


Fareast Finance & Investment Limited
Balance Sheet (Un-audited)
as at 30 September 2020


| Particulars | Amounts in Taka | |
|---|-----------------------|-----------------------|
| | 30-Sep-2020 | 31-Dec-2019 |
| PROPERTY AND ASSETS | | |
| Cash | 26,059,141 | 42,283,248 |
| In hand (including foreign currencies) | 20,000 | 0 |
| Balance with Bangladesh Bank and its agent banks (including foreign currencies) | 26,039,141 | 42,283,248 |
| Balance with other banks and financial institutions | 752,711,372 | 500,836,069 |
| In Bangladesh | 752,711,372 | 500,836,069 |
| Outside Bangladesh | 0 | 0 |
| Money at call and short notice | 0 | 0 |
| Investments | 122,478,355 | 122,156,161 |
| Government | 0 | 0 |
| Others | 122,478,355 | 122,156,161 |
| Loans, advances and leases | 9,150,976,130 | 9,076,287,102 |
| Loans, cash credits, overdrafts, leases, etc. | 9,150,976,130 | 9,076,287,102 |
| Bills purchased and discounted | 0 | 0 |
| Fixed assets including premises, furniture and fixtures | 4,524,851 | 8,205,426 |
| Other assets | 1,211,490,312 | 1,125,778,750 |
| Non-business assets | 8,433,997 | 8,433,997 |
| Total assets | 11,276,674,158 | 10,883,980,753 |
| LIABILITIES AND CAPITAL | | |
| Liabilities | | |
| Borrowings from other banks, financial institutions and agents | 3,232,956,088 | 3,204,818,490 |
| Deposits and other accounts | 4,710,335,726 | 4,747,854,960 |
| Current deposits | 0 | 0 |
| Bills payable | 0 | 0 |
| Savings deposits | 0 | 0 |
| Term deposits | 4,710,335,726 | 4,747,854,960 |
| Bearer certificate of deposit | 0 | 0 |
| Other deposits | 0 | 0 |
| Other liabilities | 3,145,155,574 | 2,464,449,427 |
| Total liabilities | 11,088,447,388 | 10,417,122,877 |




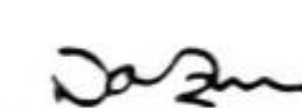
| Particulars | Amounts in Taka | |
|---|-----------------------|-----------------------|
| | 30-Sep-2020 | 31-Dec-2019 |
| Capital/Shareholders' equity | | |
| Paid up capital | 188,226,770 | 466,857,876 |
| Statutory reserve | 1,640,633,300 | 1,640,633,300 |
| Revaluation reserve | 268,954,085 | 268,954,085 |
| Retained earnings | 79,495,313 | 79,495,313 |
| | (1,800,855,928) | (1,522,224,822) |
| Total liabilities and Shareholders' equity | 11,276,674,158 | 10,883,980,753 |
| OFF-BALANCE SHEET ITEMS | | |
| Contingent liabilities | | |
| Acceptances and endorsements | 0 | 0 |
| Letter of guarantee | 0 | 0 |
| Irrevocable letter of credit | 0 | 0 |
| Bills for collection | 0 | 0 |
| Other contingent liabilities | 0 | 0 |
| Other commitments | | |
| Documentary credits and short term trade related transactions | 0 | 0 |
| Forward assets purchased and forward deposits placed | 0 | 0 |
| Undrawn note issuance and revolving underwriting facilities | 0 | 0 |
| Spot and foreign exchange rate contract | 0 | 0 |
| Undrawn formal standby facilities, credit lines and other commitments | 0 | 0 |
| Total off-balance sheet items including contingent liabilities | 0 | 0 |
| Net asset value per share | 1.15 | 2.85 |


Md. Shamsul Islam Varosha
Chairman


Md. Ashaduzzaman
Director


Muhammad Ali Zaryab
Managing Director


Md. Anwar Hussain
Head of Finance & HR


Nazmun Nahar
Company Secretary

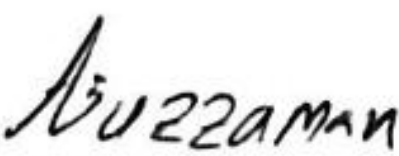


Fareast Finance & Investment Limited
Profit and Loss Account (Un-audited)
for the third quarter ended 30 September 2020

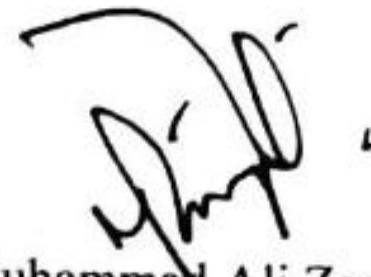
| Particulars | Amounts in Taka | | | |
|--|--------------------------|--------------------------|-----------------------|-----------------------|
| | January to Sept. 2020 | January to Sept. 2019 | July to Sept. 2020 | July to Sept. 2019 |
| Interest income on loans, advances and leases | 510,081,574 | 336,056,941 | 80,199,985 | 72,781,498 |
| Interest expenses on borrowings, deposits, etc. | (632,459,491) | (752,297,783) | (210,692,104) | (250,142,631) |
| Net interest income | (122,377,917) | (416,240,842) | (130,492,119) | (177,361,133) |
| Investment income | 2,711,511 | 3,020,855 | 285,541 | (154,720) |
| Commission, exchange and brokerage | 0 | 0 | 0 | 0 |
| Other operating income | 9,467,898 | 4,974,393 | 10,384,153 | 39,326 |
| Total operating income | (110,198,508) | (408,245,594) | (119,822,425) | (177,476,527) |
| Salary and allowances | 31,827,220 | 40,507,553 | 10,454,824 | 13,602,316 |
| Rent, taxes, insurance, electricity, etc. | 14,127,616 | 14,485,738 | 4,410,220 | 5,063,264 |
| Legal expenses | 1,069,392 | 5,181,898 | 584,110 | 3,264,920 |
| Postage, stamp, telecommunication, etc. | 690,291 | 1,012,035 | 197,022 | 280,239 |
| Stationery, printing, advertisements, etc. | 401,765 | 1,560,866 | 143,876 | 782,574 |
| Managing Director's salary and allowances | 3,983,452 | 6,621,000 | 526,452 | 2,501,000 |
| Directors' fees | 616,000 | 504,000 | 228,800 | 112,000 |
| Auditors' fees | 380,138 | 376,388 | 126,713 | 121,088 |
| Charges on losses regarding loans, advances and leases | 0 | 0 | 0 | 0 |
| Depreciation and repairs of company's assets | 3,681,667 | 6,040,810 | 1,221,679 | 1,920,665 |
| Other operating expenses | 5,699,229 | 8,470,792 | 808,139 | 1,972,157 |
| Total operating expenses | 62,476,770 | 84,761,080 | 18,701,835 | 29,620,223 |
| Profit/(loss) before provisions | (172,675,278) | (493,006,674) | (138,524,260) | (207,096,750) |
| Provisions for loans, advances and leases | 115,515,669 | 492,428,996 | (28,225,250) | 215,763,672 |
| Provision for the diminution in the value of investments | (9,739,983) | 13,053,089 | (13,717,030) | 8,861,331 |
| Other provisions | 0 | 0 | 0 | 0 |
| Total provisions | 105,775,686 | 505,482,085 | (41,942,280) | 224,625,003 |
| Profit/(loss) before income tax | (278,450,964) | (998,488,759) | (96,581,980) | (431,721,753) |
| Provision for income tax | | | | |
| Current tax expense | 458,271 | 389,172 | 43,052 | 24,835 |
| Deferred tax expense/(income) | (278,129) | (1,260,397) | 184,691 | (397,068) |
| | 180,142 | (871,225) | 227,743 | (372,233) |
| Net profit/(loss) after income tax | (278,631,106) | (997,617,534) | (96,809,723) | (431,349,520) |
| Earnings per share | (1.70) | (6.08) | (0.59) | (2.63) |
| Weighted average number of outstanding shares | 164,063,330 | 164,063,330 | 164,063,330 | 164,063,330 |



Md. Shamsul Islam Varosha
Chairman



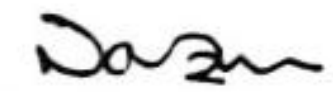
Md. Ashaduzzaman
Director



Muhammad Ali Zaryab
Managing Director



Md. Anwar Hussain
Head of Finance & HR



Nazmun Nahar
Company Secretary



Fareast Finance & Investment Limited
Cash Flow Statement (Un-audited)
for the third quarter ended 30 September 2020

| Particulars | Amounts in Taka | |
|--|--------------------|----------------------|
| | 30-Sep-2020 | 30-Sep-2019 |
| Cash flows from operating activities | | |
| Interest received | 513,863,678 | 302,787,816 |
| Interest paid | (306,589,995) | (546,410,978) |
| Dividend received | 2,341,358 | 1,945,859 |
| Fees and commission received | 0 | 0 |
| Recoveries of loan previously written-off | 0 | 15,523,094 |
| Income taxes paid | (628,355) | (1,675,363) |
| Received from other operating activities | 6,594,551 | 4,974,393 |
| Payments for other operating activities | (56,301,384) | (79,553,087) |
| Cash generated from operating activities before changes in operating assets and liabilities | 159,279,853 | (302,408,266) |
| Increase/decrease in operating assets and liabilities | | |
| Statutory deposit | 0 | 0 |
| Trading securities | 0 | 0 |
| Loans, advances and leases | (74,689,028) | 788,523,524 |
| Other assets | (88,587,183) | (106,542,466) |
| Deposit and other accounts | (37,519,234) | (777,969,770) |
| Net drawdown of short term loans | 9,324,350 | (29,516,748) |
| Other liabilities on account of customers | 16,445,693 | 34,992,398 |
| Trading liabilities | 0 | 0 |
| Other liabilities | 229,376,728 | 259,872,986 |
| Net cash from operating activities | 54,351,326 | 169,359,924 |
| | 213,631,179 | (133,048,342) |
| Cash flows from investing activities | | |
| Proceeds from sale of securities | 1,037,204 | 33,912,874 |
| Payments for purchase of securities | (989,246) | (9,857,279) |
| Purchase of fixed assets including premises, furniture and fixtures | (87,857) | (62,679) |
| Proceeds from sale of fixed assets including premises, furniture and fixtures | 3,246,667 | 0 |
| (Increase)/decrease regarding purchase and sale of subsidiary | 0 | 0 |
| Net cash used in investing activities | 3,206,768 | 23,992,916 |
| Cash flows from financing activities | | |
| Receipt of borrowings from other banks, financial institutions and agents | 46,826,680 | 110,110,534 |
| Repayment of borrowings from other banks, financial institutions and agents | (28,013,431) | (64,373,229) |
| Receipt against issue of share capital | 0 | 0 |
| Increase/(decrease) in revaluation reserve | 0 | 0 |
| Dividend paid in cash | 0 | 0 |
| Net cash from financing activities | 18,813,249 | 45,737,305 |
| Net increase/(Decrease) in cash and cash equivalents | 235,651,196 | (63,318,121) |
| Effects of exchange rate changes on cash and equivalents | 0 | 0 |
| Cash and cash equivalents at beginning of the year | 543,119,317 | 547,865,274 |
| Cash and cash equivalents at the end of the period | 778,770,513 | 484,547,153 |



| Particulars | Amounts in Taka | |
|-------------|-----------------|-------------|
| | 30-Sep-2020 | 30-Sep-2019 |

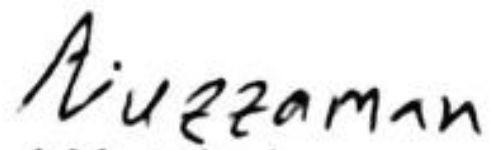
Cash and cash equivalents at the end of the period

| | | |
|---|--------------------|--------------------|
| Cash in hand (including foreign currencies) | 20,000 | 30,000 |
| Balance with Bangladesh Bank and its agent banks (including foreign currencies) | 26,039,141 | 44,342,026 |
| Balance with other banks and financial institutions | 752,711,372 | 440,175,127 |
| Money at call and short notice | 0 | 0 |
| | <u>778,770,513</u> | <u>484,547,153</u> |
| Net operating cash flow per share | <u>1.30</u> | <u>(0.81)</u> |

Net operating cash flow per share



Md. Shamsul Islam Varosha
Chairman



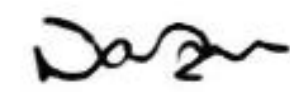
Md. Ashaduzzaman
Director



Muhammad Ali Zaryab
Managing Director



Md. Anwar Hussain
Head of Finance & HR




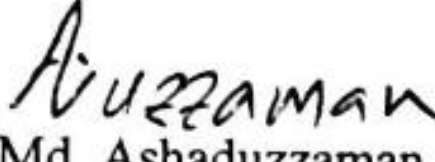
Nazmun Nahar
Company Secretary





Fareast Finance & Investment Limited
Statement of Changes in Equity (Un-audited)
for the third quarter ended 30 September 2020

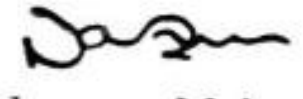
| Particulars | Paid up capital | Statutory reserve | Revaluation reserve | Retained earnings | Total |
|---|----------------------|--------------------|---------------------|------------------------|--------------------|
| | Taka | Taka | Taka | Taka | Taka |
| Balance at 01 January 2020 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,522,224,822) | 466,857,876 |
| Net profit for the period ended 30 Sept. 2020 | 0 | 0 | 0 | (278,631,106) | (278,631,106) |
| Dividend (Bonus shares) | 0 | 0 | 0 | 0 | 0 |
| Cash dividend | 0 | 0 | 0 | 0 | 0 |
| Balance as at 30 September 2020 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,800,855,928) | 188,226,770 |
| Balance at 01 January 2019 | 1,640,633,300 | 268,954,085 | 79,495,313 | (804,227,230) | 1,184,855,468 |
| Net profit for the period ended 30 Sept. 2019 | 0 | 0 | 0 | (997,617,534) | (997,617,534) |
| Dividend (Bonus shares) | 0 | 0 | 0 | 0 | 0 |
| Cash dividend | 0 | 0 | 0 | 0 | 0 |
| Balance as at 30 September 2019 | 1,640,633,300 | 268,954,085 | 79,495,313 | (1,801,844,764) | 187,237,934 |


Md. Shamsul Islam Varosha
Chairman


Md. Ashaduzzaman
Director


Muhammad Ali Zaryab
Managing Director


Md. Anwar Hussain
Head of Finance & HR


Nazmun Nahar
Company Secretary



Fareast Finance & Investment Limited
Selected explanatory notes to the accounts

1. Legal status and nature of the company

Fareast Finance & Investment Limited ("the company") was incorporated in Bangladesh as a public limited company with limited liability on 21 June 2001 under the Companies Act, 1994. The company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001.

The company obtained license from Bangladesh Bank as a Financial Institution under the Financial Institutions Act, 1993 to operate as a leasing and financing company on 03 July 2001.

2. Basis of preparation

These third quarterly financial statements for the period ended 30 September 2020 have been prepared based on Bangladesh Accounting Standard (BAS)-34: "Interim Financial Reporting".

These interim financial statements should be read in conjunction with the published financial statements for the year ended 31 December 2019, as they provide an update to previously reported information.

3. Basis of presentation

The presentation of financial statements has been made in accordance with the DFIM Circular No. 11 dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. All financial information presented in Bangladesh Taka (BDT) which has been rounded off to the nearest Taka.

4. Accounting policies and methods of computations

Accounting policies and methods of computations followed in preparing these financial statements are consistent with those used in the annual financial statements, prepared and published for the year ended 31 December 2019.

5. Shareholders' equity

5.1. Paid up capital

Ordinary shares: 164,063,330 ordinary shares of Tk.10 each

Share premium

Preference shares

Total

| Amounts in Taka | |
|----------------------|----------------------|
| 30.09.2020 | 31.12.2019 |
| 1,640,633,300 | 1,640,633,300 |
| 0 | 0 |
| 0 | 0 |
| 1,640,633,300 | 1,640,633,300 |

5.2. Raising of share capital

Fareast Finance & Investment Limited raised its share capital as follows:

| Date of issue | Type of issue of paid up capital | Number of share | Face value per share | Value of share | Cumulative paid up capital |
|---------------|----------------------------------|--------------------|----------------------|----------------------|----------------------------|
| 21-Jun-2001 | Opening capital | 500,000 | 100 | 50,000,000 | 50,000,000 |
| 25-May-2004 | Bonus share | 75,000 | 100 | 7,500,000 | 57,500,000 |
| 12-Aug-2004 | Right share | 875,001 | 100 | 87,500,100 | 145,000,100 |
| 23-Apr-2006 | Bonus share | 290,000 | 100 | 29,000,000 | 174,000,100 |
| 24-Jul-2007 | Bonus share | 217,500 | 100 | 21,750,000 | 195,750,100 |
| 23-Sep-2010 | Bonus share | 1,174,500 | 100 | 117,450,000 | 313,200,100 |
| 23-Nov-2010 | Right share | 5,000,000 | 10 | 50,000,000 | 363,200,100 |
| 23-Dec-2010 | Right share | 50,848,010 | 10 | 508,480,100 | 871,680,200 |
| 29-Mar-2011 | Bonus share | 17,433,604 | 10 | 174,336,040 | 1,046,016,240 |
| 16-May-2012 | Bonus share | 10,460,162 | 10 | 104,601,620 | 1,150,617,860 |
| 14-Aug-2013 | IPO share | 45,000,000 | 10 | 450,000,000 | 1,600,617,860 |
| 25-Mar-2015 | Bonus share | 4,001,544 | 10 | 40,015,440 | 1,640,633,300 |
| Total | | 164,063,330 | | 1,640,633,300 | |

Face value of the share has been denominated to Tk.10 from Tk.100 per share by the shareholders in their third Extra Ordinary General Meeting held on 20 October 2010.

As at 30 September 2020, the company has no preference share and hence conversion of preference share to ordinary share is not applicable.



| Amounts in Taka | |
|-----------------|------------|
| 30.09.2020 | 31.12.2019 |

5.3. Statutory reserve

According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Opening balance | 268,954,085 | 268,954,085 |
| Add: Transferred during the period | 0 | 0 |
| Closing balance | 268,954,085 | 268,954,085 |

5.4. Revaluation reserve

Revaluation reserve includes proportionate revaluation reserve of Fareast Stocks & Bonds Limited. In the year 2010, Fareast Stocks & Bonds Limited revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on the prevailing market price. In the year 2012, Fareast Stocks & Bonds Limited further reassessed its membership of DSE and CSE. In the year 2018, Fareast Stocks & Bonds Limited further adjusted its membership of DSE and CSE and hence, proportionate revaluation is reduced from investment in associate. Details are as follows:

| | | |
|--|-------------------|-------------------|
| Opening balance | 79,495,313 | 79,495,313 |
| Increase/(decrease) in revaluation reserve | 0 | 0 |
| Closing balance | 79,495,313 | 79,495,313 |

5.5. Retained earnings

| | | |
|-------------------------------------|------------------------|------------------------|
| Opening balance | | |
| Less: Cash dividend paid | (1,522,224,822) | (804,227,230) |
| Less: Issue of bonus shares | 0 | 0 |
| Add: Net profit for the period | 0 | 0 |
| Less: Transfer to statutory reserve | (278,631,106) | (717,997,592) |
| Add: Prior year adjustment | 0 | 0 |
| Closing balance | (1,800,855,928) | (1,522,224,822) |

6. Net Asset Value (NAV) Per Share

| | | |
|---|-------------|-------------|
| Net asset (total assets less total liabilities) (A) | 188,226,770 | 466,857,876 |
| Total number of ordinary shares outstanding (B) | 164,063,330 | 164,063,330 |
| Net Asset Value (NAV) Per Share (A/B) | 1.15 | 2.85 |

7. Deferred tax

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of BAS 12: "Income Taxes". Deferred tax asset is arrived at as follows:

| Particulars | Carrying amount at balance sheet | Tax base | (Taxable)/deductible temporary difference |
|---|----------------------------------|-------------------|---|
| Assets | | | |
| Fixed assets net of depreciation excluding land | 4,524,851 | 13,724,673 | 9,199,822 |
| Liabilities | | | |
| Total | 0 | 0 | 0 |
| | 4,524,851 | 13,724,673 | 9,199,822 |
| Applicable tax rate | | | 37.50% |
| Deferred tax asset as on 30 September 2020 | | | 3,449,933 |
| Deferred tax asset made as on 31 December 2019 | | | 3,171,804 |
| Deferred tax income required for the period ended on 30 September 2020 | | | 278,129 |



8. Earning 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 (BAS) -33 "Earnings Per Share (EPS)"

| Amounts in Taka | |
|-----------------|------------|
| 30.09.2020 | 30.09.2019 |

Basic earnings per share

Basic earnings per share is calculated based on weighted average number of ordinary shares outstanding for the period ended 30 September 2020 and profit for the same period.

| | | |
|---|---------------|---------------|
| Net profit/(loss) after income tax (A) | (278,631,106) | (997,617,534) |
| Weighted average number of outstanding shares (B) | 164,063,330 | 164,063,330 |
| Earnings per share (Basic) (A/B) | (1.70) | (6.08) |

Diluted earnings per share

No diluted earnings per share are required to be calculated for the period ended 30 September 2020, as there was no scope for dilution during the period under review.

9. Net Operating Cash Flows Per Share (NOCFPS)

| | | |
|--|-------------|---------------|
| Net cash flows from operating activities (A) | 213,631,179 | (133,048,342) |
| Total number of ordinary shares outstanding (B) | 164,063,330 | 164,063,330 |
| Net Operating Cash Flows Per Share (NOCFPS) (A/B) | 1.30 | (0.81) |

10. Reconciliation of profit/(loss) before income tax with cash flows from operating activities

| | | |
|--|--------------------|----------------------|
| Profit/(loss) before income tax | (278,450,964) | (998,488,759) |
| Less: Profit from sale of shares of securities | (370,153) | (1,074,996) |
| Less: Income taxes paid | (628,355) | (1,675,363) |
| Add: Adjustments for non-cash items: | | |
| Depreciation of company's assets | 3,395,111 | 5,337,878 |
| Provisions for loans, advances and leases | 115,515,669 | 492,428,996 |
| Provision for the diminution in the value of investments | (9,739,983) | 13,053,089 |
| (Increase)/decrease in loans, advances and leases | (74,689,028) | 788,523,524 |
| (Increase)/decrease in other assets | (88,587,183) | (106,542,466) |
| Increase/(decrease) in deposit and other accounts | (37,519,234) | (777,969,770) |
| Increase/(decrease) in net drawdown of short term loans | 9,324,350 | (29,516,748) |
| Increase/(decrease) in other liabilities on account of customers | 16,445,693 | 34,992,398 |
| Increase/(decrease) in other liabilities | 229,376,728 | 259,872,986 |
| Increase/(decrease) in accruals | 329,558,528 | 188,010,889 |
| Net cash flows from operating activities | 213,631,179 | (133,048,342) |

11. Events after the Reporting Period

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of this financial statement to make proper evaluation and decision.

12. Reasons for significant deviation of net profit/(loss) between two quarters

The major reasons for having deviation of net profit/(loss) between two quarters are the provisions for loans, advances and leases, provision for the diminution in the value of investments and interest suspense which was made following the FID circular # 08 dated 03 August 2002 issued by Bangladesh Bank in this regard and interest spread.

13. Shortfall of provision for loans, advances and leases, other assets and balance with other banks and financial institutions

According to the company's request, Bangladesh Bank has given 5 (five) years time i.e. 2019, 2020, 2021, 2022 and 2023 for maintaining equally the required provision/provision shortfall of Tk.94.57 crore as on 31 December 2019 for loans, advances and leases, other assets and balance with other banks and financial institutions as per the letter # DFIM(C)1054/09/2020-1420 dated 25 August 2020.



14. Approval of third quarterly report

These third quarterly financial statements for the period ended 30 September 2020 were approved by the Board of Directors in its 213th meeting held on 29 October 2020.

15. General

These third quarterly financial statements are un-audited. These comparative figures have been restated and rearranged whenever considered necessary to ensure comparability with the current financial statements.



Md. Shamsul Islam Varosha
Chairman



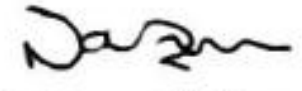
Md. Ashaduzzaman
Director



Muhammad Ali Zaryab
Managing Director



Md. Anwar Hussain
Head of Finance & HR



Nazmun Nahar
Company Secretary

