its agent (including foreign currencies) (Note 3.02)	8,997,277	-
		<u>9,031,812</u>	<u>25,586</u>
3.01	Cash in hand (including foreign currencies):		
	In local currency	34,535	25,586
	In foreign currency	-	-
		<u>34,535</u>	<u>25,586</u>
3.02	Balance with Bangladesh Bank and its agent (including foreign currencies)		
	In local currency	8,997,277	-
	In foreign currency	-	-
		<u>8,997,277</u>	<u>-</u>
3.03	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994 and FID Circular No. 06 dated November 06, 2003, FID Circular No. 02 dated November 10, 2004 and FID Circular No. 01 dated January 12, 2017.		
	Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. Total Term Deposit means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposit, received from individuals and institutions (except Bank & financial Institutions).		
	Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on total Term Deposit. SLR maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other banks and Financial Institutions, unencumbered treasury bill and treasury bond and any other assets approved by Government Circular issued by Gazette or Bangladesh Bank.		
a)	Cash Reserve Requirement (CRR)		
	Required reserve	2,488,248	N/A
	Actual reserve maintained	8,997,277	N/A
	Surplus / (deficit)	<u>6,509,029</u>	<u>N/A</u>
b)	Statutory Liquidity Reserve (SLR)		
	Required reserve (including CRR)	7,337,442	N/A
	Actual reserve maintained (including CRR)	328,455,218	N/A
	Surplus / (deficit)	<u>321,117,776</u>	<u>N/A</u>
4	Balance with other banks and financial institutions		
	Inside of Bangladesh		
4.01	Local Currency		
	Non interest bearing current account (Note - 4.02)	102,692	24,425
	Interest bearing short term deposit account (Note - 4.03)	36,820,714	264,722,012
	Fixed deposit account (Note - 4.04)	282,500,000	840,000,000
		<u>319,423,406</u>	<u>1,104,746,437</u>



Amounts in BDT

	31 Dec 2018	31 Dec 2017
4.02 Non interest bearing account		
Commercial Bank of Ceylon Current A/C No. 1818000829, (Gulshan 2 Br.)	23,295	24,425
Dhaka Bank Limited, Current A/C No. 2151000010692, (Gulshan Br.)	23,850	-
Mutual Trust Bank Limited, Current A/C No. 0220210011579 (Gulshan Br.)	48,725	-
Woori Bank, Current A/C No. 923934781 (Dhaka Br.)	6,822	-
	<u>102,692</u>	<u>24,425</u>
4.03 Interest bearing short term deposit account		
Bank Asia Limited, SND A/C No. 05636000064 (Tejgaon Link Road Branch)	-	296,882
Bank Asia Limited, SND A/C No. 61536000010 (Gulshan 2 Branch)	-	12,813,821
Bank Asia Limited, SND A/C No. 00736000646 (Scotia Branch)	-	793,076
Midland Bank Limited, SND A/C No. 0011-10900000463 (Gulshan Branch)	31,835,762	250,818,233
Mutual Trust Bank Limited, SND A/C No. 0022-0320001649 (Gulshan Branch)	4,892,787	-
Mutual Trust Bank Limited, SND A/C No. 0022-0320001676 (Gulshan Branch)	92,165	-
	<u>36,820,714</u>	<u>264,722,012</u>
4.04 Fixed deposit account		
Brac Bank Limited	-	300,000,000
Mutual Trust Bank Limited	100,000,000	270,000,000
Bank Asia Limited	-	200,000,000
Dhaka Bank Limited	-	70,000,000
Commercial Bank of Ceylon	182,500,000	-
	<u>282,500,000</u>	<u>840,000,000</u>
4.05 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	100,000,000	300,000,000
Over 1 month but not more than 3 months	-	540,000,000
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	182,500,000	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	<u>282,500,000</u>	<u>840,000,000</u>
5 Money at Call and short notice		
Short term placements	150,000,000	-
	<u>150,000,000</u>	<u>-</u>
6 Investments		
6.01 Government	<u>-</u>	<u>-</u>
6.02 Other		
Investment in marketable securities (Note 6.02.01)	403,220	-
	<u>403,220</u>	<u>-</u>
06.02.01 Investment in marketable securities		

Details of marketable securities are given below:

Quoted Shares	No. of Shares	Cost Price	Market Price
SK Trims & Industries Limited	5,042	50,420	233,445
VFS Thread Dyeing Limited	7,038	70,380	406,796
M.L. Dyeing Limited	6,040	60,400	179,388
Silva Pharmaceuticals Limited	9,194	91,940	276,739
Indo-Bangla Pharmaceuticals Limited	2,945	29,450	91,590
Kattali Textile Limited	10,063	100,630	254,594
		<u>403,220</u>	<u>1,442,552</u>



		<u>Amounts in BDT</u>	
		<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
7	Leases, loans and advances		
	Loan and advances (Note 7.01)	1,083,096,544	-
	Bills Purchased and Discounted	-	-
		<u>1,083,096,544</u>	<u>-</u>
7.01	Loan and advances		
	<u>Corporate</u>		
	Lease receivables	-	-
	Short term finance	300,000,000	-
	Long term finance	783,096,544	-
		<u>1,083,096,544</u>	<u>-</u>
7.02	Maturity Wise Grouping		
	On Demand	20,128,885	-
	Not more than 3 months	169,827,210	-
	More than 03 Month to 01 Years	251,502,415	-
	More than 01 Year to 05 Years	641,638,034	-
	More than 05 Years	-	-
		<u>1,083,096,544</u>	<u>-</u>
7.03	Classification wise leases, loans and advances/ investments		
	<u>Unclassified</u>		
	Standard	1,083,096,544	-
	Special Mention Accounts (SMA)	-	-
		<u>1,083,096,544</u>	<u>-</u>
	<u>Classified</u>		
	Sub-standard	-	-
	Doubtful	-	-
	Bad/loss	-	-
		<u>-</u>	<u>-</u>
		<u>1,083,096,544</u>	<u>-</u>



Amounts in BDT
31 Dec 2018 31 Dec 2017

7.04 Loans, advances and leases on the basis of significant concentration

a) Loans, advances and leases to the institutions in which Directors have interest	-	-
b) Loans, advances and leases to Chief Executive and other senior executives	-	-
c) Loans, advances and leases to customer groups:	-	-
i) House finance	-	-
ii) Car Loan	-	-
iii) Personal loan	-	-
iv) Loan Against deposits (LAD)	-	-
v) Small and medium enterprises	-	-
vi) Special program loan (BB refinancing scheme)	-	-
vii) Staff loan	-	-
viii) Industrial Loans, advances and leases	1,083,096,544	-
ix) Other loans and advances	-	-
	<u>1,083,096,544</u>	<u>-</u>

d) Details of Industrial loans, advances and leases	-	-
i) Garments and Knitwear	-	-
ii) Textile	-	-
iii) Jute and Jute products	-	-
iv) Food Production and Processing industry	-	-
v) Plastic Industry	-	-
vi) Leather and Leather Goods	-	-
vii) Iron, Steel and Engineering	200,000,000	-
viii) Pharmaceuticals and Chemicals	233,202,887	-
ix) Cement and Allied Industry	184,625,818	-
x) Telecommunication and IT	-	-
xi) Paper, printing and Packaging	-	-
xii) Glass, Glassware and Ceramic Industry	-	-
xiii) Ship Manufacturing Industry	-	-
xiv) Electronics and Electrical Products	77,400,484	-
xv) Power, Gas, water and Sanitary Service	-	-
xvi) Transport and Aviation	-	-
xvii) Other industries	387,867,355	-
	<u>1,083,096,544</u>	<u>-</u>

7.05 Particulars of lease, loans and advances

i) Leases and loans considered good in respect of which the Company is fully secured.	-	-
ii) Leases and loans considered good in respect of which the Company is partially secured.	513,049,423	-
iii) Loans considered good against which the Company holds no security other than the debtors' personal guarantee.	-	-



		<u>Amounts in BDT</u>	
		<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
iv)	Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	570,047,121	-
v)	Classified loans against which no provision has been made	-	-
vi)	Loans due from Directors either separately or jointly with any other persons.	-	-
vii)	Loans due from Officers either separately or jointly with any other persons.	-	-
viii)	Loans due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	-	-
ix)	Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers either separately or jointly with any other person.	-	-
x)	Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
xi)	Due from banking companies and other financial institutions.	-	-
xii)	Classified lease, loans and advances	-	-
a)	Classified lease, loans and advances on which interest has not been charged.	-	-
b)	Increase/(decrease) of specific provision.	-	-
c)	Amount of loan written off .	-	-
d)	Amount realized against loan previously written off.	-	-
e)	Provision kept against loans classified as bad/loss on the date of preparing the balance sheet.	-	-
f)	Interest credited to Interest Suspense account.	-	-
		<u>1,083,096,544</u>	<u>-</u>
7.06	Investments allowed to each customer exceeding 15% of FI's total capital		
	Total Loans, Advances and Leases	1,005,696,059	-
	No. of Customers	5	-
	Classified amount thereon	-	-
	Measures taken for recovery	N/A	-
7.07	Geographical Location-wise break-up		
	Inside Bangladesh:		
	Dhaka Division	1,083,096,544	-
		<u>1,083,096,544</u>	<u>-</u>
	Outside Bangladesh:	-	-
		<u>1,083,096,544</u>	<u>-</u>



		Amounts in BDT	
		31 Dec 2018	31 Dec 2017
8	Fixed assets including land, building, furniture and fixtures		
	Freehold assets (Note-8.01)	13,304,451	12,053,834
	Intangible assets (Note-8.02)	406,859	
		<u>13,711,310</u>	<u>12,053,834</u>
	Details are given in Annexure - A		
8.01	Freehold assets		
	A. Cost		
	Opening Balance	14,159,276	8,512,398
	Additions	3,541,801	5,646,878
		<u>17,701,077</u>	<u>14,159,276</u>
	B. Accumulated depreciation		
	Opening Balance	(2,105,442)	-
	Charged During the year	(2,291,184)	(2,105,442)
		<u>(4,396,626)</u>	<u>(2,105,442)</u>
	C. Written down value (A-B)	<u>13,304,451</u>	<u>12,053,834</u>
8.02	Intangible assets		
	Software		
	A. Cost		
	Opening Balance	-	-
	Additions	500,000	-
		<u>500,000</u>	<u>-</u>
	B. Accumulated ammortization		
	Opening Balance	-	-
	Charged During the year	(93,141)	-
		<u>(93,141)</u>	<u>-</u>
	C. Written down value (A-B)	<u>406,859</u>	<u>-</u>
9	Other assets :		
	Advances and prepayments (Note-9.01)	50,075,408	9,612,798
	Deferred tax (Note - 9.02)	988,035	333,521
	Other receivables	800	10,000,000
		<u>51,064,244</u>	<u>19,946,319</u>
9.01	Advances and prepayments		
	Tax deducted at sources	4,119,219	507,992
	Advance rent	4,978,000	5,173,000
	Interest receivable on deposits etc.	10,385,399	3,931,806
	Interest paid in advance	30,425,531	-
	Payment of Tax	167,259	-
		<u>50,075,408</u>	<u>9,612,798</u>



Amounts in BDT
31 Dec 2018 31 Dec 2017

9.02 Deferred Tax

Particular	Carrying Amount of Accounting Base	Carrying Amount of Tax Base	Taxable/(deductible) Temporary Difference	
For the year ended on 2018				
Property, Plant & Equipment	12,053,834	13,169,712	(1,115,878)	
Gratuity Provision	(1,354,210)		(1,354,210)	
			<u>(2,470,088)</u>	
Applicable tax rate			40.0%	
Deferred Tax (Asset)/ Liability			<u>(988,035)</u>	
For the year ended on 2017				
Property, Plant & Equipment	12,091,334	12,375,590	(284,256)	
Gratuity Provision	(500,500)		(500,500)	
			<u>(784,756)</u>	
Applicable tax rate			42.5%	
Deferred Tax (Asset)/ Liability			<u>(333,521)</u>	
			-	
Deferred Tax (income)/expenses			<u>(654,514)</u>	
10 Borrowings from other banks, financial institutions and agents				
Inside Bangladesh				
Short Term Loan from Woori Bank secured by FDR			100,000,000	-
Outside Bangladesh				
			<u>100,000,000</u>	<u>-</u>
10.01 Maturity grouping of borrowings from other banks, financial institutions & agents				
Payable on demand			-	-
Up to 1 month			-	-
Over 1 month but within 3 months			-	-
Over 3 months but within 1 year			100,000,000	-
Over 1 year but within 5 years			-	-
Over 5 years			-	-
			<u>100,000,000</u>	<u>-</u>
11 Deposits and other accounts				
Current deposits			-	-
Bills payable			-	-
Savings bank deposits			-	-
Term deposits			356,810,740	-
Bearer certificates of deposit			-	-
Other deposits			-	-
			<u>356,810,740</u>	<u>-</u>



		Amounts in BDT	
		<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
11.01	Group-wise break-up of deposits and other accounts		
	Government	-	-
	Deposit from banks and financial institutions	-	-
	Other institutions	323,500,000	-
	Individuals	33,310,740	-
		<u>356,810,740</u>	<u>-</u>
11.02	Maturity Analysis		
	Repayable on Demand	-	-
	Repayable within 01 Month	3,350,000	-
	Repayable over 01 (one) Month but within 03 (three) Months	5,300,000	-
	Repayable over 03 (three) Months but within 01 (one) Year	194,068,000	-
	Repayable over 01 (one) Year but within 05 (five) Years	154,092,740	-
	Repayable over 05 (five) Years	-	-
		<u>356,810,740</u>	<u>-</u>
12	Other Liabilities		
	Payable to People's Leasing & Finance Plc Sri Lanka	17,613,990	17,613,990
	VAT Payable	272,907	3,137,495
	TDS Payable	520,133	1,647,016
	TDS Payable on deposits	2,657,593	-
	Tax payable	4,829,749	34,145
	Gratuity payable	1,354,210	500,500
	General Provision for loans, advances and leases	10,830,966	-
	Interest Payable on Term Deposit	813,063	-
	Other accruals & payables	2,792,820	15,309,791
		<u>41,685,432</u>	<u>38,242,937</u>



		Amounts in BDT	
		31 Dec 2018	31 Dec 2017
12.01	Other accruals & Payables		
	Audit fee payable	381,788	332,000
	Tax consultancy fees payable	236,641	539,800
	Hotel charges payable	-	698,506
	Salaries and Allowance payable	-	1,642,464
	Air fare charges payable	-	251,145
	Directors Honorarium payable	-	13,200
	Payable to Zanala Bangladesh Ltd	-	101,950
	PF Payable	-	200,200
	Payable to Ranks ITT Ltd	-	133,491
	Payable to Optimal	-	15,950
	Excise duty payable	156,150	250,000
	Payable to ABC Interiors Ltd.	-	681,249
	Excess share money refundable	-	10,000,000
	Payable to Eguardian	959,633	-
	Other accrued expenses	1,058,608	449,836
		<u>2,792,820</u>	<u>15,309,791</u>
12.02	Provision for Income Tax		
	Balance at January 1, 2018	34,145	
	Add : Provision made during the year	4,795,604	34,145
	Balance at December 31, 2018	<u>4,829,749</u>	<u>34,145</u>

Tax has been calculated @ 40% on business income and 10% on Capital gain on sale of shares.

13	Share Capital		
	Authorised Capital		
	100,000,000 Ordinary shares of Tk 10/= each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	Issued, subscribed and paid up Capital		
	100,000,000 Ordinary shares of Tk 10/= each	<u>1,000,000,000</u>	<u>10,000,000</u>

Details of shares holding as at 31.12.2018 are as under;

Shareholder	Face Value (BDT)	Total Number of Equity Shares	Percentage of Shareholding	Consideration paid (BDT) for all shares (excl. premium)
Summit Holdings Limited	10	10,000,000	10%	100,000,000
Concept Knitting Ltd.	10	4,000,000	4%	40,000,000
Green Delta Insurance Company Ltd.	10	10,000,000	10%	100,000,000
Rabab Fashion Industry Ltd.	10	2,000,000	2%	20,000,000
Mr. Syed Ali J. Rizvi	10	10,000,000	10%	100,000,000
Ms. Sohana Rouf Chowdhury	10	10,000,000	10%	100,000,000
Ms. Fahmida Akter Khatun	10	3,000,000	3%	30,000,000
People's Leasing & Finance PLC - Sri Lanka	10	51,000,000	51%	510,000,000
Grand Total		100,000,000	100%	1,000,000,000



Amounts in BDT
31 Dec 2018 31 Dec 2017

13.01 Capital adequacy Ratio:

This disclosure is comply with DFIM Circular 14/2011 under the para 7.4 (a) of "Prudential Guidelines on Capital Adequacy Market Discipline for Financial Institutions."

Capital adequacy ratio has been calculated as per circular issued by Bangladesh Bank.

Tier-1 (Core Capital)	1,128,234,363	1,098,529,239
Paid-up Capital	1,000,000,000	1,000,000,000
Statutory Reserve	5,941,025	-
General Reserve	-	-
Share Premium	172,200,000	172,200,000
Retained Surplus	(49,906,662)	(73,670,761)
Tier-2 (Supplementary Capital):	10,830,966	-
General provision maintained against unclassified loans	10,830,966	-
Other Reserves	-	-
Total Capital Held (Tier 1 + Tier 2)	1,139,065,329	1,098,529,239
Total Risk Weighted Assets (Note 13.02)	737,773,478	-
Required capital	1,000,000,000	1,000,000,000
(10% of risk-weighted assets or Tk. 100.00 Core whichever is higher)		
Total Capital Held	1,139,065,329	1,098,529,239
Capital adequacy ratio	154.39	N/A
Core capital	152.92	N/A
Supplementary capital	1.47	N/A

Minimum Capital Adequacy Ratio requirement as per Bangladesh Bank Guideline is 10% on RWA.

Gross Risk-Weighted Assets (RWA) of 2018 in the various categories of risk weights are detailed below :

13.02 Total Risk Weighted Assets

(a) Risk Weights for Credit Risk	639,113,374	-
(b) Risk Weights for Market Risk	2,885,104	-
(c) Risk Weights for Operational Risk	95,775,000	-
Total Risk Weighted Assets (a+b+c)	737,773,478	-

14 Statutory Reserve

Opening balance	-	-
Add: Transferred during the year	5,941,025	-
	<u>5,941,025</u>	<u>-</u>



		<u>Amounts in BDT</u>	
		<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
15	Retained Earnings		
	Opening Balance	(73,670,761)	(24,969,173)
	Net profit during the period	29,705,125	(48,701,588)
	Transferred to Statutory Reserve	(5,941,025)	-
		<u>(49,906,662)</u>	<u>(73,670,761)</u>
16	Interest income		
	Interest Income on Lease, Loan, Advances	85,252,317	-
	Interest on balance with other banks and financial institutions	43,751,557	5,662,821
		<u>129,003,873</u>	<u>5,662,821</u>
		43,327,557	
17	Interest Expense on Deposits & Borrowings		
	Interest on term deposits	4,026,648	-
	Interest expense on Borrowings	3,826,390	-
	Interest on call loan	280,556	-
		<u>8,133,593</u>	<u>-</u>
18	Investment income		
	Gain on Sale of Share	1,258,051	-
		<u>1,258,051</u>	<u>-</u>
19	Other Operating Income		
	Documentation Fee	312,230	-
	Other income	34,812	27,990
		<u>347,042</u>	<u>27,990</u>
20	Salaries, allowances and benefits		
	Salaries, allowances and benefits includes contribution to Provident Fund Tk. 855,097/- in 2018 and Tk. 100,100/- in 2017.		
21	CEO's salary and benefits		
	Basic Pay	9,600,000	800,000
	Bonus	1,600,000	-
	Allowance and benefits	4,723,799	230,878
		<u>15,923,799</u>	<u>1,030,878</u>
22	Directors' fees		
	Honorarium for attending meeting	<u>248,000</u>	<u>101,200</u>
22.01	Bangladesh Bank vide its DFIM Circular No. 13 dated November 30,2015 re-fixed the maximum limit of remuneration to the directors for attending meeting of the Board and it's committees at Taka 8,000/- per meeting per director.		



Amounts in BDT
31 Dec 2018 **31 Dec 2017**

23 Administration and maintenance

Excise duty and Bank charge	561,150	318,998
BLFCA Membership fee	250,000	-
Office Admin & Maintenance	2,407,125	1,112,760
Conveyance/Travelling	490,156	1,086,957
CIB Charges	5,160	-
Directors Traveling and accommodation	1,035,223	-
Training	132,000	-
SBCCI Membership Fee	35,000	-
CRISL - Rating Agency Fee	230,000	-
Office 365 License & Renewal	297,058	-
Virus Guard	63,527	-
DSE Registration Fee/Commission	60,004	-
Recruitment expenses	134,812	714,433
Launch related expenses	3,179,375	-
Business Promotion	1,089,884	-
Other operational expenses	368,963	18,969,379
	<u>10,339,437</u>	<u>22,202,527</u>

24 Earnings Per Share (EPS)

Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with Bangladesh Accounting Standard 33 : Earnings Per Share".

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders	29,705,125	N/A
Weighted average number of ordinary shares outstanding	100,000,000	N/A
Basic Earnings Per Share	<u>0.30</u>	<u>N/A</u>

25 Net Asset Value (NAV) Per Share

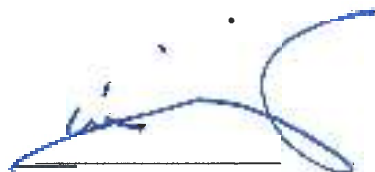
Net Asset (total assets less total liabilities) (A)	1,128,234,364	1,098,529,239
Total number of ordinary shares outstanding (B)	100,000,000	100,000,000
Net Asset Value per share (NAV) (A÷B)	<u>11.28</u>	<u>10.99</u>



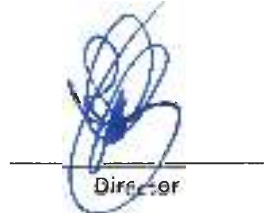
26 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with and without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24 : " Related Party Disclosures." Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

Name of Related Party	Relationship	Nature of the transaction	Balance as at January 31, 2018	Addition during the year	Adjustment during the year	Outstanding as at 31.12.2018
People's Leasing & Finance PLC - Sri Lanka	Shareholder	Expenses payable	17,613,990	-	-	17,613,990
Mr. Lutfe Mawla Ayub	Director	Term Deposit	-	2,000,000	-	2,000,000
Ispahani Summit Alliance Terminals Ltd.	Common Director	Term Deposit	-	300,000,000	-	300,000,000
Mr. Syed Nasser Haider Rizvi	Director's family member	Term Deposit	-	5,000,000	-	5,000,000



Chairman



Director



Chief Executive Officer



Company Secretary

Place: Dhaka

Dated: 27 March 2019.



Lankan Alliance Finance Limited
 Schedule of Fixed assets including land, building, furniture and fixtures
 As at 31 December 2018

Particulars	Cost				Depreciation					Written Down Value as on 31.12.18
	Balance as on 01.01.18	Transferred in/Additions	Transferred out/Disposal	Balance as on 31.12.18	Rate %	Balance as on 01.01.18	Charged during the year	Adjustment during the year	Balance as on 31.12.18	
Freehold assets										
Office decorations	5,487,212	-	-	5,487,212	10%	548,721	547,218.00	-	1,095,939	4,391,273
Furniture	2,316,655	70,832	-	2,387,487	20%	463,331	472,579.00	-	935,910	1,451,577
ICT Equipment	3,067,486	2,397,328	-	5,464,814	20%	456,605	565,221.00	-	1,021,826	4,442,988
ICT Equipment pending installation	-	959,633	-	959,633	-	-	-	-	-	959,633
Office equipment	3,287,923	114,008	-	3,401,931	20%	636,785	706,166.00	-	1,342,951	2,058,980
	14,159,276	3,541,801	-	17,701,077		2,105,442	2,291,184	-	4,396,626	13,304,451
Intangible asset										
CIB Module	-	500,000	-	500,000	33%	-	93,141.00	-	93,141	406,859
Balance as on 31 December 2018	14,159,276	4,041,801	-	18,201,077		2,105,442	2,384,325	-	4,489,767	13,711,310
Balance as on 31 December 2017	8,512,398	14,159,276	(8,512,398)	14,159,276		-	2,105,442	-	2,105,442	12,053,834

