Aiming Forward, Advancing Further

Annual Report 2018









MIDAS FINANCING LIMITED
a real friend of entrepreneurs

Aiming forward, advancing further

The future is going to be different than what we have been anticipating, the world is likely to have changed drastically from what we think now, and the global economic landscape will be no exception. Technological advancement has become a powerful changing factor for the financial services sector and will increasingly shape market's competitive position. Expectation of customer, their experience and security will be the key challenging factors. Financial inclusion will expand the horizon of the landscape. MIDAS being a fast mover has been adopting advanced innovation solution with enhanced adaptability.

Table of Contents

02 Letter of Transmittal
03 Notice of the 23rd Annual General Meeting
04 Vision & Mission
05 Corporate focus & commitment
06 Milestones
07 Corporate profile
08 Products & Services
09 Board of Directors
10 Directors' Profile
17 Profile of the top executives
19 Committees of the Company
20 Chairman's Message
22 Directors Report
30 Report on Economic Scenerio, Industry Outlook
33 Report on Corporate Governance
35 Report of the Audit Committee
37 Certificate on Compliance of Corporate Governance
51 CEO and CFO's statement on Financial Statements
52 Report on Management of Risks and Concerns
54 Disclosures on Capital adequacy and market discipline under Pillar III
63 Managing Director's Review
65 Management discussion and analysis
71 Operational and financial highlights
78 Value Added Statement
79 Market Value Added (MVA) Statement
80 Economic Value Added (EVA) Statement
81 Album
86 Auditors' report and Audited financial statements of MIDAS Financing Ltd.
134 Auditors' report and Audited financial statements of MIDAS Investment Ltd.
150 Proxy form

Letter of Transmittal

All Shareholders,
Bangladesh Bank,
Registrar of Joint Stock Companies and Firms,
Bangladesh Securities and Exchange Commission,
Dhaka Stock Exchange Limited,
Chittagong Stock Exchange Limited and
Mahfel Huq & Co., Auditor.

Dear Sir/Madam

Annual report for the year ended December 31, 2018.

Enclosed please find a copy of the Annual Report along with the audited Financial Statements including Consolidated and separate Balance Sheet as at December 31, 2018 and Profit and loss account, Cash Flow Statements and Statement of Changes in Equity for the year ended December 31, 2018 along with notes thereon of MIDAS Financing Limited and its subsidiary (MIDAS Investments Limited) for your kind information and record.

Thank you.
Yours sincerely,

Md. Abdul Wadud FCA
GM & Company Secretary

Notice of the 23rd Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of MIDAS Financing Limited will be held at 11.00 a.m. on Thursday, 25 July 2019 at MIDAS CENTRE (12th Floor), House # 05, Road # 16 (New), 27 (old), Dhanmondi, Dhaka to transact the following business:

1. To consider and adopt Directors' Report and Audited Financial Statements of the Company and its subsidiary as of and for the year ended on December 31, 2018 together with the Auditors' report thereon.
2. To declare dividend as recommended by the Board of Directors.
3. To appoint auditors until conclusion of next AGM and fix their remuneration.
4. To appoint professional for the year 2019 for providing certificate on compliance of Corporate Governance Code and fix their remuneration.
5. To elect/reelect Directors and approve appointment of Independent Director.

By order of the Board

Md. Abdul Wadud FCA
Company Secretary

Date: July 07, 2019

Notes:

i) Record date was June 25, 2019. The Shareholders whose names appeared in the Register as members of the Company on the Record Date will be entitled for Dividend (2.5% Stock Dividend Recommended) and eligible to attend and vote at the 23rd AGM.

ii) The company will send the annual report 2018 in soft format to the email of the shareholders available in their beneficial owners accounts maintained with the depository. Shareholders may also collect the printed copy of the annual report 2018 from the registered office of the company or AGM venue. The soft copy of the annual report 2018 will also be available in the company's website at www.mfl.com.bd

iii) Nomination Papers and schedule of election of Directors from Institutional Shareholders' Group will be available at the Company's Registered Office on July 14, 2019, Sunday to July 15, 2019, Monday during office hours.

iv) A member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his/her behalf. The completed proxy form duly affixed revenue stamp of Taka 20.00 should be submitted at the Registered Office of the Company not later than 72 hours before the meeting.

N.B: In compliance with the Bangladesh Securities Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Food Box/ Gift/ Gift coupon shall be distributed at the AGM.

Vision & Mission

Our Vision

To be a leading financial institution of the country with diversified financial Services towards development of an enterprising society.





Our Mission

To provide value added financial services to valued customers.Maintain the highest level of ethical standard in financial operation. Assist in development of industrial and financial sectors by offering diverse and innovative product.

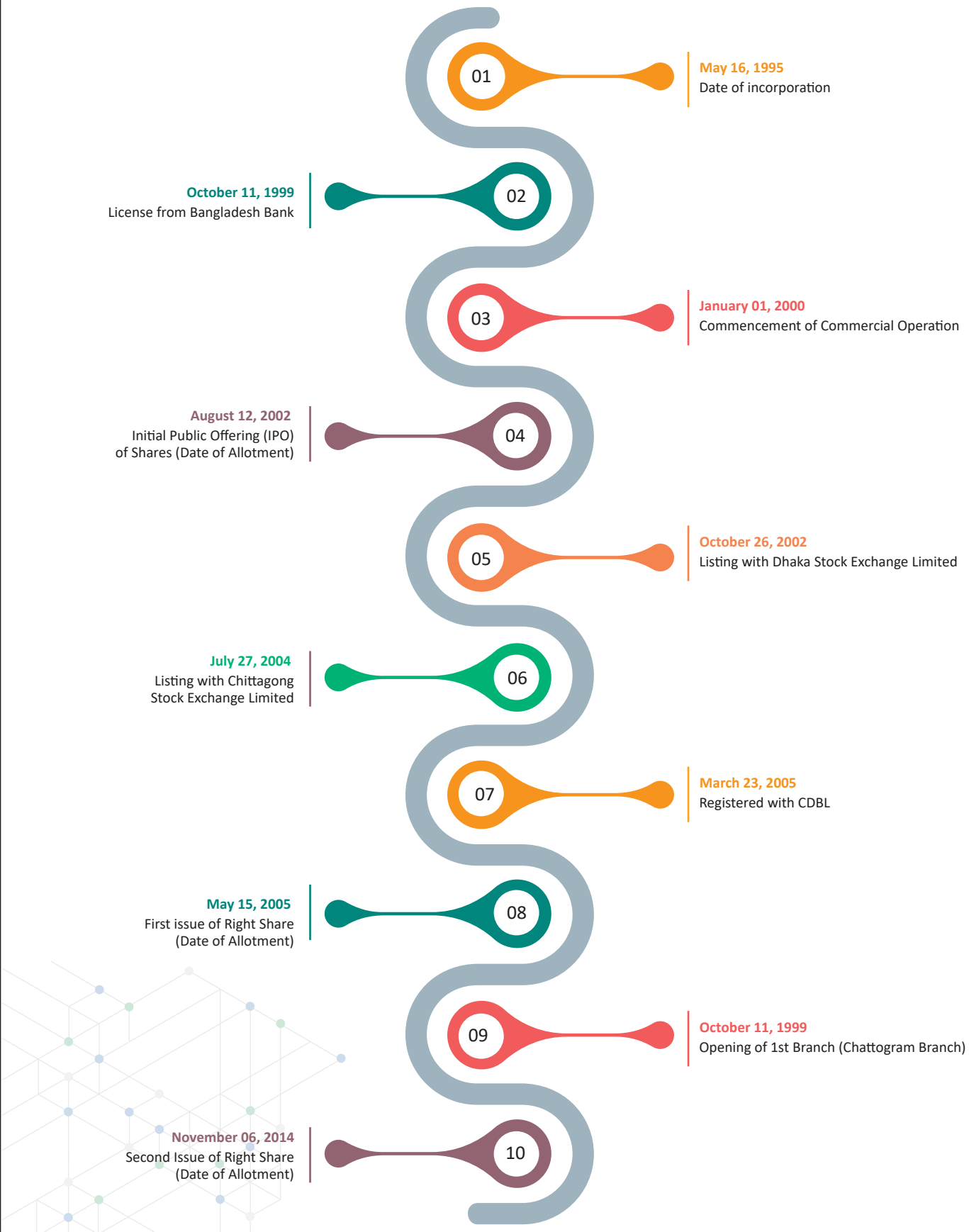
Corporate Focus & Commitment

To continue endeavors for development towards value addition to become a real friend of entrepreneurs and remain competitive in the financial service market.

- To protect shareholders' capital as well as maximize the wealth ;
- To provide competitive compensation package to the employees who constitute the back-bone of the man agement and operational strength of the company;
- To repay the loans taken from banks and financial institutions on time;
- To fulfill the responsibility to the nation through payment of taxes regularly;
- To avoid malpractice and anti-environmental, unethical and immoral activities and corrupt dealings;
- To maintain a congenial working environment;
- To practice good governance in every sphere of activities covering full disclosures and reporting to shareholders;



Milestones


01
May 16, 1995
Date of incorporation
02
October 11, 1999
License from Bangladesh Bank
03
January 01, 2000
Commencement of Commercial Operation
04
August 12, 2002
Initial Public Offering (IPO)
of Shares (Date of Allotment)
05
October 26, 2002
Listing with Dhaka Stock Exchange Limited
06
July 27, 2004
Listing with Chittagong
Stock Exchange Limited
07
March 23, 2005
Registered with CDBL
08
May 15, 2005
First issue of Right Share
(Date of Allotment)
09
October 11, 1999
Opening of 1st Branch (Chattogram Branch)
10
November 06, 2014
Second Issue of Right Share
(Date of Allotment)

Corporate Profile

Registered Name of the Company	:	**MIDAS Financing Limited**
Legal Form	:	A public limited company incorporated in Bangladesh on May 16, 1995 under the Companies Act 1994 and licensed as Financial Institution on October 11, 1999 under Financial Institution Act 1993. The company was listed with Dhaka Stock Exchange on October 26, 2002 and Chittagong Stock Exchange on July 27, 2004.
Company Registration Number	:	C- 28404 (2250)/95
Bangladesh Bank License Number	:	FID(L)/22 Dated October 11,1999
Type of organization	:	**Financial Institution**
Corporate Head Office	:	'MIDAS Centre' (10th & 11th Floor) House # 5, Road # 16 (New) Dhanmondi, Dhaka-1209.
Auditors	:	Mahfel Huq & Co. Chartered Accountants BGIC Tower (4th Floor) 34 Topkhana Road, Dhaka-1000 Phone: 880-2-9581786, Fax: 880-2-9571005
Tax Consultant	:	ADN Associates Kaizuddin Tower (8th Floor) 176 (new), 47 (old) Shahid Syed Nazrul Islam Sarani Bijoy Nagar, Dhaka-1000 Phone: 880-2-9581786, Fax: 880-2-9571005
Legal Advisor	:	Ruhul Ameen & Associates Nurjahan Sharif Plaza 34, Purana Paltan, Dhaka-1000 Azad & Company K.R. Plaza (6th Floor), 31 Purana Paltan, Dhaka-1000
Membership	:	Bangladesh Leasing & Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC)
Company Email	:	info@mfl.com.bd
Company website	:	www.mfl.com.bd
Principal Bankers	:	Standard Bank Ltd. Bangladesh Development Bank Ltd. The City Bank Ltd. Jamuna Bank Ltd. Pubali Bank Ltd. Sonali Bank Ltd. Janata Bank Ltd. Agrani Bank Ltd. Mercantile Bank Ltd. Dutch-Bangla Bank Ltd. Dhaka Bank Ltd. One Bank Ltd. Premier Bank Ltd. Shahjalal Islamic Bank Ltd. United Commercial Bank Ltd.

Products & Services

Loans and Advances

01 Lease Finance

02 Term Loan (SME)

03 Term Loan (MIDI)

04 Housing Loan

05 Auto Loan

06 LLS (Loan against lien of securities)

07 Consumer Credit

08 Work order Finance

Deposits

01 Term deposit 3 months

02 Term deposit 6 months

03 Term deposit 1 year

04 Monthly income deposit

05 Quarterly income deposit

06 Double money deposit

07 Triple money deposit

08 Monthly Deposit Scheme

09 Millionaire Deposit Scheme

Board of Directors



From left to right

Mr. Siddiqur Rahman Choudhury
Mr. Abdul Karim
Mr. Ali Imam Majumder
Mr. Md. Shamsul Alam
Mr. Mohammed Nasir Uddin Chowdhury, Chairman
Mr. M. Hafizuddin Khan
Ms. Rokia Afzal Rahman
Mr. Md. Shahedul Alam
Mr. Ghulam Rahman
Mr. S.M. Azad Hossain
Mr. Mustafizur Rahman, Managing Director

Audit Committee

Mr. Ghulam Rahman, chairman
Ms. Rokia Afzal Rahman
Mr. M. Hafizuddin Khan
Mr. Ali Imam Majumder
Mr. Siddiqur Rahman Choudhury

Executive Committee

Mr. Ali Imam Majumder, Chairman
Ms. Rokia Afzal Rahman
Mr. M. Hafizuddin Khan
Mr. Mohammed Nasir Uddin Chowdhury
Mr. Md. Shamsul Alam

Directors' Profile



Mohammed Nasir Uddin Chowdhury
Chairman
Nominated by LankaBangla Finance Limited

Mohammed Nasir Uddin Chowdhury, a well-known and veteran leader in finance industry, is currently serving as Managing Director of LankaBangla Securities Limited. Before joining in the current position Mr. Chowdhury served LankaBangla Finance Limited(LBFL) as the Managing Director. He is now the President of Bangladesh Merchant Bankers Association. Mr. Chowdhury also served LankaBangla Securities Limited as Chief Executive Officer from July 2002 to April 2011. Under his sound and proven leadership LankaBangla Finance Limited and its subsidiaries have been able to hold strong position in the respective industries.

Mr. Chowdhury also served as the Senior Vice President and Director of Dhaka Stock Exchange Limited from May 2010 to March 2011 and May 2008 to May 2010 respectively. Mr. Chowdhury is one of the Directors of BD Venture Limited, first venture capital organization in Bangladesh. He is also the Director of Bengal Meat Ltd.

Mr. Chowdhury completed his graduation and post-graduation from the University of Chittagong. He is a life time member at International Business Forum of Bangladesh (IBFB). He was the President of Old Faujian Association, Dhaka Chapter. Mr. Chowdhury is an active member of Dhaka Club and Chittagong Club. He is also a Founder Member of Ramu Golf & Country Club, Cox's Bazar.

Directors' Profile



Mrs. Rokia Afzal Rahman

Director
Nominated by MIDAS

Mrs. Rokia Afzal Rahman is a leading woman entrepreneur and a former Adviser (Minister) to the Caretaker Government of Bangladesh. She started her agro-based company in 1980 and further diversified her business into insurance, media, financial institution and real estate.

She is currently the Chairman of R.R. Group & Arlinks Group of Companies, R. R. Trust, Chairperson of Mediaworld Limited (owning company of "The Daily Star"). She is a Director of Mediastar Limited (owning company of "ProthomAlo") and Ayna Broadcasting Corporation Limited (FM Radio Station-ABC Radio). She is also an independent director of Bangladesh Lamps Limited and Marico Limited.

Mrs. Rokia Afzal Rahman is the Vice President of International Chamber of Commerce-ICC Bangladesh.

She served as a Board Member of the Central Bank of Bangladesh, and the President of the Bangladesh Employers Federation-BEF. She was also a Director of Reliance Insurance Limited. She is the former President of Metropolitan Chamber of Commerce and Industries-MCCI, Dhaka.

Mrs. Rokia Afzal Rahman serves on the board of BRAC. She is Chairperson of Banchte Shekha, Jessore-working for the underprivileged and extremely poor. She is a board member of MRDI (Management and Resource Development Initiative) and DNET.

She is the founder President of Bangladesh Federation of Women Entrepreneurs (BFWE). In 1994, the first Women Entrepreneurs Association (WEA) was formed in Bangladesh with Rokia Afzal Rahman as founder President. In 1996 Mrs. Rahman formed Women in Small Enterprises (WISE) to further promote women into small enterprises and industries.

Mrs. Rahman is the chairman of Presidency University.

Mrs. Rahman has received several international and national awards.

Directors' Profile



Mr. Abdul Karim

Director
Nominated by MIDAS

Mr. Abdul Karim joined the Board of MIDAS Financing Limited on February 28, 2017. He is a retired Secretary to the Government of the People's Republic of Bangladesh and served the Government in different capacities. He had worked in the Ministries of Communications, Defense and Finance and held the posts of Member (Finance) and Chairman, Bangladesh Inland Water Transport Authority (BIWTA), Director, Bangladesh Small and Cottage Industries Corporation, Managing Director, Bangladesh House Building Finance Corporation and Managing Director, Bangladesh Shilpa Bank. After serving the Government for more than 31 years he joined Micro Industries Development Assistance and Services (MIDAS) in December, 1992 and discharged the responsibilities of Managing Director, MIDAS till December 11, 2011. He had also served as Managing Director of MIDAS Financing Limited from May, 1995 to April, 2004.

Mr. Karim is a B.A. (Hons) and M.A. in Economics from the University of Dhaka and had training in Advanced Accounting, Management Accounting, Public Administration, and Small Enterprise Promotion at both home and abroad. He travelled to the U.S.A., Canada, the U.K., Federal Republic of Germany, Thailand, Malaysia, the Philippines, South Korea, Hong Kong, Singapore, the People's Republic of China, Saudi Arabia, Nepal, as well as India to conduct studies and attend training courses, seminars, workshops and conferences.

Mr. Karim had taught Economics and Statistics in Dhaka University in his early years. He is now also on the Board of Directors of Village Education Resource Centre (VERC), Savar, Dhaka and of South Asia Partnership (SAP), Dhaka, Bangladesh, as honorary Treasurer.



Mr. M. Hafizuddin Khan

Director
Nominated by MIDAS

Mr. M. Hafizuddin Khan is a familiar face in Bangladesh. He obtained his B.A. (Honours) and M. A. Political Science from the Dhaka University in 1960 and 1961 respectively. Later on he obtained Diploma in Development Finance from the Birmingham University, UK. In 1964, he joined the government service through the then Central Superior Service Examination in the Audit and Accounts Cadre and spent twelve years in the Railway and Military Finance. In 1977 he joined the Senior service Pool as Deputy Secretary to the Government. After serving the Government for 35 years he retired in 1999 as the 6th Comptroller and Auditor General of Bangladesh. Mr. Khan is a well-known reformer in administrative and financial management. He was the Director of the Agrani Bank Ltd., Basic Bank Ltd. and Rupali Bank Ltd. He was also the Chairman of the Agrani Bank Ltd. for a short period. He was Director Finance of the Integrated Rural Development Program, now Bangladesh Rural development Board and Member Finance of the Bangladesh Agricultural Development Corporation. As Joint Secretary to the Government he has served in a number of Ministries including Ministries of Works, Internal Resources Division and Local Government Division. As Additional Secretary he has worked in the Prime Minister's Secretariat and on being promoted as Secretary to the Government he served in the Ministries of Disaster Management & Relief and Posts & Telecommunications. Mr. Khan was made an Adviser in the Caretaker Government of 2001 in charge of the Ministries of Finance, Planning, Jute and Textiles. He was the Chairman and is currently a member of the Board of Trustees of the Transparency International Bangladesh. Mr. Khan was also the President of the Retired Government Employees Welfare Association. He is currently Vice-President of the Anjuman Mofidul Islam and is now Chairman of Shujan (Citizens for Good Governance). He is a devoted civil society activist working for combating corruption, establishing good governance and for political reforms.

Directors' Profile



Mr. Ali Imam Majumder
Director
Nominated by MIDAS *

Mr. Ali Imam Majumder, a veteran columist and former cabinet secretary, has been serving MIDAS Financing Limited Since 2012. Mr. Majumder had obtained M.Sc. in Mathematics from Chittagong University. He joined BCS (Administration) Cadre on February 11, 1977 and served in different important positions during his long career. He performed the positions of Cabinet Secretary, Principal Secretary of Prime Minister's Office, Member, Planning Commission, Secretary, Ministry of Labour and Employment, Additional Secretary, Ministry of Information, etc. During his field assignment he performed as the Deputy Commissioner in Cox's Bazar and Sylhet for arround five years. He also attended United Nations general assembly session as a delegate from Bangladesh in the year 2007. Mr. Majumder acted as Chairman of the Board of Directors of the Sonali Bank Limited and the Biman Bangladesh Airlines Limited. He attended different training courses both in home and abroad. Mr. Majumder attended Common Wealth Training Program on Leadership Development in Toronto, Canada, Managing at the Top (MATT) held in United Kingdom, Disaster Management held in United Kingdom, etc.

Mr. Ali Imam Majumder has involved himself in several social activities like, Honorary Member, Dhaka Club Limited, Honorary Life Member, Dhaka Officers Club etc. Further, he is a veteran columnist and regularly contributes in different newspapers specially in the Daily Prothom Alo on important national/ international issues. He is an activist and member of the Executive Committee of the SHUJAN; an independent think tank on good governance as well as a Trustee of the TIB. He visited many countries like, USA, UK, Canada, Switzerland, Sweden, Russia, Saudi Arabia, UAE, Malaysia, China, India, Sri Lanka, Bhutan, Nepal, Japan, Thailand and Singapore.

** MIDAS withdrew nomination of Mr. Ali Imam Majumder w.e.f. July 02, 2019*



Mr. Siddiqur Rahman Choudhury
Independent Director

Mr. Siddiqur Rahman Choudhury, former Finance Secretary of the Government of Bangladesh joined the Board of MIDAS Financing Limited as an Independent Director on March 19, 2014. Mr. Choudhury had his education in the University of Connecticut, USA, University of Dhaka, Sylhet Government College and in the Aided High School, Sylhet. Besides 30 years of service in the government, Mr. Choudhury has a long experience of serving in the Boards of a number of financial institutions. He was the Chairman of the Board of Directors of Agrani Bank Limited, Sonali Bank (UK) Limited. and Sadharan Bima Corporation. He also served, as a member, in the Boards of Bangladesh Bank, Sonali Bank, House Building Finance Corporation, Saudi Bangladesh Investment Company (SABINCO) and Infrastructure Development Company Limited (IDCOL).

Directors' Profile



Mr. Ghulam Rahman
Independent Director

Mr. Ghulam Rahman is a former civil servant. He has put in about four decades of distinguished service in statutory Commissions, Ministries, Departments, Public Corporations, Embassy abroad and educational institutions. During his long civil service career he has preformed law enforcement, administrative, developmental, regulatory and monitoring functions and worked closely with the private sector for enhancing public-private partnership in national development efforts.

He was Secretary, Ministry of Commerce and also of Ministries of Shipping, Rural Development, and Co-operatives, Division of the Ministry of Local Government and Rural Development and Prime Minister's Office. He was Additional Secretary in charge of Banking in the Ministry of Finance. While in Service he was admired for his particular aptitude to create a harmonious and efficient work environment and consensus building.

Mr. Rahman joined a Finance Service Cadre of Civil Service in erstwhile Pakistan in 1970. Before joining government service he was a Lecturer in the Department of Economics, University of Dhaka. He retired from government service in 2004. He was appointed Chairman of Bangladesh Energy Regulatory Commission (BERC) in 2007 and Chairman of Anti Corruption Commission (ACC) in 2009. He completed his 4-year tenure as ACC Chairman in June, 2013.

Currently, Mr. Rahman is the President of Consumer Association of Bangladesh(CAB) and Vice-president of Anjuman Mofidul Islam.



Mr. Md. Shamsul Alam
Director (Representing General Shareholders Group)

After completion of B.Com (Hons), M.Com. in Accounting from University of Dhaka, Mr. Alam started his career in business. He is the Managing Director of Arasco Agro food and feed Ltd. Mr. Alam is also the proprietor of Arafat Agro Trade. He was one of the sponsor Directors of Intech Online Limited. Mr. Alam is representing the general shareholders group in board of MIDAS Financing Ltd.

Directors' Profile



Mr. Md. Shahedul Alam
Director (Representing General Shareholders Group)

Mr. Alam graduated from U.K in Business Admisnistration and did his MBA from Dhaka university. He started his business career in Radiovision, a trading company for Home Appliances. He is the Chairman of Hay Agro Pvt. Limited and Director of SBL Capital Management Ltd. He joined the board of directors of MIDAS Financing Limited in 2014.



Mr. S. M. Azad Hossain
Director (Representing General Shareholders Group)*

Mr. S. M. Azad Hossain is a commerce graduate and a prominent businessman having interests in several business. Mr. Hossain was elected as director represented by General Shareholders. He is the Executive Director of Nur-Nahar Spinning Mills Limited. Mr. Azad was a member of Dhaka Stock Exchange Limited. He is associated with various social welfare activities.

** The position of Directorship of Mr. S.M. Azad Hossain has become vacant as per the BSEC Notification No. BSEC/CMRRCD/2009-193/217 date 21 May 2019.*

Directors' Profile



Ms. Parveen Mahmud, FCA

Director
Nominated by MIDAS*

Ms. Parveen Mahmud is the Chairperson, Underprivileged Children Education Program (UCEP)-Bangladesh. She has diverse experiences in board leadership, in different positions with national and international development agencies, corporates, as practicing accountant.

She started her career with BRAC and was the Deputy Managing Director of PKSF, apex funding organization for Microfinance Institutes for poverty alleviation through employment generation and institutional development. And, was the Founding Managing Director, Grameen Telecom Trust (GTT). She was a partner in Acnabin & Co., Chartered Accountants. She is first the woman President of the Institute of Chartered Accountants of Bangladesh (ICAB), and also, the first female board member of the South Asian Federation of Accountants (SAFA), apex accounting professional body of SAARC. She is the Chairperson of CA Female Forum- Women in Leadership Committee, ICAB and is the Vice Chairperson of the Women in Leadership Committee of SAFA.

She sits in numerous Boards including BRAC International and Chairs the Finance and Audit Committee, Transparency International Bangladesh (TIB), Centre for Policy Dialogue (CPD), PKSF, RDRS, Manusher Jonnyo Foundation (MJF), DAM Foundation for Economic Development (Dhaka Ahsania Mission), Grameenphone Ltd.. She is the Independent Director of the Apex Footwear Ltd. and Berger Paints Bangladesh Ltd. Ms Mahmud is the Chairperson of Her Story Foundation and Dakkha- Skilling Bangladesh. She was the Chairperson, Micro Industries Development and Assistance Services (MIDAS), Acid Survivor's Foundation and Shasha Denims Ltd.. She is the member of International Chamber of Commerce (ICC), Bangladesh.

**MIDAS withdrew its nomination of Ms. Parveen Mahmud FCA with effect from December 27, 2018.*



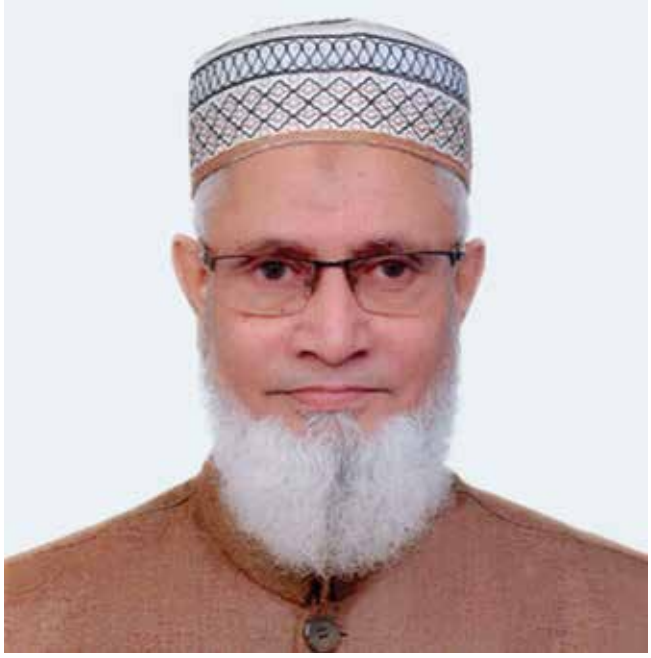
Mr. Mustafizur Rahman

Managing Director

Mr. Mustafizur Rahman is a seasoned investment Banking professional having over 30 years of experience in some of the leading financial institutions (namely, IDLC Finance Limited, International leasing and Financial Services Limited, LankaBangla Finance Limited and Union Capital Limited) of Bangladesh. Mr. Rahman served international Leasing and Financial Services Limited as the Managing Director since June, 2006 to January, 2015. He also served Premier Leasing and Finance Limited and CVC Finance Limited as Managing Director before joining to MIDAS Financing Limited.

Mr. Rahman obtained his MBA from IBA of Dhaka University. He also completed his post graduation in Economics from the same university. Mr. Rahman attended various training courses and participated in seminars and workshops on different aspects of banking, entrepreneurship development, risk management, etc. in home and abroad.

Profile of the top Executives



Mr. Atiar Rahman Ansary

General Manager, Monitoring and Recovery

Mr. Md. Atiar Rahman Ansary completed his B.Sc (Hons), M.Sc. degree in 1985 from Dhaka University. After completion of his education he became associated with MIDAS and joined MIDAS in the year 1987 as an entry level officer. Thereafter he completed his Post Graduate Diploma on Personnel Management and also completed a special program on Entrepreneurship Development from the Humber University of Business and Technology, Toronto, Ontario, Canada. Mr. Ansary has been working with sincerity, honesty, integrity and at the highest level of Professionalism for the welfare and development of the Company since the date of his joining. During his 32 years of career, he worked in different managerial positions with full satisfaction of the Management. Mr. Ansary also played the key position of the company as the Managing Director (Current charge) for two times. He is now holding the position of General Manager and Head of Monitoring and Recovery Department. During his career he attended in many local and foreign training, workshop and seminars.



Mr. Mohammod Monirul Islam

General Manager (Business Development)

Mr. Mohammod Monirul Islam joined MIDAS Financing Limited (MFL) as General Manager (Business Development) in 2015. Prior to his joining he worked as Senior Executive Vice President with International Leasing And Financial Services Limited. Mr. Islam started his career at Agrani Bank Limited as Senior Officer. Subsequently, he worked with Lanka Bangla Finance Limited, National Housing Finance & Investments Limited, Union Capital Limited and IDLC Finance Limited at different capacities. Mr. Islam obtained a Masters degree on International Business Administration from Banaras Hindu University, India under Indian Government Scholarship Program. He completed his graduation in Economics from same institution under similar scholarship program. He attended several trainings and workshops at home and abroad.

Profile of the top Executives



Mr. Md. Abdul Wadud, FCA
General Manager (FAT) & Company Secretary

Mr. Md. Abdul Wadud, FCA joined MIDAS Financing Limited (MFL) as General Manager & Company Secretary in 2015. Before joining to MFL he served Delta Brac Housing Finance Corporation Ltd. for about 8 years. He started his career with Mission Group as Senior Accounts Officer and later on, he worked as Executive, Accounts at Asset Developments & Holdings Ltd. Mr. Wadud obtained his Chartered Accountancy degree from ICAB in 2011. He also obtained his Masters Degree in Business Studies from Dhaka College. Mr. Wadud participated in extensive training program on "skills for supervisory Management" organized by Singapore Institute of Management (SIM), Singapore. He attended various trainings, workshops on Tax, VAT, Corporate Governance and leadership in home and abroad.



Ms. Nasreen Ahmed
Deputy General Manager & CFO

Ms. Nasreen Ahmed completed her B.Com (Hons), M.Com from Dhaka University in the year 1985. Ms. Ahmed started her career in MIDAS in the year 1992. Since then she has been serving in different positions of the Company. During her career she attended a good number of training programs and workshops.

Committees of the Company

Management Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Ms. Nasreen Ahmed
Ms. Morsheda Hasin
Mr. Ahmed Ibne Mazid Khan
Mr. Shameem Ahmed
Mr. Abu Mirja Md. Sayem

Integrity Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Mr. Shameem Ahmed

Promotion and Selection Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Mr. Shameem Ahmed

Credit Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud

Monitoring and Recovery Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Mr. Mohammad Omer Farooque
Mr. Mohammad Abdullah

ICT Steering Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Mr. Shameem Ahmed
Mr. Abu Mirja Md. Sayem

Purchase and Disposal Committee

Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Mr. Ahmed Ibne Mazid Khan
Mr. Shameem Ahmed

Asset Liability Management Committee

Mr. Mustafizur Rahman
Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Ms. Nasreen Ahmed
Mr. Abu Mirja Md. Sayem
Mr. Md. Saidur Rahman
Mr. Mohammad Ashiqur Rahman
Mr. Mohammad Abdullah
Mr. Moshiur Rahman
Mr. Zunaid Bin Islam
Mr. Md. Khalid Hossain

ICT Security Committee

Mr. Abu Mirja Md. Sayem
Mr. Shameem Ahmed
Mr. Md. Mosiur Rahman
Ms. Neesha Naimeen
Mr. Abu Saeed
Mr. Mohammad Taimur Chowdhury
Mr. Masud Rana

Risk Management Forum

Mr. Md. Atiar Rahman Ansary
Mr. Md. Monirul Islam
Mr. Md. Abdul Wadud
Ms. Nasreen Ahmed
Ms. Morsheda Hasin
Mr. Ahmed Ibne Mazid Khan
Mr. Shameem Ahmed
Mr. Abu Mirja Md. Sayem
Ms. Nilufar Sultana
Mr. Md. Enamul Haque Khan
Mr. Md. Saidur Rahman
Mr. Mohammad Abdullah
Mr. Mosiur Rahman
Md. Sikander Mahmood
Mr. Abu Saeed
Mr. Md. Khalid Hossain

Profit Optimization Forum (PROOF)

Mr. Atiar Rahman Ansary
Mr. Monirul Islam
Mr. Md. Abdul Wadud
Ms. Nasreen Ahmed
Ms. Morsheda Hasin
Mr. Ahmed Ibne Mazid Khan
Mr. Shameem Ahmed
Mr. Abu Mirja Md. Sayem
Mr. Md. Enamul Haque Khan
Mr. Md. Saidur Rahman
Mr. Mohammad Abdullah
Mr. Md. Mosiur Rahman
Ms. Najnin Sultana Moury

Chairman's Message



Dear Valued Shareholders

I have immense pleasure to welcome you all in the 23rd Annual General Meeting of your company, MIDAS Financing Limited (MFL). I feel privileged to present before you the Annual Report of your company for the year 2018 and I am very delighted to inform you that the performance of your company was very encouraging during the year despite existence of challenging environment. Your continuous support and cooperation in all respects have contributed a lot towards growing of MFL at this status over the years.

Macroeconomic Developments

In FY2017-18, Bangladesh has achieved the highest-ever GDP growth of 7.86%, widely surpassing the estimated growth of 7.65%; the per capita income has increased to USD 1,751 from USD 1,610 in the previous fiscal year; the Investment-to-GDP Ratio also increased at 31.23% (7.97% public investment and 23.26% private sector investment); the national savings against GDP reached 27.42%. Inflationary pace gained some strength in FY2017-18. Net Domestic Assets (NDA) as well as domestic credit also experienced a strong growth in FY2017-18 mainly due to increase in private sector credit growth. NDA grew by 12.84% during FY2017-18 compared to 9.68% increase in the same period of previous fiscal year.

However, the GDP under the Medium-Term Macroeconomic Framework (MTMF) of Bangladesh has been projected to grow at the rate of 7.8% in FY2018-19 which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, and sound implementation of the reform activities. Global growth for FY2018-19 is projected to remain steady at its 2017 level of 3.7%. We may hope that the coming years will be brighter than the earlier years.

Financial Sector Performance in 2018

Financial sector performance, contrary to broad based growth, remained off-track and passed a very challenging year in 2018 amid liquidity crisis throughout the year. Record private sector credit growth and sluggish deposit growth at the end of 2017 created shortage of money flow in the banking sector. In fact, private credit growth has been falling since March 2018 after registering 18.0 percent growth. Persistent current account deficit in the last several quarters put pressure on exchange rate during the quarter under review.

Considering liquidity pressure on the market Bangladesh Bank reduced CRR by 1 percentage and extended timeframe for maintaining new AD ratio. All these initiatives eased tight liquidity situation in the middle of the year but increased cost of fund of Banks and FIs. Frustratingly, liquidity situation tightened again at the end of the year heading National Election 2018.

Soaring Non-Performing Loan (NPL) has been treated as number one problem in banking sector, which pushed down overall financial health of bank/financial institutions gradually. The share of classified loans rose to 10.30 percent of the total outstanding loans as of 31 December 2018 from 9.31 percent as of 31 December 2017.

Blueprint for Change

The Board of Directors of your company comprises a number of renowned, highly knowledgeable and

experienced personalities. The Board provides strategic leadership and sets realistic targets for the company's management. The company is implementing change in fronts and getting ready for future business opportunities. In all policy matters and decision making good governance and sound ethical practices are maintained. A sound risk management framework is in place and proper control procedure has been adopted so as to make the company compliant to the regulatory requirements and a well-governed financial institution with sustainable business growth. At the same time the Board is in a view that as we move forward to achieve our business goal and face competitive challenges we should always remain conscious of our Corporate Social Responsibilities (CSR) and also be committed to keeping the environment green and safeguarding the planet from global warming. Considering these, MFL offers, on priority basis, credit facilities to agro based industries and focuses on green and eco-friendly financing. I am confident that MFL will succeed in its endeavors to face all new challenges in the future.

Commitment to Growth

Since MFL's mission is to be a front-line business development service provider in Bangladesh and its vision is to help generation of employment to reduce poverty and promote socio-economic development, it has been in the process of developing a team of efficient professionals equipped with cutting edge knowledge to provide best services to customers and to protect shareholders' interest. The company is keen to ensure that its employees are regularly trained with new skills and knowledge of regulations of the country so as to be able to fulfil the ever changing needs of the market.

You are aware that MFL is committed to maintain strict ethical standards in its operation with a view to distinguishing itself as a model of ideal Non-Banking Financial Institution. It is our proud to be associated with many success stories of business ventures, especially those of SMEs and women entrepreneurs. The company is striving to distinguish itself as a real friend of entrepreneurs through its strong presence in the financial service market. SMEs are the engine of growth for any developing country and MFL has built its brand image as one of the pioneers in SME loan financing. It has financed, over the years, a sizeable number of small, medium and micro industries throughout the country. The company greatly values the loyalty of its SME customers who have become its business ambassadors all over the country.

MIDAS Investment Limited (MIL), the subsidiary of MFL, continued its full commercial operation during the year 2018 performing in the capital market in the areas of merchant banking, portfolio investment, underwriting and issue management. MIL has made meaningful contribution in the income of MFL in 2018.

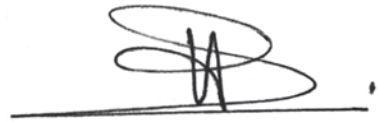
Dear Shareholders,

You would be happy to know that during the year 2018 the management of your company put its best effort to serve your interests. This enabled your company to earn a consolidated profit after tax of Taka 1.16 crore resulting in consolidated profit per share of Taka 0.09.

The Board recommended 2.5% stock dividend for the year 2018 and is being placed for your approval in the 23rd AGM. After passing a challenging 2018 we are hopeful of improving our performance delivering higher profits in the coming years.

I on behalf of the members of the board extend sincere gratitude to all of the stakeholders for your continuous support, encouragement, guidance and co-operation. I am also thankful to employees of MFL for their hard work and dedication to take the company forward. We have come a long way through ups and downs. There had been challenging times and together we had overcome the challenges and built today's platform for next phase of growth. In a very tight landscape we have to ink our journey towards growth and prosperity. Like the past, we expect your continuous support and guidance in the years to come.

With my best wishes,



Mohammed Nasir Uddin Chowdhury
Chairman

Directors' Report

to the Shareholders of MIDAS Financing Ltd.
(MFL) to be considered in its 23rd AGM

Dear Valued Shareholders,

The Directors of MIDAS Financing Ltd. (MFL) [hereinafter referred to as "MFL" or "the Company"] have the pleasure to present before you the Annual Report and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon.

The Report

This Report has been prepared in compliance with the provisions of the Companies Act 1994, the Financial Institutions Act 1993, the Dhaka Stock Exchange (Listing) Regulations 2015, the Chittagong Stock Exchange (Listing) Regulations 2015, related Notifications, Rules, Regulations, Codes and Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank as applicable for MFL. Disclosures and explanations that have been made herein have been in order to ensure compliance, transparency and good governance practices. It is hoped that the report will provide a clear picture of the company's performance and affairs for the year.

A separate report titled "Report on Economic Scenario, Industry Outlook and Possible Future Developments in the Industry" has been given in the annual report. Moreover, a report on corporate governance and a report on risks and concerns have also been annexed hereto. These reports as well as the tables, graphs and profiles shown separately will be considered integral parts of this report.

The Company, MFL

MFL is one of the leading NBFIs in Bangladesh. Initial focus of the company was to finance mainly small and medium enterprises (SMEs) for alleviation of poverty through creation of employment opportunities and generation of income on a sustainable basis. Subsequently, in addition to its SME financing, MFL has ventured into various other sectors with its financing operations and has been playing a significant role in the economic development of Bangladesh.

The company has diversified its products and is now extending credit facilities like lease financing, term loan, home loan, portfolio loan, etc. to different corporate organizations, small and medium enterprises and individuals. The company offers its services through its 16 (sixteen) offices including head office located at different places in the country as well as Head Office. It also maintains its own portfolio of investment in listed securities and accepts term deposits offering competitive interest rates. There was no significant change in the nature of these activities during the year 2018.

MFL's Consolidated Financial Results and Performance during the year 2018

A comparative statement of Consolidated Financial Results of the company for the year ended 31 December 2018 and for the year ended 31 December 2017 is given below:

Taka in Crore

Particulars	2018	2017
Net interest income	17.37	29.97
Other operating income	13.22	16.29
Total operating income	**30.59**	**46.26**
Total operating expenses	(18.19)	(17.24)
Profit before provisions	**12.40**	**29.02**
Provision for loans and investments	(8.58)	(3.54)
Profit before tax	**3.82**	**25.48**
Provision for tax	(2.66)	(3.68)
Net profit after tax	**1.16**	**21.80**
Transfer to statutory reserve	(0.22)	(4.55)
Transfer from statutory reserve	-	4.00
Retained earnings at the beginning	3.73*	(5.49)
Proposed bonus share	(3.31)	(12.03)
Net Retained Surplus	**1.36**	**3.73**
EPS	**0.09**	**1.65**

**After adjustment of stock dividend for the year 2017.*

The above statement shows that the financial performance during the year compared to that for the previous year has been deteriorated. Overall performance of Banking sector during the year 2018 was detrimental due to tight liquidity situation and soaring Non Performing Loan (NPL). Liquidity shortage that started at the end of 2017 continued almost all over the year 2018 except little ease at the middle of the year. Therefore, cost of the fund of the company increased significantly which caused high interest expenses and resulted lower net interest income compared to last year. In addition, NPL of the company, in line with the industry, increased unexpectedly despite positive drive and additional efforts of the management. As a result, required provision for NPL was increased and net profit of the company was decreased. More details are described in the Management discussion and analysis that included in the annual report.

The quarterly and annual financial performance (consolidated) of the company for the year 2018 stood as under:

Taka in Crore

Particulars	Q1 (Jan to Mar)	Q2 (Apr to Jun)	Q 3 (Jul to Sep)	Q 4 (Oct to Dec)	Annual 2018
Interest income	28.59	24.24	27.96	27.94	108.72
Interest expenses	(21.34)	(23.37)	(23.44)	(23.20)	(91.35)
Net interest income	**7.25**	**0.87**	**4.52**	**4.74**	**17.37**
Other operating income	6.23	2.76	2.37	1.85	13.22
Total operating income	**13.48**	**3.64**	**6.89**	**6.59**	**30.59**
Total operating expenses	(4.03)	(4.65)	(4.98)	(4.53)	(18.19)
Profit before provisions	**9.45**	**(1.01)**	**1.91**	**2.06**	**12.40**
Provision for loans/ investments	(3.70)	(1.98)	(0.08)	(2.83)	(8.58)
Profit before tax	**5.75**	**(2.99)**	**1.83**	**(0.77)**	**3.82**
Provision for tax	(0.68)	(0.20)	(0.50)	(1.28)	(2.66)
Net profit after tax	**5.07**	**(3.19)**	**1.33**	**(2.05)**	**1.16**

The above table shows that the company had fairly consistent interest income throughout the year except 2nd quarter. During 2nd quarter of 2018 the company had to charge a good amount of interest suspense against its interest income due to increase of classified loans. Interest expenses of the company was increased from the 2nd quarter of 2018 because of upward revision of borrowing interest rate caused by liquidity shortage in banking sector. Both the issues significantly decreased net interest income during 2nd quarter.

MIDAS Investment Limited, subsidiary company of MFL, earned a good amount of profit (Taka 3.18 core) from sale of shares that was acquired through underwriting. Thus, other operating income during 1st quarter was positively deviated from the income of other quarters.

Operating expenses was almost same all over the year. Provision charged, as per Bangladesh Bank guideline, in different quarters were varied according to the amount of NPL of that quarter.

All the matters described above caused deviation of quarterly financial performance of the company during 2018.

Segment-wise Performance

(a) Lease, Loans and Advances:

The core business of MFL comprises Lease Finance, Term Loans, Housing Finance, Working Capital Financing, etc. MFL is one of the pioneers of SME financing and women entrepreneurs financing. However, the Board takes on record that over the last several years MFL has been suffering for its increased NPL which is common to most of the Banks and NBFIs operating in the finance industry in Bangladesh. Relentless efforts and strong recovery drives as well as preventive and remedial measures are being taken for reduction of its NPL.

(b) Investments:

MFL has been in the capital market of Bangladesh through its investment in the securities listed with stock exchanges. Notable that such investment is within the limit prescribed by Bangladesh Bank.

(c) Deposits and borrowings:

Deposits, borrowings from banks and financial institutions and Shareholders' Equity are the main sources of fund of MFL. The Company receives also various low cost funds under Bangladesh Bank refinance scheme and funds from SME Foundation, etc. Appropriate policies are adopted to keep the cost of fund low.

The table below will give a clear picture of the product-wise / segment-wise performance of the company for the year 2018 comparing with 2017:

Taka in Crore

Segments	Portfolio			Income		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Lease Finance	87.71	95.20	(7.49)	2.46	10.89	(8.43)
Term Finance	797.34	788.65	8.69	88.31	77.30	11.01
Housing Finance	139.39	144.10	(4.71)	18.36	18.56	(0.02)
Investment	28.81	27.37	1.44	3.93	9.25	(5.32)
				Expenses		
Deposit	744.83	793.00	(48.17)	78.23	68.16	10.07

Details of Segment-wise financial position can be seen under Note-7 of the Notes to the Financial Statements.

Subsidiary Operation

MIDAS Financing Ltd. is the owner of 99.9992% of the shares (2,49,99,800 nos. of shares of Taka 10 each) in the Capital of MIDAS Investment Limited (MIL). MIL is a private Limited Company, incorporated on 09 April 2012 (bearing Registration No C-100772/12) under the Companies Act 1994 and licensed from BSEC on 06 September 2016 as Merchant Bank. MIL contributed to the income of MFL as profit after tax by Taka 2.54 Crore in 2018 and by Taka 1.82 Crore in 2017.

MIDAS Centre

MIDAS Centre, a 13 storied building, greatly contributes to the confidence of depositors, clients and shareholders in financial standing and serves as a symbol of pride of stakeholders of MFL and MIL. The Head offices of MFL and MIL are located in this building.

Related Party Transactions

As per IAS 24 "Related Party Disclosure", related parties are those who have the control, joint control or have significant influence over the company. The details of contracts and transactions executed with related parties during 2018 are described under Note 39.4 of the Notes to the Financial Statements for the year ended 31 December 2018. Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time of comparable transactions with other customers of similar credential and do not involve more than normal risk.

During the year, MFL carried out a number of transactions with related parties in its normal course of business. Details of transactions are stated below:

Name of the Party	Nature of Relationship	Nature of Transaction	Classification Status	Amount in Tk.	
				2018	2017
Ms. Rokia Afzal Rahman	Sponsor Shareholder	Auto Finance	Standard	426,356	2,813,630
MIDAS	Sponsor Shareholder	Term Deposits	N/A	114,275,870	113,929,583
MIDAS Investment Ltd	Subsidiary Company	STL & LTD	Standard	249,386,380	221,840,207
MIDAS Investment Ltd	Subsidiary Company	Term Deposits	N/A	205,000,000	205,000,000
LankaBangla Finance Ltd.	Shareholder	Term Deposits	N/A	260,000,000	100,000,000
LankaBangla Investment Ltd.	Shareholder	Short Term Finance	Standard	80,000,000	-
LankaBangla Securities Ltd.	Shareholder	Equity Investment (Non-listed)	N/A	5,000,000	5,000,000
LankaBangla Securities Ltd.	Shareholder	Managing Portfolio through BO A/C	N/A	269,720,459	258,104,970
Shafique-Ul-Azam	Managing Director till 28 March 2019	Term Deposits	N/A	586,923	1,139,654
Total				**1,184,395,988**	**907,828,044**

Risk and Concerns

The Directors believe that proper risk management is an essential part of the company's business. Identification, evaluation and elimination (or at least minimization) of risks constitute the risk management system. In view thereof, different committees, sub-committees, departments and units are in place to manage various risks associated with staffing, operation, finance, credit, liquidity, market, etc. MFL has established an Asset Liability Committee (ALCO), a Credit Risk Management (CRM) Department, a Credit Disbursement Department (CDD) and an Internal Control and Compliance (ICC) Department as a part of the risk management framework of MFL. A report titled "Report on Management of Risks and Concerns" has been given separately.

Sub-committees of the Board

The Board of MFL has constituted (i) Executive Committee and (ii) Audit Committee as the subcommittees of the Board for ensuring good governance in the Company and in accordance with related guidelines provided in Bangladesh Bank DFIM Circular Letter No. 18 dated October 26, 2011. Nomination and Remuneration Committee could not be constituted due to the express prohibition by the said circular for constitution of any other sub-committee of the board. The Board has laid down respective roles and responsibilities of the Audit Committee and the Executive Committee. As required under condition no. 5(7) of the Corporate Governance Code, a report on activities carried out by the Audit Committee has been prepared for disclosure in the annual report.

Internal Control and Compliance

Strong internal controls are essential for sound management. The Board of Directors is responsible for instituting an effective internal control system and reviewing the effectiveness of the system. The Audit Committee is entrusted with the monitoring of Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report. Internal Control and Compliance (ICC) Department has been established as a separate department. Development of an internal control system is an ongoing process and it should be responsive to the changes in external and internal operating environment for achieving sustainable growth and creating a long term source of competitive advantages. However, the Board of Directors is satisfied with the effectiveness of the company's internal control system for the period under review.

Statements regarding Financial Reporting Framework and Disclosures

The Directors state that-

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Company;
- The accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation and presentation of financial statements any departure there-from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no significant doubt exists about the Company's ability to continue as a going concern;
- Significant deviations from the last year's operating results of the Company have been highlighted and the reasons thereof have been explained under Consolidated Financial Results and Performance;
- There was no extraordinary gain or loss during the year;
- No bonus share or stock dividend has been declared during the year, or shall be declared in future, as interim dividend;

Key Operating and Financial Data

A statement containing the summary of key operating and financial data for the 5 (Five) years is presented separately.

Shareholding Pattern

The shareholding pattern as on 31 December 2018 is shown as a separate report which has been prepared in compliance with condition no. 1(5)(xxiii) of the corporate governance code.

Corporate Social Responsibility (CSR)

MFL acknowledges itself as an integral part of the community in which it operates, and recognizes that it has responsibilities of providing the highest standards of service and ethical business. MFL in carrying out its business activities keeps its commitments for sustainable development and transparent corporate conduct. MFL prioritizes for promoting a corporate culture that adheres to its business principles as well as generating good and sustainable returns in order to ensure mutual value creation for the company as well as its stakeholders. MFL takes pride in the activities for discharging its CSR and during the year 2018 took part in the following areas:

- Distribution of blankets to the cold affected poor people
- Placement of Dust Bin at the Judges' Court of B-Baria
- Participation as Co-sponsor for advertisement on the International Disaster Rehabilitation Day 2018
- Participation as a Co-sponsor for celebrating the Victory Day 2018

The company worked for the growth of SME sector along with the development of women entrepreneurs and played a significant role in the economic development of the nation by providing information relating to services and products, technical support and instant loan processing for the benefit of small and medium especially women entrepreneurs.

As a continuation of the innovative initiatives MFL organized National Dialogue for Women Entrepreneurs on 02 November 2018 at MIDAS Convention Centre to acknowledge the achievement of women entrepreneurs and encourage them as new entrepreneurs in the corporate sector. In a discussion meeting with small and medium entrepreneurs held on 06 August 2018, MFL declared and launched 'SME Day' with a view to providing better services to SMEs and encourage them for their business development. Such day will be observed on the first Monday of every month by the head office and 15 branches of MFL.

Management's Discussion and Analysis

A Management's Discussion and Analysis signed by the MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on the issues prescribed under condition no. 1(5)(xxv) of the Corporate Governance Code is provided separately.

Certification by MD and CFO

As per condition no. 1(5)(xxvi) of the Corporate Governance Code, a Declaration by the Managing Director (MD) and the Chief Financial Officer (CFO) in prescribed format has been submitted to the Board of Directors of the Company. The Directors take on record that MD and CFO have jointly certified to the Board of Directors of the company that-

(a) they have reviewed the financial statements for the year

ended 31 December 2018 and to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; and

(b) there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members.

Corporate Governance

MFL is committed to achieve the excellence in corporate governance. A Report on the Corporate Governance of MFL is given separately.

Status of Compliance with Corporate Governance Code

As per condition no. 9(3) and 1(5)(xxvii) of the Corporate Governance Code, the Directors of the company are required to prepare a statement, in accordance with prescribed format, whether the company has complied with the conditions the corporate governance code or not and to disclose the same in the Directors' Report. Accordingly, a Statement on Status of Compliance the Corporate Governance Code has been prepared and attached herewith.

As per condition no. 9(1) and 1(5)(xxvi) of the Corporate Governance Code, every listed company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report. As per condition no. 9(2), the professional who will provide such certificate shall be appointed by the shareholders in the annual general meeting. Accordingly, a Certificate has been obtained from M/s Hawlader Maria & Co., Chartered Accountants, for the year ended 31 December 2018 and enclosed with this annual report. The Directors recommended that the Shareholders may consider appointment of M/s Hawlader Maria & Co., Chartered Accountants, as the Corporate Governance Auditor of the Company for the year ended 31 December 2019 and to continue till conclusion of the 24th AGM of 2020.

Board of Directors, its Meetings and Attendance of Directors therein

Board of Directors of MFL consist of 10 (ten) Directors. During the year ended 31 December 2018, 15 (fifteen) Board Meetings were held wherein attendance was as stated below:

Name of Director	Note Ref.	No. of Meetings	
		Held	Attended
Mr. Mohammed Nasir Uddin Chowdhury, Chairman		15	14
Ms. Rokia Afzal Rahman	1	15	14
Mr. M. Hafizuddin Khan	2	15	15
Mr. Ali Imam Majumder		15	13
Mr. Siddiqur Rahman Choudhury		15	13
Mr. Abdul Karim	3	15	14
Ms. Parveen Mahmud FCA		15	09
Mr. S. M. Azad Hossain		15	15
Mr. Md. Shamsul Alam		15	15
Mr. Md. Shahedul Alam		15	10

Notes:

1. Mr. M. Hafizuddin Khan is a Director Nominated by MIDAS. For the current tenure he was appointed in place of Late Mirza Ali Behrouze Ispahani w.e.f. 28.02.2017. His tenure will be determined through retirement by rotation in the 23rd AGM, however, he will be eligible for re-election/ re-appointment.

2. Mr. Ali Imam Majumder served MFL as an Independent Director for 2 terms of 3 years each from 06.11.2012 to 05.11.2018. Subsequently, he was appointed as a Director Nominated by MIDAS in place of Ms. Parveen Mahmud FCA w.e.f. 27.12.2018. His tenure will be determined through retirement by rotation in the 23rd AGM, however, he will be eligible for re-election/ re-appointment.

3. Ms. Parveen Mahmud FCA served as a Director Nominated by MIDAS for a period from 28.12.2017 to 27.12.2018.

Remuneration paid to the Directors

During the year ended 31 December 2018, 15 (fifteen) Meetings of the Board, 5 (five) Meetings of Audit Committee and 10 (ten) Meetings of the Executive Committee (EC) were held. Each Director was paid Tk. 8,000/- (Taka Eight Thousand) only for attending each meeting of the board or committee. A statement of remuneration paid to the Directors including Independent Directors is stated given below:

Name of Director	No. of Meetings Attended				Remuneration Paid (Tk.)
	BM	ECM	ACM	Total	
Ms. Rokia A. Rahman	14	9	5	28	224,000
Ms. Parveen Mahmed*	9	-	3	12	96,000
Mr. M. Hafizuddin Khan	15	9	5	29	232,000
Mr. Ali Imam Majumder	13	8	5	26	208,000
Mr. Md. Shamsul Alam	15	10	-	25	200,000
Mr. S. M. Azad Hossain	15	-	-	15	120,000
Mr. Siddiqur Rahman Choudhury	13	-	5	18	144,000
Mr. Mohammed Nasir Uddin Chowdhury	14	8	-	22	176,000
Mr. Md. Shahedul Alam	10	-	-	10	80,000
Mr. Abdul Karim	14	-	-	14	112,000

Note: BM, ECM and ACM stand for Board Meetings, Executive Committee Meetings and Audit Committee Meetings respectively.
* Parveen Mahmud FCA served as a Director Nominated by MIDAS for a period from 28.12.2017 to 27.12.2018.

Directors' Retirement and Re-election/ Re-appointment

In accordance with the provisions of the Articles of Association of the Company and the Companies Act 1994, at least one-third of the Directors are required to retire by rotation at each AGM and a Retiring Director is eligible for re-election/ re-appointment by the Shareholders. Accordingly, the Directors stated below will retire in the 23rd AGM:

(i) Mr. M. Hafizuddin Khan
Director Nominated by MIDAS

(ii) Mr. Ali Imam Majumder
Director Nominated by MIDAS

The Retiring Directors being eligible for re-election/ re-appointment may be re-elected/ re-appointed by the Shareholders in the 23rd AGM. A brief profile of each of the retiring directors is provided separately.

The position of Director of Mr. S. M. Azad Hossain who had to be retired on 23rd AGM has become vacant as per BSEC notification no. BSEC/CMRRCD/2009-193/217/Admin/90 date 21 May 2019.

Dividend

During the year, MFL earned Taka 1.12 crore of Profit after Tax and Taka 0.89 crore after transfer of Taka 0.22 crore to statutory reserve has been transferred to the Retained

Earnings. Since the total retained earnings of the Company stands Taka 3.79 crore the Board in its 305th Meeting held on 22 May 2019 recommended 2.5% stock dividend on its paid up capital for its shareholders.

Appointment/Re-appointment of Auditors

M/s Maffel Haq & Co., Chartered Accountants, were appointed Auditors of the company in the 22nd AGM. The Firm will retire in the 23rd AGM and being eligible for re-appointment has submitted their willingness to be re-appointed for further term. The valued shareholders may consider re-appointment M/s Maffel Haq & Co., Chartered Accountants, as the Auditors of the company for the next term (for the year 2019) to continue until conclusion of the 24th AGM at fee of Taka 1,65,000/-(one lac sixty five thousand) only including tax and VAT.

Acknowledgement

The Board of Directors has the opportunity to convey heartiest appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation for the last year. The Board also expresses special gratitude to Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for the co-operations, assistances, valuable guidance and advices extended by them to the company from time to time. Sincere appreciation of the Board of Directors is also to the senior management and members of the staff of all levels of the company for their hard work, loyalty, sincerity and dedication. Finally, the Directors offer thanks to the valued shareholders and assure them that efforts will be continued to maximize the shareholders' wealth through further strengthening the governance of the company. The Directors welcome, and remain ready to listen to, the constructive criticisms at all times and will make appropriate decisions in the greater interest of the company.

For and on behalf of the Board of Directors



Mohammed Nasir Uddin Chowdhury
Chairman
Dhaka, June 26, 2019

Report on Economic Scenario, Industry Outlook and Possible Future Developments in the Industry

Macro-Economic Condition

The Bangladesh Economy has been able to maintain sustained economic growth. The economy grew at a rate of 7.86 percent in FY2017-18, satisfactorily up from 7.28 percent growth in FY2016-17. The per capita national income reached US$1,751 in FY2017-18, up by US$141 a year earlier. Continuing the declining trend since FY2013-14 year-on-year inflation in FY2017-18 slid down to 5.78 percent. With a growth rate of 14.78 percent revenue receipt in FY2017-18 also remained at satisfactory level. Exports registered an increase of 5.81 percent and import increased by 25.23 percent in FY2017-18. Remittances inflow rebounded by 17.33 percent. Due to deficits in the current account, the surplus in capital and financial account left the overall balance of the Balance of Payment (BoP) account in deficits. Despite deficit in BoP foreign exchange reserve still remained steady. At the end of 30 June 2018 foreign exchange reserve stood at US$32,916 million which is sufficient for maintaining 6 month import payment. During the period, exchange rate broadly remained stable. Private sector credit grew at 16.95 percent. The GDP under the Medium-Term Macroeconomic Framework (MTMF) has been projected to grow at the rate of 7.8 percent in FY2018-19 which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, and sound implementation of the reform activities.

During FY2017-18, domestic savings reached 22.83 percent of GDP, down by 2.50 percentage points from the previous year. During the same period, national savings as percent of GDP declined to 27.42 percent from 29.64 percent. On the other hand, investment in FY2017-18 increased to 31.23 percent of GDP, up by 0.72 percentage point from the preceding fiscal year. Of this, the share of private investment stood at 23.26 percent of GDP, slightly higher than the previous year and that of public investment augmented to 7.97 percent of GDP, moderately higher than the previous fiscal year (7.41% of GDP).

Monetary Policy stance for FY2017-18 was formulated with the target of keeping inflation below 6 percent as well as attaining GDP growth rate at 7.4 percent. At the first half of the fiscal year export growth remained moderate, import growth was strong and private sector credit growth remained uptrend, and constraint to infrastructure development was also eased to some extent. On the whole, strong domestic demand and investment activities, aided by strong private sector credit growth and increased inflows from exports, remittances, FDI inflows and medium and long-term foreign loans contributed GDP to grow robustly. Broad money (M2) and Reserve Money (RM) were projected at 13.30 and 12.00 percent subsequently and considering swelling of liabilities from import payments, Net Foreign Asset (NFA) was projected at nearly zero percent (0.1%) at the 2nd half of monetary policy stance. From the latest available data, broad money growth stood at 9.24 percent during FY2017-18 which was 10.88 percent in FY2016-17. Broad money growth slowed down due mainly to negative growth in NFA. It can be noted that NFA decreased by 0.86 percent during FY201718, while it was increased by 14.40 percent in the same period of the previous fiscal year. However, private sector credit experienced a robust growth of 16.95 percent during FY2017-18, above the target level of 16.8 percent emanated from strong domestic demand and investment activities. Net Domestic Assets (NDA) as well as domestic credit also experienced a strong growth in FY2017-18 due mainly to increase in private sector credit growth. NDA grew by 12.84 percent during FY2017-18 compared to 9.68 percent increase in the same period of previous fiscal year.

The growth of domestic credit stood at 14.71 percent in FY2017-18 compared to 11.16 percent in FY2016-17. Of which private sector credit growth stood at 16.95 percent in FY2017-18 against 15.66 percent of the previous fiscal year. Net credit to the government decreased by 2.52 percent at the end of June 2018 compared to 14.78 percent decrease in the previous year. In FY2017-18, the share of government (excluding others public sector) and private sector credit to total domestic credit stood at 9.29 percent and 88.83 percent respectively.

The weighted average lending rate of commercial banks increased to 9.95 percent at the end of June 2018 from 9.56 percent of end June 2017. Similarly, the deposit rate increased to 5.50 percent in June 2018 from 4.84 percent in the same period of previous year. The interest rate spread slightly decreased to 4.45 percent at the end of June 2018 from 4.72 percent of June 2017 as well.

Industry Outlook and Possible Future Developments in the Industry

Non Bank Financial Institutions (NBFIs or FIs) are those types of financial institutions which are regulated under Financial Institution Act 1993 and controlled by Bangladesh Bank. Now, 34 FIs are operating in Bangladesh while the maiden one was established in 1981. Out of the total, 2 is fully government owned, 1 is the subsidiary of a SOCB, 15

were initiated by private domestic initiative and 15 were initiated by joint venture initiative. Major sources of funds of FIs are Term Deposit (at least three months tenure), Credit Facility from Banks and other FIs, Call Money as well as Bond and Securitization. The money market comprises banks and non bank financial institutions as intermediaries, 20 of them are primary dealers in treasury securities. Interbank clean and repo based lending, BB's repo, reverse repo auctions, BB bills auctions, treasury bills auctions are primary operations in the money market, there is also active secondary trade in treasury bills (upto 1 year maturity).

The Medium-Term Macroeconomic Framework (MTMF), 2019-2021 envisaged the macro-economic and fiscal indicators for the FY2018-19 and the projection of two outer fiscal years. Based on the prospects and potential risks in global and domestic economic context, GDP, under MTMF, has been projected to grow at an average rate of 7.6 percent over short and medium term and predicted to attain a growth of 8.2 percent in FY2020-21. Investment as percent of GDP is expected to increase to 33.5 percent in FY2018-19 from 31.5 percent in FY2017-18. If this trend continues investment is likely to be 35.3 percent of GDP in FY2020-21, of which the investment of private and public sectors is expected to be 26.2 percent and 9.0 percent of GDP respectively.

A broad-based pickup in economic activity continued in the first half of the FY2018-19 (H1FY19), driven by robust domestic and export demand. Moderate private sector credit growth together with a rebound in exports and remittance inflows helped boost consumption demand. At the same time, aided by favorable financing conditions and fiscal policy supports, public and private investment remained buoyant. On the supply side, the growth momentum was driven by the industry and the service sectors and the recovery in the agriculture sector from the flood related output loss of the previous fiscal year.

During H1FY19, domestic credit growth gradually picked up, reaching 13.3 percent in December 2018 and supporting domestic demand, while remaining within the programmed target of 15.9 percent, as the pick-up in credit to the public sector (13.3 percent in December 2018 and above the programmed target of 8.6 percent) more than compensated the moderation in private sector credit growth to 13.3 percent. The private sector credit growth trajectory reflected a combination of demand and supply factors, including the base-effects of a five-year high growth in the previous fiscal year, the liquidity impacts from a negative net foreign asset growth (-0.2 percent in December 2018), some rigidity in interest rate flexibility, and the moderation of pre-election investment-related credit demand, as observed in most developing economies.

In December 2018, Moderate movement of monetary aggregates, with M2 and M3 growth at 9.4 and around 11.5 percent respectively which is close to or below the nominal GDP growth and the program ceiling of 10.2 percent M2 growth, supported price stability. The onset of the reversal of the sizeable current account deficit of FY2017-18 (3.6 percent of GDP) contributed to easing of the liquidity tightening cycle from the corresponding negative NFA growth (-4.2 percent in FY2017-18). During H1FY19, the current account deficit benefitted from a moderation of import growth (5.7 percent in December 2018) from a peak of over 25 percent a year ago, favorable global commodity prices, and a pickup in export growth at 14.4 percent and remittance growth at over 8.0 percent. The improving current account dynamics and BB's policy measures, including foreign currency sales of around 1.3 billion US dollars (till January 27, 2019), helped avoid excessive volatilities in the foreign exchange market. The monetary policy actions in April 2018, along with the steady course of policy rates as laid out in the previous monetary policy statement, helped ensure adequate and well-distributed supply of liquidity in the financial system, with call money rates ranging between 2-4 percent in recent months. Monetary aggregates in line with the monetary program and favorable domestic and global food and energy prices facilitated to curb the inflation. Average (12-month) inflation moderated to 5.54 percent in December, 2018 in line with the Government's price objectives, although non-food inflation has steadily increased to 4.5 percent from the recent low of 3.5 percent a year ago.

BB's monetary and financial policies, in line with the Government's medium and long-term market development agenda and focus on achieving the SDGs by 2030, have long prioritized the government’s inclusive and sustainable growth agenda, by fostering price and financial stability. These growth supportive policies aim at creating more and better jobs in environmentally sustainable production pursuits, through supporting micro, small, and medium enterprises (MSMEs) in the manufacturing, agriculture and service sectors. The Monetary Program of Bangladesh Bank (BB) for the second half of the FY2018-19 (H2FY19) and the ongoing implementation of macro-prudential policies are aimed at providing adequate supply of quality credit to support the Government's growth and inflation targets,

while promoting domestic and external financial stability amid the shifting global and domestic risk considerations.

Given the near-term domestic and global inflation and growth outlook and the associated risks, repo and reverse repo rates will be maintained at its current level of 6.0 and 4.75 percent, respectively, for H2FY19. The H2FY1 9 monetary program targets broad money (M2) and domestic credit (DC) growth ceilings at 12.0 percent and 15.9 percent respectively, sufficient to accommodate real GDP growth of up to 7.8 percent and contain average annual CPI inflation rate within 5.6 percent. Public sector borrowing, projected to grow by 10.9 percent, in line with the recent borrowing trends and well above the FY2017-18 outturn of-2.4 percent, is expected to leave adequate space for private sector credit to grow within the FY2018-19 target ceiling of 16.5 percent. Beyond the program targets, BB plans to continue regular monitoring of the banks' adherence to the ALM and Foreign Risk Management guidelines, which have helped banks' better align their lending behavior with their deposit mobilization. With a significantly lower import growth accompanied by a more favorable performance in exports and remittance projected for FY19, current account deficits and overall balance of payments are expected to improve, contributing to a reserve money growth of 7.0 percent in FY19.

The lessons from other developing and emerging markets show that monetary transmission mechanism critically hinges on the size and quality of the financial system, which affects how effectively any changes in the short-term policy rates transmit to the medium and long-term interest rates faced by risk-free and risky borrowers in the banking system and in the capital markets. The transmission channel is therefore contingent of the two-way market flexibilities in both the interest rates and foreign exchange rates. As experienced by other emerging economies during their middle-income phase, improving monetary transmission mechanism goes hand in hand with increasing interest and foreign exchange rate flexibility, which are also preconditions for developing the markets and increasing the quality and quantity of investment financing that can create more and better jobs and support financial inclusion and external competitiveness.

Bangladesh Bank has long prioritized various measures, initiatives, and programs to nudge finance to address the long-term investment needs of the society and by avoiding short-termism and risks that often jeopardized financial stability across countries. By promoting financial inclusion, creating more and better jobs (including in MSME, agriculture, and green initiatives) and protecting the environment remain critical for Bangladesh in achieving the Sustainable Development Goals by 2030 and in successfully completing the middle income transitions.

[Source(s) : (1) Bangladesh Economic Review 2018, and (2) Monetary Policy, Bangladesh Bank]

Report on Corporate Governance

Corporate Governance refers to the processes of making and implementing decisions in accordance with the laws, rules, regulations, codes, guidelines, etc under which the functions of a corporate entity are operated, managed, controlled and regulated in order to ensure proper protection of the interests of its valued members and other stakeholders. Good Corporate Governance Philosophy establishes the mechanisms, processes and practices in a corporate entity for discharging the responsibilities and obligations of the members, the board and the senior management ethically to all the stakeholders through transparency, accountability and fairness, while protecting the interests of relevant stakeholders.

The Bangladesh Securities and Exchange Commission (BSEC) has imposed Corporate Governance Code (vide its Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018), all the conditions of which are mandatory to comply with by the issuers of securities listed with any stock exchange of Bangladesh. The main objective of issuance of the said code is to enhance corporate governance in the interest of investors and the capital market. MIDAS Financing Limited (MFL), being an NBFI, has to adhere to the provisions of Financial Institutions Act 1993 and various rules, regulations, guidelines, notifications, policies, etc issued from time to time by its primary regulatory authority the Bangladesh Bank.

As per the provisions of Articles of Association of MFL, the Board of Directors holds periodic meetings to resolve policy issues and strategies for achieving the organizational goal by the Management. The Board sets Vision, Mission and Objective of the Company as per guidelines of Bangladesh Bank and all other regulatory authorities. The Vision of MFL has been set as 'to be a leading financial institution of the country with diversified financial services contributing towards development of an enterprising society' while its Mission has been set as 'provide value added financial services to valued customers, strictly maintaining the ethical standard in financial operation'. The Board of Directors of MFL is committed to establish good corporate governance and to devote towards achieving excellence in its governance.

Main features of governance of MFL are summarized below:

A. Constitution of Board of Directors

The Board of Directors of MFL consisting of 10 (ten) Directors is standard in size. Diversity in constitution of the Board is ensured taking into consideration age, gender, experience, ethnicity, educational background, etc. The Directors hold regular meetings to ensure good communication and discussion on matters of importance for smooth operation of the Company. The Directors exercises their power collectively while remain liable for discharging responsibilities individually. The Board has laid down Code of Conduct for the Chairman, all other Directors and CEO.

B. Appointment of Independent Director(s)

MFL ensures effective representation of independent directors on its Board so that the Directors, as a group, includes core competencies considered relevant in the context of the company; for this purpose, MFL complies with the conditions related to selection, qualification and appointment of Independent Directors. The Board of MFL has included 2 (two) Independent Directors to ensure appointment of at least one-fifth of the total numbers.

C. Separation of Roles of Chairman and CEO

In MFL, separate individuals perform the functions of the Chairman and the CEO. The roles of the Chairman and the roles of CEO have been laid down by the Board.

D. Constitution of Sub-committees of the Board

For ensuring good governance in MFL, the Board has constituted (i) Executive Committee and (ii) Audit Committee as the subcommittees of the Board. Although constitution of a Nomination and Remuneration Committee is prescribed by in the Corporate Governance Code, the Board could not constitute it because Bangladesh Bank DFIM Circular Letter No. 18 dated 26.10.2011 prohibits NBFIs to form any committee other than Audit Committee and Executive Committee as a sub-committee of the Board. The Board has laid down respective roles and responsibilities of the Audit Committee and the Executive Committee.

E. Appointment of CFO, CS and HIAC

The Board of MFL has ensured appointment of 3 (three) individuals as Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit and Compliance (HIAC) and also defining their respective roles, duties and responsibilities.

F. Appointment and Independence of External/Statutory Auditor

The Board of MFL complies with all the requirements related to appointment of External/ Statutory Auditor. The Board also ensures that the external/ statutory auditors are

not engaged in any of the services that are not permissible. The external/ statutory auditor certifies that no partner or employee of the audit firm or his/her family member would possess any share of the company at least during the tenure of their audit assignment.

G. Reporting and Disclosures

The Directors confirm that all the reports, statements and disclosures have been made properly and in timely manner in order to ensure compliance with all applicable laws, rules, regulations, codes, guidelines and notifications.

H. Maintaining a website by the Company

MFL has an official website **[www.mfl.com.bd]** which is linked with the website of the stock exchanges and kept functional. The detailed disclosures as required under the listing regulations of the stock exchange(s) are made available on the website.

I. Governance of Subsidiary Company

MFL has one subsidiary company. Proper care is taken to ensure that compliance with the conditions applicable for good governance of MFL as holding company and also compliance with the conditions applicable for good governance of subsidiary company can be ensured.

J. Status of Governance and Corporate Governance Audit

The Directors of MFL cause to prepare a statement on the Status of Corporate Governance in prescribed format on yearly basis and disclose the same in the annual report. A Statement has been prepared for the year ended 31 December 2018.

K. Corporate Governance Audit

A Certificate regarding Corporate Governance and Compliance with the Corporate Governance Code for the year ended 31 December 2018 has been obtained from M/s Hawlader Maria & Co., Chartered Accountants. The Shareholders shall appoint the Corporate Governance Auditor of the Company for the year ending 31 December 2019 and to continue till conclusion of the 24th AGM of 2020.

Report of the Audit Committee

Introduction

Every Non-Banking Financial Institution (NBFI) is required to constitute an Audit Committee as per the Bangladesh Bank Guidelines on Internal Control and Compliance (ICC) Framework. In addition to that as per the Corporate Governance Code issued on 03 June 2018 by BSEC, every entity listed with stock exchange(s) shall have an Audit Committee as a sub-committee of the Board for ensuring good governance; the Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; the duties of the Audit Committee shall be clearly set forth in writing; the Audit Committee shall be responsible to the Board; if the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier; and a report on activities carried out by the Audit Committee shall be disclosed in the annual report of the company. Accordingly, this report is prepared.

Constitution and Composition

The Board of Directors ["the Board"] of MIDAS Financing Limited ["MFL" or "the Company"] had an Audit Committee in accordance with the Guidelines on Internal Control and Compliance (ICC) Framework of Bangladesh Bank and the Corporate Governance Guidelines issued in 2012 by BSEC. Since BSEC issued Corporate Governance Code on 03 June 2018 repealing the said Corporate Governance Guidelines, the Board reviewed the Constitution and Composition of the Audit Committee and approved a Revised TOR as per the new Code. Presently, the Audit Committee of MFL is as stated below :

Sl. No.	Name of Member	Status in the Organization	Status in the Committee
1.	Mr. Ghulam Rahman	Independent Director	Chairman
2.	Ms. Rokia Afzal Rahman	Director	Member
3.	Mr. M. Hafizuddin Khan	Director	Member
4.	Mr. Ali Imam Majumder	Director	Member
5.	Mr.Siddiqur Rahman Choudhury	Independent Director	Member

During the year 2018, Ms. Parveen Mahmud FCA also acted as member of the Audit Committee for a specific tenure. Mr. Ghulam Rahman joined as Independent Director of the Board with effect from 27.12.2018. The Company Secretary performs as the Secretary of the Committee.

Scope of Work of the Audit Committee

The scope of work of the Audit Committee of MFL is determined by directives, guidelines and code issued or imposed by its regulators i.e., Bangladesh Bank (BB) and BSEC. As per the Corporate Governance Code issued by BSEC, the duties of the Audit Committee shall be clearly set forth in writing. Accordingly, the Board has laid down the Terms of Reference (TOR) of the Audit Committee. As per the TOR, the scope of work of the Audit Committee include, but not limited to,

Overseeing-

(a) Internal Control System of the Company

(b) Risk Management Process of the Company

(c) Financial Reporting of the Company

(d) Activities of Internal Control and Compliance (ICC) department of the Company

(e) Hiring and Performance of the External Auditors

(f) Compliance with Regulatory Requirements and reviewing management letter issued by auditor, inspec tion report of Bangladesh Bank, etc.

Meetings of the Committee

During the year 2018 five meetings of the Committee were held. Attendance at the Audit Committee Meetings by the Members is summarized below:

Report of the Audit Committee

Name of Member	No. of Meetings	
	Held	Attended
Mr. Ali Imam Majumder	5	5
Ms. Rokia Afzal Rahman	5	5
Mr. M. Hafizuddin Khan	5	5
Mr. Siddiqur Rahman Choudhury	5	5
Ms. Parveen Mahmud FCA	5	3

All the Meetings of the Committee were presided over by the Chairman of the Committee. The Managing Director attended the meetings on invitation. The proceedings of the meetings are duly recorded and minutes are regularly placed before the Board of Directors.

Activities of the Committee

In order to discharge the duties and responsibilities of the Audit Committee during the year 2018 and during the period till preparation of this report, the Committee-

- provided assistance to the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business
- performed overseeing the financial reporting process, monitoring choice of accounting policies and principles, reviewing the adequacy of internal audit function and monitoring Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report,
- reviewed the systems and procedures to ensure that all transactions are completely and accurately recorded in the books of accounts
- reviewed along with the management, the annual, quarterly and half yearly financial statements before submission to the Board for approval
- reviewed statement of related party transactions submitted by the management
- reviewed the Management's Discussion and Analysis which will be disclosed in the Annual Report for the year 2018
- held meeting with the external auditors for review of the annual financial statements before submission to the Board for approval/ adoption
- performed overseeing hiring and performance of external auditors and the determination of audit fees
- reviewed the Management Letter issued by statutory auditors
- reviewed the processes for identification, recording, evaluation and management of all significant risks throughout the Company and the existing risk management procedures for ensuring an effective internal chging system
- monitored the procedures made by the management for building a suitable management information system (MIS) including computerization system and its application
- reviewed the financial statements and investments of the subsidiary company
- reviewed the non-performing loan of the company and recommended corrective measures
- recommended to focus on SME and Women entrepreneur financing and to form dedicated desk for women entrepreneurs.

Reporting

The Audit Committee reports on its activities to the Board. The minutes of the Committee were regularly placed before the Board. Pursuant to Condition No. 5(7) of the Corporate Governance Code, the Committee has prepared this report for approval by the Board and publication in the Annual Report. The Audit Committee did not find any conflict of interest or any fraud, irregularity or material defect in the Internal Control System. There are no infringement of laws, rules and regulations also. The Committee is of the view that the risks associated with the business of the Company are adequately controlled.

Acknowledgment

The Audit Committee expresses its sincere thanks to the members of the Board, Management and the internal and external auditors for their support in carrying out the duties and responsibilities of the Committee.



Ghulam Rahman
Chairman, Audit Committee

CORPORATE GOVERNANCE OF MIDAS FINANCING LIMITED

(Certificate on compliance of Corporate Governance)



Howlader Maria & Co.
Chartered Accountants

REPORT TO THE SHAREHOLDERS
OF
MIDAS FINANCING LIMITED ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code by MIDAS FINANCING LIMITED for the year ended on 31st December 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except as stated in the remarks column of the compliance status of the Code.

b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.

c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

d) The Governance of the company is satisfactory.

Dhaka,19th June 2019

Howlader Maria & Co.
Chartered Accountants

Annexure-C

[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. BOARD OF DIRECTORS:				
1(1)	Size of the Board of Directors: The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)	√		
1(2)	**Independent Directors:**			
1(2) (a)	At least one fifth (l/5) of the total number of Directors shall be Independent Directors	√		
1(2)(b)	**Independent Director means a Director :**			
1(2)(b)(i)	Who either does not hold share in the company or holds less than one (1%) shares of the total paid up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Banking Financial Institution (NBFI); and	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	√		
1(3)	**Qualification of Independent Director :**			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(3)(b)	**Independent director shall have following qualifications:**			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer :**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	**The Directors' Report to Shareholders:**			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by :-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders :-			
1(5)(xxiv)(a)	a brief resume of the director;	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on :-			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	**Meetings of the Board of Directors :** The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer :**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			Please refer to the note given below:
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			Do

Note: As explained in note under condition number 6, since no NRC was formed code of conduct for the Chairperson of the Board, other board members and Chief Executive Officer of the company remained pending.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2.	**GOVERNANCE OF BOARD OF DIRECTORS OF SUB SIDIARY COMPANY :**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3.	**MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER(CFO), HEAD OF INTERNAL AUDIT AND COMPLI ANCE (HIAC) AND COMPANY SECRETARY (CS) :**			
3(1)	**Appointment :**			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	**Requirement to attend Board of Directors' Meetings:** The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) :**			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief :			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	**BOARD OF DIRECTORS' COMMITTEE :**			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.			Please refer to the note given under Condition number 6

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5.	**AUDIT COMMITTEE :**			
5(1)	**Responsibility to the Board of Directors :**			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	**Constitution of the Audit Committee :**			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	**Chairperson of the Audit Committee :**			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	√		
5(4)	**Meeting of the Audit Committee :**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee :**			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission			N/A
5(6)	**Reporting of the Audit Committee :**			
5(6)(a)	**Reporting to the Board of Directors :**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	**The Audit Committee shall immediately report to the Board on the following findings, if any :-**			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	**Reporting to the Authorities :** If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	**Reporting to the Shareholders and General Investors:** Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
6.	**NOMINATION AND REMUNERATION COMMITTEE (NRC) : Please refer to the note given below:**			
6(1)	**Responsibility to the Board of Directors :**			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(2)	**Constitution of the NRC :**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All members of the Committee shall be nonexecutive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	**Chairperson of the NRC :**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders			
6(4)	**Meeting of the NRC :**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	**Role of the NRC :**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	**NRC shall oversee, among others, the following matters and make report with recommendation to the Board :**			
6(5)(b)(i)	**formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:**			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			

Note: As per DFIM Circular number 18 dated October 26, 2011 no Non-Banking Financial Institution can constitute any permanent or temporary or any sub-committee of the Board except the Executive Committee and Audit Committee. Since there is clear contradiction between the regulations of Bangladesh Bank and Bangladesh Securities & Exchange Commission, MIDAS Financing Limited kept formation of Nomination and Remuneration Committee pending.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7.	**EXTERNAL OR STATUTORY AUDITORS :**			
7(1)	**The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely :**			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8.	**MAINTAINING A WEBSITE BY THE COMPANY :**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9.	**Reporting and Compliance of Corporate Governance :**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

Compliance Report on BSEC's Notification

Compliance of Section 1.5(xxii)

Sl.No.	Name of the Directors	Meeting Held	Attended
1	Mr. Mohammed Nasir Uddin Chowdhury	15	14
2	Ms. Rokia Afzal Rahman	15	14
3	Mr. M. Hafiuzuddin Khan	15	15
4	Mr. Ali Imam Majumder	15	13
5	Mr. Siddiqur Rahman Choudhury	15	13
6	Mr. Abdul Karim	15	14
7	Ms. Parveen Mahmud FCA	15	09
8	Mr. S. M. Azad Hossain	15	15
9	Mr. Md. Shamsul Alam	15	15
10	Mr. Md. Shahedul Alam	15	10

Notes :

1. Mr. M. Hafizuddin Khan is a Director Nominated by MIDAS. For the current tenure he was appointed in place of Late Mirza Ali Behrouze Ispahani w.e.f. 28.02.2017. His tenure will be determined through retirement by rotation in the 23rd AGM, however, he will be eligible for re-election/ re-appointment.

2. Mr. Ali Imam Majumder served MFL as an Independent Director for 2 terms of 3 years each from 06.11.2012 to 05.11.2018. Subsequently, he was appointed as a Director Nominated by MIDAS in place of Ms. Parveen Mahmud FCA w.e.f. 27.12.2018. His tenure will be determined through retirement by rotation in the 23rd AGM, however, he will be eligible for re-election/ re-appointment.

3. Ms. Parveen Mahmud FCA served as a Director Nominated by MIDAS for a period from 28.12.2017 to 27.12.2018.

Compliance of Section 1.5(xxiii)

The Pattern of Shareholding

(As of 31 December 2018)

A.Parent/Subsidiary/Associated companies and other related party:

Name	Number of Share	Shares Held
Parent/Subsidiary/Associated companies and related party	0	0%

B. (I) Directors and their spouse and minor children:

Name	Designation	Number of shares	Amount (Taka)	Shares Held
Mr.Mohammed Nasir Uddin Chowdhury [Note 1]	Nominated by LankaBangla Finance Limited	7,514,100	75,141,000	5.680%
Ms. Rokia A. Rahman	Nominated by MIDAS	411,809	4,118,090	0.311%
Mr. Ali Imam Majumder [Note-2]	Nominated by MIDAS	0	0	0.000%
Mr. M. Hafizuddin Khan	Nominated by MIDAS	0	0	0.000%
Mr. Abdul Karim	Nominated by MIDAS	0	0	0.000%
Ms. Parveen Mahmud [Note-3]	Nominated by MIDAS	0	0	0.000%
Md. Shamsul Alam	Representative of General Shareholders Group.	12,039	120,390	0.009%
Mr. Md. Shahedul Alam	Representative of General Shareholders Group.	2,100,252	21,002,520	1.588%
Mr. S.M. Azad Hossain	Representative of General Shareholders Group.	220,000	2,200,000	0.166%
Mr. Siddiqur Rahman Choudhury	Independent Director	0	0	0.000%
Mr. Ghulam Rahman [Note-4]	Independent Director	114,345	1,143,450	0.086%
Mr. Mustafizur Rahman	Managing Director	0	0	0.000%

C. (ii) Chief Financial Officer, Company Secretary, Head of Internal AuditAnd their spouse and minor children:

Name	Designation	Number of shares	Amount (Taka)	Shares Held
Ms. Nasreen Ahmed	Chief Financial Officer	810	8100	0.000%
Md. Abdul Wadud	Company Secretary	0	0	0.000%
Mr. Ahmed Ibne Majid Khan	Head of Internal Audit	0	0	0.000%

D. Executives (Top 5 salaried employees of the company, other than Directors, CEO, CFO, and Head of Internal Audit)

Name	Designation	Number of shares	Amount (Taka)	Shares Held
Mr. Atiar Rahman Ansary	GM, Monitoring and Recovery	3,198	31,980	0.002%
Mr. Monirul Islam	GM, Business development	0	0	0.000%
Morsheda Hasin	AGM, CAD	0	0	0.000%
Mr. Shameem Ahmed	AGM, Admin, HR & EM	0	0	0.000%
Mr. SK Monirul Alam	AGM, Incharge of Khulna Branch	0	0	0.000%

E. Shareholders holding ten percent (10%) or more voting interest in the company:

Name	Designation	Number of shares	Amount (Taka)	Shares Held
MIDAS	Sponsor	39,753,742	397,537,420	30.049%
LANKABANGLA INVESTMENTS LTD.	Company	17,600,000	176,000,000	13.303%

Notes :

1. Mr. Mohammed Nasir Uddin Chowdhury was elected as chairman of the Board with effect from 1st April 2019.
2. Mr. Ali Imam Majumder retired from the post of Independent Director of the company with effect from 05.11.2018.
3. MIDAS withdrew its nomination of Ms. Parveen Mahmud and nominated Mr. Ali Imam Majumder as representative Director. Mr. Ali Imam Majumder was appointed as Director with effect from December 27, 2018.
4. Mr. Ghulam Rahman was appointed as an Independent Director with effect from December 27, 2018.
5. Mr. Shafiq-Ul-Azam was the Managing Director of the Company till 28 March 2019. As of 31 December 2018, Mr., Azam did not hold any share of the company.

CEO and CFO's statement on Financial Statements

Annexure-A
[As per condition No. 1(5) (xxvi)]

Date: 22 May 2019

The Board of Directors
MIDAS Financing Limited
MIDAS Centre (10th & 11th Floor),
House-05, Road-16(New)/ 27 (Old)
Dhanmondi, Dhaka-1209

Subject: Declaration on Financial Statements for the year ended on 31st December 2018.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of MIDAS Financing Limited for the year ended on 31st December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

(i) We have reviewed the financial statements for the year ended on 31st December, 2018 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Mustafizur Rahman
Managing Director

Nasreen Ahmed
Deputy General Manager
Finance, Accounts and Treasury

Report on Management of Risks and Concerns

MFL always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. The Directors believe that proper risk management is an essential part of the company's business. Identification, evaluation and elimination (or minimization) of risks constitute the risk management system. In view thereof, different committees, sub-committees, departments and units are in place to manage various risks associated with staffing, operation, finance, credit, liquidity, market, etc. MFL has established an Asset Liability Committee (ALCO), a Credit Risk Management (CRM) Department, a Credit Disbursement Department (CDD) and an Internal Control and Compliance (ICC) Department as a part of the risk management framework of MFL.

The Credit Risk Management (CRM) department scrutinizes the projects independently. It clearly identifies the exceptionally high risk sectors and checks lending to those projects that may be hazardous to the company's interests. The Asset Liability Committee (ALCO) is constituted by the company's senior management team which regularly evaluates issues related to market, credit and liquidity and formulates useful recommendations and takes appropriate measures to mitigate risks. The Credit Disbursement Department (CDD) and the Internal Control and Compliance Department (ICCD) are responsible for assessing the operational risks of the company and also for ensuring an appropriate framework to manage such risks.

In addition to the industry best practices for assessing, identifying and measuring risks, the Company 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 DFIM Circular No. 03 dated 24 January 2016.

The risks associated with the business of MFL and the framework of MFL managing thereof are stated below:

Credit Risk

Credit Risk, also known as counterparty risk, is the risk of loss due to a debtor's non-payment of a loan (either the principal or interest or both). Credit Risk may also be most simply defined as the potential that a loan borrower or counterparty will fail to meet its obligations in accordance with agreed terms. To encounter and mitigate credit risk, MFL employed multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by special assets management team, strong follow up of compliance of credit policies by internal audit department, 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

Market Risk is the probability of losing balance-sheet and off-balance-sheet assets arising out of volatility in market variables i.e., interest rate, exchange rate and prices of securities. The ALCO of MFL 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. To encounter market risk we are negotiating for facilities that match the maturity structure with ideal interest rate, maintaining a balanced diversification in investments and maintaining prudent provisioning policies. The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

Liquidity Risk

Liquidity Risk arises when a company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities. 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 operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. Appropriate internal

control measures are in place, at the Company, to address operational risks. The Company has also established an ICCD to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

Money Laundering and Terrorist Financing Risk

Money Laundering and Terrorist Financing Risk may takes two broad dimensions of (i) Business Risk and (ii) Regulatory Risk. Here Business Risk is the risk that MFL may be used for money laundering or terrorism financing, while Regulatory Risk is the risk that MFL may fail to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009. To minimize such risk, MFL has appointed Chief Anti Money Laundering Officer to lead/ guide the ICCD.

Additional Risks required to be addressed

The Integrated Risk Management Guidelines for Financial Institutions issued by Bangladesh Bank DFIM through Circular No. 03 dated 24 January 2016 explains a number of additional risks that NBFIs are now required to address to cover all the major aspects of risks which may arise at any point of time.

Strategic Risk

Strategic Risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, in-efficiencies in implementing business strategy, less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base.

Compliance Risk

Compliance Risk is the risk of legal sanctions, material financial loss or loss to reputation the NBFI may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk is sometimes also referred to as integrity risk because a NBFIs reputation is closely connected with its adherence to principles of integrity and fair dealing.

Reputation Risk

Reputational Risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public on the company. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

Environmental and Social Risk

Environmental Risk is a facilitating element of credit risk arising from environmental issues.

Disclosures on Capital Adequacy and Market Discipline under Pillar III

1) Scope of Application

Qualitative Disclosures:
(a) The Name of the top corporate entity in the group to which this guidelines applies.

MIDAS Financing Limited
(b) An outline of differences in the basis of consolidated for accounting and regulatory purpose with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g where the investment is risk weighted).

MIDAS Financing Limited is the owner of 99.9992% of shares (2,49,99,800 nos. of shares of Tk. 10 each) of MIDAS Investment Limited (MIL) which is fully consolidated.

(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

Not Applicable.
Quantitative Disclosures:
(d) The aggregate amount of capital deficiencies in all subsidiaries are not included in the consolidation that are deducted and the name(s) of such subsidiaries.

Not Applicable.

2) Capital Structure

Qualitative Disclosures:
(a) Summary information on terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier-I or Tier-II.

As per the guidelines of Bangladesh Bank, Tier-I and Tier-II Capital of the Company consists of as per following:

Tier- I	Tier- II
Fully Paid up Capital	General provision
Share premium account	Revaluation reserves
Statutory reserve	50% of revaluation reserve of fixed assets
Retained earnings	45% of revaluation reserve on securities All other preference shares

Quantitative Disclosures:
(b) The amount of Tier-I capital, with separate disclosure of:

Figures in BDT Crore

Partculars	Solo	Consolidated
Paid up capital	132.30	132.30
Non-repayable share premium account		
Statutory reserve	8.25	8.25
General Reserve & other reserve		
Retained earning	3.79	4.67
Dividend equalizaton account		
Total Tier-I capital	**144.34**	**145.22**
(c) The total amount of Tier-II capital	**6.84**	**6.84**
(d) Other deductions from capital	**-**	**-**
(e) Total eligible capital	**151.18**	**152.06**

3) Capital Adequacy

Qualitative Disclosures:
A summary discussion of MFL's approach to assessing the adequacy of its capital to support current and future activities.

Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

MFL has applied Standard approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operation Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying capital charge for market risk and operational risk by reciprocal of the minimum capital adequacy ratio and adding the resulted figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Capital as numerator to derive Capital Adequacy Ratio.

Strategy to Achieve the Required Capital Adequacy:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy
- Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- Raise fresh capital by issuing bonus share/right issue

Quantitative Disclosures:

Figures in BDT Crore

Partculars	Solo	Consolidated
(a) Capital requirement for Credit Risk	834.64	834.05
(b) Capital requirement for Market Risk	43.06	60.26
(c) Capital requirement for Operational Risk	43.73	47.88

Total and Tier I capital ratio

Partculars	Solo	Consolidated
CAR on Total capital basis (%)	16.41	16.14
CAR on Tier 1 capital basis (%)	15.66	15.41

4) Credit Risk

Qualitative Disclosures:

(a) The general qualitative disclosure requirement with respect to credit risk including:
Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

Description of approaches followed for specific and general allowances and statistical methods.

Partculars	Rate
General provision on unclassified loan, leases	1%
General provision on unclassified SME loan, leases	0.25%
General provision on special mention account	5%
Specific provision on substandard loan, leases	20%
Specific provision on doubtful loan, leases	50%
Specific provision on bad/loss loan, leases	100%

Discussion on FI's credit risk management policy:

Implementation of various strategies to minimize risk:

To encounter and mitigate credit risk, the following control measures are taken place at MFL:

- Looking into payment performance of customer before financing;
- Strong follow up of compliance of credit policies by appraiser and credit department;
- Taking collateral, performing valuation and legal vetting on the proposed collateral;
- Seeking legal opinion from external lawyers for any legal issues if required;
- Regular review of market situation and industry exposures;
- Insurance coverage for funded assets;
- Annual review of clients.

In addition to the industry best practices for assessing, identifying and measuring risks, MFL also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described /stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

Separate Credit Administration Department

An independent Credit Administration Department is in place, at MFL, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

Special Recovery and Collection Team

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Compliance Department (ICC)

Appropriate internal control measures are in place at MFL. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

Credit Evaluation

To mitigate credit risk, MFL search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very

frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Biggest loans require scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

Credit Quality and Portfolio Management

MFL believes in diversification in terms of products as well as sectors. To mitigate the Credit Risk, the company diversifies its loan exposure to different sectors confirming the Central Bank's requirements. Threshold limit is set for any sector so that any adverse impact on any industry has minimum effect on MFL's total return. Central Bank's instructions are strictly followed in determining Single Borrower/Large Loan limit. Significant concentration of credit in terms of group/sector or geographical location is carefully avoided to minimize risk.

Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

Quantitative Disclosures:

(b) Total gross credit risk exposures broken down by major types of credit exposure

Figures in BDT Crore

Partculars	Solo	Consolidated
Lease receivable	80.13	80.13
Term finance	775.14	751.68
Housing finance	135.03	135.03
Staff Loan	3.15	3.15
Consumer credit	0.34	0.34
Interest receivable	34.94	34.94
Total	**1,028.73**	**1,005.27**

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure

Figures in BDT Crore

Area	Solo	Consolidated
Dhaka	649.21	625.75
Chattogram	277.92	277.92
Khulna	45.34	45.34
Rajshahi	56.26	56.26
Total	**1,028.73**	**1,005.27**

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure

Partculars	Figures in BDT Crore
Trade and Commerce	248.90
Garments and Knitwear	12.78
Textile	111.42
Food Production/Processing Industries	80.02
Leather & Leather Goods	3.37
Iron, Steel & Engineering	109.98
Pharmaceuticals and Chemicals	16.34
Telecommunication/Information Technology	0.08
Paper, Printing and Packaging	17.82
Jute & Jute Products	0.60
Ship Manufacturing Industry	24.54
Agriculture	13.24
Real Estate & Housing	139.39
Merchant Banking /Loan against Lien of Securities	32.23
Others	202.39
In-house Employees' Loan	3.92
Cement and Allied Industry	2.19
Plastic Industry	9.52
Total	**1,028.73**

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Partculars	Figures in BDT Crore
Repayable on demand	71.13
Not more than 3 months	61.14
Over 3 months but not more that 1 year	300.64
Over 1 year but not more than 5 years	362.84
Over 5 years	232.98
Total	**1,028.73**

(f) By major industry or counterparty type

i) Amount of impaired loans and if available, past due loans, provided separately

Partculars	Figures in BDT Crore
Gross non-performing assets (NPA)	128.45
NPAs to gross loans and advances (in%)	12.49%

ii) General and Specific provisions

Partculars	Figures in BDT Crore
Provision on unclassified loans and advances	6.84
Provision on classified loans and advances	33.05
Provision for off balance sheet exposures	-
Total	**39.89**

iii) Charges for specific allowances and charge-offs during the year.

(g) Gross Non Performing Assets (NPAs)

Movement of Non-Performing Assets (NPAs)

Partculars	Figures in BDT Crore
Opening Balance	102.34
Additions	26.11
Reductions	-
Closing Balance	**128.45**

Movement of Specific Provisions for NPAs

Partculars	Figures in BDT Crore
Opening Balance	32.29
Provisions made during the period	8.24
Write-off	(7.48)
Written-back of excess provisions	-
Closing Balance	**33.05**

5) Equities: Banking book positions

Qualitative Disclosures:

a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;

Investment in equity securities are broadly categorized into two parts:

i) Quoted Securities that are traded in the secondary markets. (Trading Book Assets).

ii) Unquoted Securities that are valued at cost price.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices. Both quoted unquoted securities are valued at cost and necessary provisions are maintained is the prices fall below the cost price.

Quantitative Disclosures:

b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share value where the share price is materially different from fair value.

Figures in BDT Crore

Partculars	Solo	Consolidated
Quoted shares (Market price)	21.53	30.13
Quoted shares (Cost price	26.55	37.93
Unquoted shares	2.26	3.62
Total unrealized gains (Losses)	(5.02)	(7.81)
Total latent revaluation gains (Losses)	-	-
Any amounts of the above included in Tier 2 Capital	-	-
Total	**28.81**	**41.55**

Capital requirements broken down by appropriate equity groupings, consistent with FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Risk-Market value of investment in equities is BDT 21.53 crore. Capital requirement is 10% of the said value which stands at BDT 2.15 crore.

General Risk-Market value of investment in equities is BDT 21.53 crore. Capital requirement is 10% of the said value which stands at BDT 2.15 crore.

6) Interest rate in the banking book

Qualitative Disclosures:
a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.MFL measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

Quantitative Disclosures:
b) The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

Interest Rate Risk-Increase in Interest Rate: (BDT in Crore) Where applicable

Figures in BDT Crore

Particulars	Maturity wise Distribution of Assets-Liabilities				
	1 to 30/31 day (One month)	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year
A. Total Rate Sensitive Liabilities (A)	147.20	112.47	179.75	113.48	117.46
B. Total Rate Sensitive Assets (B)	76.92	67.30	170.75	110.88	118.78
C. Mismatch	(70.28)	(45.17)	(9.00)	(2.60)	1.32
D. Cumulative Mismatch	(70.28)	(115.45)	(124.45)	(127.05)	(125.74)
E. Mismatch (%)	(47.75%)	(40.16%)	(5.01%)	(2.29%)	1.12%

Interest Rate Risk			
Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	-	-	-
Net Interest Income (BDT in Crore)	(2.51)	(5.03)	(7.54)
Revised Regulatory Capital (BDT in Crore)	148.66	146.14	143.63
Risk Weighted Assets (BDT in Crore)	921.43	921.43	921.43
Revised CAR (%)	16.13%	15.86%	15.59%

7) Market Risk

Qualitative Disclosures:

Views of BOD on trading/investment activities
All the Market risk related policies/guidelines are duly approved by BOD. The BOD sets limits, reviews and updates the compliance on regular basis aiming to mitigate market risk.

Method used to measure Market risk
Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as because we do not have such balance sheet items.

Market Risk Management System

A system for managing Market Risk is in place where guideline has been given regarding long-term, short-term funding, liquidity contingency plan, local regulatory compliance, etc. Treasury manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner.

Interest Risk Management
Treasury Department reviews the risk of changes in the income of the company as a result of movements in the market interest rates. In the normal course of business, MFL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

Market analysis
Market analysis over interest rate movements are reviewed by the Treasury Department of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and earning value perspective.

GAP analysis
ALCO has established guidelines in line with central bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between rate sensitive assets and rate sensitive liabilities and takes decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

Continuous Monitoring
Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

Equity Risk Management
Equity Risk is the risk of loss due to adverse change in the market place of equities held by the Company.

Equity Risk is managed by the following manner
MFL minimizes the equity risks by portfolio diversification as per investment policy of the Company. The entire portfolio is managed by MIDAS Financing Limited.

Quantitative Disclosures:
The capital requirements for Market Risk:

Figures in BDT Crore

Partculars	Solo	Consolidated
Interest rate risk		
Equity position risk	43.06	60.26
Foreign Exchange Position and Commodity risk (if any)		

8) Operational Risk:

Qualitative disclosure:
Views of Board on the system to reduce Operational Risk:
All the policies and guidelines of internal control and compliances are established as per advice of the Board. The Board delegates its authority to Executive Committee and Managing Director. Audit Committee of the Board oversees the activities of internal Control and compliance as per good governance guideline issued by Bangladesh Securities and Exchange Commission.

Performance gap of executives and staff:
MFL's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the MFL family. We aim to foster a sense of pride in working for MFL and to be the employer of choice. As such there exists no performance gap in MFL.

Potential external events:
No such potential external event exists to raise operational risk of MFL at the time of reporting.

Policies and Procedure for mitigating operational risk:
MFL has also established a strong Internal Control and Compliance Department (ICC) to address operational risk and to frame and implement policies to deter such risks. ICC Department assesses operational risk across the company as a whole and ensures that appropriate framework exists to identify, assess and manage operational risk.

Approach to calculating capital charge for operational risk:
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. MFL uses basic indicator approach for calculating capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures:
Capital requirement for operational risk

Figures in BDT Crore

Partculars	Solo	Consolidated
Capital requirement for operational risk	43.73	47.88

Managing Director's Review



Distinguished Shareholders,

MIDAS Financing Limited (MFL) experienced another year 2018 which had been challenging as well as encouraging. By this time MFL has completed almost 24 years since its incorporation and has been continuing its operation as a Financial Institution for more than 19 years. From the management's point of view, I have reviewed the performance and achievements of the Company and would highlight them for your information and convenience.

- MFL has been able to rebuild its presence in the Financial Sector as a reputable Financial Solutions Provider through strengthening its position.
- The Portfolio of Consolidated Lease, Loans and Advances has been maintained at more than Taka Ten Thousand Million as of 31 December 2018 like previous year .
- Facing all the economic challenges, the consolidated net profit after tax became Taka 11.57 million for the year 2018 against Taka 217.95 million for the year 2017, and the consolidated EPS stood at Taka 0.09 for the year 2018 against Taka 1.81 for the year 2017. However, the Board recommends 2.5% Stock Dividend for the year 2018.
- Despite careful drive of the management, Non Performing Loan (NPL) has increased in 2018. NPL of the company has become to 12.49% as of 31 December 2018 while it was 9.92% as of 31 December 2017.
- Capital Adequacy Ratio (CAR) stood at 16.41% at the end of 2018 against the Bangladesh Banks stipulation of 10%. This shows our strength of capital and the commitment towards the compliance of regulatory framework. You know that CAR was 16.66% at the end of 2017.
- MIDAS Investment Limited (MIL), the only subsidiary company of MFL, completed its 2nd year of commercial operation as a full fledged merchant bank performing in the areas of merchant banking, portfolio investment, underwriting and issue management and has contributed in the income of MFL by Taka 25.41 million, net profit after tax, in 2018.
- MFL maintains strict ethical standards in its operation. It emphasizes on making contribution towards development of SMEs and women entrepreneurs, and also on extending credit facilities to agro based industries and focusing on green business and eco-friendly financing. MFL focuses not only on its business performance but also on its social commitments in the communities it operates.

Considering the ongoing local and global economic and political scenario, it can be predicted that the overall business environment will be favorable coupled with some challenges. However, under the guidance of the Board of Directors comprising renowned, highly knowledgeable and experienced personalities, and the relentless effort of the management team of MFL, we would be able to overcome the hurdles, minimize risks and maximize the optimum use of resources so as to maximize profit and ultimately to maximize the shareholders' wealth. In order to achieve this, we shall be careful of delivering quality services, offering innovative financial products, minimizing NPL and building quality portfolio with the planned concentration on SME Financing all over the country through our branch network

as well as corporate lending with target oriented and client based marketing.

We have planned and introduced to focus more on deposit mobilization from corporate and individual sources in order to reduce our dependence on commercial banks being funding source with high cost. The process of installing and implementing Core Banking Software (CBS) for automation of MFL's business is going in full swing. We hope that such automation will increase profitability by reducing overhead cost and enhancing efficiency of processes of the company. Moreover, we aim to recruit right persons for right positions, develop their competencies and capabilities through training, performance recognition and rewarding and try our best to retain the human resource of the company with competitive packages.

Finally, I am expressing gratitude to the honorable members of the Board for their active support and proper guidance. I also acknowledge the support and cooperation that the Company received from Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms, and Central Depository Bangladesh Limited. I would express sincere thanks to all of our customers, lenders and depositors who remained loyal to the Company and kept trust on the management. Our sincere thanks also goes to my team-mates and valuable staff for their contributions, hard work, loyalty, dedication, professionalism, positive attitude and commitment for achievements and performance in the year 2018 and paving the way forward in the years to come.

We look forward to your continued support, cooperation and guidance that are very essential and our constant source of encouragement and strength in the days ahead.

May Almighty bless us.
Wishing you all the best.



Mustafizur Rahman
Managing Director

Management Discussion and Analysis

World Economy

The steady expansion of global economy since mid-2016 continued in 2018. But weakening growth have become evident due to slowing down of global trade and investment on the back of increases in bilateral tariffs while many emerging market economies are experiencing capital outflows and a weakening of their currencies. The global economy looks set for a soft landing, with global GDP growth projected to slow from 3.7% in 2018 to 3.5% in 2019-20.

Capital flows, which had fuelled the expansion of emerging market economies, have been reversing towards advanced economies and especially the United States. Trade tensions have heightened uncertainty for businesses and risk disrupting global value chains and investment, especially in regions tightly linked to the United States and China. Political and geopolitical uncertainty has increased in Europe and the Middle East.

Political tensions other than trade have also grown. In the Middle East and Venezuela, geopolitical and political challenges have translated into more volatile oil prices. In Europe, Brexit is an important source of political uncertainty. It is imperative that the European Union and the United Kingdom manage to strike a deal that maintains the closest possible relationship between the parties. In some euro area countries, the exposure of banks to their government debt could weigh on credit growth if risk premium were to increase further, with dampening effects on consumption, investment GDP growth and ultimately jobs.

Growth performance for 2018 and the outlook for 2019 in the Euro Area are also anticipated to decline in 2018 and 2019 due to the Brexit and the recently adopted trade measures by the US administration. Among the emerging and the developing economies, China and a number of Asian economies are also expected to experience somewhat a weaker growth in 2019. Among the oil exporting countries, particularly the Middle East, growth received boost from higher oil prices, though price increases have sharply reversed since November 2018 from higher production.

The ongoing trade tension could have some positive spillover on the Bangladesh economy through higher demand for the Bangladeshi readymade garments. Global energy prices have sharply reversed during the last quarter of 2018. Since October 2018, crude oil prices declined by around 30 percent from their recent highs, reflecting both supply and demand factors. Although given the regulated domestic fuel prices in Bangladesh, oil price decline would have less immediate impact on inflation but it would have positive impact on the current account dynamics. Similarly, global food prices have declined during the second half of 2018 when food production in Bangladesh has also picked up in the aftermath of the floods in 2017. Both global and domestic commodity prices therefore have favorably lessened the short-to medium-term inflation risks in Bangladesh.

Bangladesh Economy

Bangladesh is undergoing a transformation from a low-income to a middle-income country. The Bangladesh economy experienced an impressive growth in FY18, underpinned by strong domestic and external demand, as reflected in buoyant public and private investment and consumption, driven by higher exports, remittances and private credit growth. During the period, a good harvest of food production may offset some inflation risks from the pass-through effects of global oil and commodity prices.

Bangladesh has achieved a recorded GDP growth of 7.9 percent in FY18, up from 7.3 percent in FY17. The robust growth mainly propelled by industry, agriculture and service sectors' activities. The key sectors, industry, services and agriculture grew by 12.1, 6.4 and 4.2 percent respectively.

The data of Bangladesh Bureau of Statistics (BBS) showed that GDP at current market price was BDT 22,504.8 billion for FY18 which was 13.9 percent higher than that of the preceding year. In FY18, per capita real GDP and GNI were estimated at BDT 62,477 and BDT 65,326 respectively. During the same period, per capita nominal GDP and GNI were estimated at BDT 137,518 (USD 1675) and 143,789 (USD 1751) respectively.

Sectoral Growth Rate of GDP

Growth decomposition shows that the industry sector appeared to attain the highest growth followed by services and agriculture sector.

Agriculture Sector

The growth in agriculture sector increased to 4.2 percent in FY18 from 3.0 percent in FY17. This growth in agriculture sector mainly aided by favorable weather, higher crop prices, and timely supply of inputs and finance.

Industry Sector

The industry sector, constituting around one-third of gross value-added (GVA) in the economy, grew by around 12.1 percent in FY18, up from 10.2 percent in FY17, led mainly by manufacturing and construction activities. The Growth in large and medium scale industry increased to 14.3 percent in FY18 from 11.2 percent in FY17, growth in electricity, gas and water supply increased to 9.2 percent in FY18 from 8.5 percent in FY17 and growth in construction increased to 9.9

percent in FY18 from 8.8 percent in FY17. The construction sector received a boost from the governments mega projects implementation. Growth in manufacturing sub-sector increased to 13.4 percent from 11.0 percent over the same period.

Service Sector

Despite some moderation, the service sector, comprising more than half of GVA, registered a modest growth of 6.4 percent in FY18. Within the sector, larger growth impulse primarily came from the wholesale and retail trade, transport and financial intermediation. The sub-sectors viz. wholesale and retail trade, transport and financial intermediation grew by 7.5, 6.6 and 7.9 percent in FY18 compared to 7.4, 6.8 and 9.1 percent in FY17, respectively.

Sectoral Share of GDP

Sectoral share of GDP shows that the service sector appeared to be the largest share followed by industry and agriculture sector. With the gradual upward trends of GDP, the sectoral composition of GDP has also been changing over the time. Contribution of agriculture sector has been declining and has shifted towards industry sector during the last several years. The contribution of the industry sector in GDP increased to 33.7 percent in FY18. The increasing share was mainly supported by the manufacturing and large & medium scale industries sub-sector whose share in GDP increased by 5.1 percentage points to 22.9 percent and 5.9 percentage points to 19.1 percent respectively in FY18. The share of agriculture slightly went down to 14.2 percent in FY18 from 14.7 percent in FY17.

Savings and Investment

Gross Domestic Savings (GDSs) at current market price stood at 22.83 percent of GDP in FY18, lower than 25.3 percent of GDP in the previous fiscal year. Gross National Savings (GNSs) decelerated to 27.42 percent of GDP in FY18 from 29.6 percent in FY17.

Investment as a percent of GDP accelerated to 31.23 percent in FY18 from 30.5 percent in FY17. Public investment to GDP ratio increased to 8.0 percent in FY18 from 7.4 in FY17. The ratio of private investment to GDP increased to 23.26 in FY18 from 23.1 in FY17. It maybe noted that private and public investment increased by 14.7 and 22.5 percent respectively in FY18 compared to in FY17.

Banking Sector

Banking sector passed a very challenging year 2018 amid liquidity crisis at the beginning and at the year end. Private sector credit growth hit 18.1 percent at the end of December 2017, up from the central bank's target of 16.2 percent for that corresponding monetary policy. In contrary, deposit growth remained sluggish and at December 31, 2017 it was reached at 10.6 percent from 13.13% at December 31, 2016. The overall credit growth in the Banking system recorded a higher growth than that of deposits in last three years. To check any possible liquidity pressure on the market due to excessive private sector credit growth Bangladesh bank has become stringent to the banks to follow AD(Advance to Deposit) ratio and slashed existing rates. It re-fixed AD ratio to 83.5% from existing 85% for all the conventional Banks and 89 percent from 90 percent for the Shariah-Based Islamic Banks. All these issues created liquidity pressure on Banks and financial institutions from the very ending of 2017 and continued to the first quarter of 2018. As a result business for Banking industry became tough and most of the Banks and Financial Institutions reduced fresh disbursement. Considering the liquidity pressure in money market and stakeholders necessity Bangladesh bank reduced CRR by 1 percentage, extended timeframe for maintaining new AD ratio. All these initiatives eased tight liquidity situation in the middle of the year but increased cost of fund of Banks and FIs. Frustratingly, liquidity situation tightened again at the end of the year heading National Election 2018.

Soaring Non-performing Loan (NPL) has been treated as number one problem in Banking sector, which pushed down overall financial health of Banks gradually. The volume of NPL jumped over nearly 26.38% percent or Taka 19,608 crore during 2018, the highest rise in seven years, exposing the precarious conditions of the banking sector. The amount of non performing loans(NPL) stood at Taka 93,911 crore at the end of 2018, up from Taka 74,303 crore a year ago. The NPL now accounted for 10.30% of the Banking sector's total loans, up from 9.31% in 2017.

Capital Market

2018 was a choppy year for Bangladesh Capital markets with several headwinds such as rising interest rates owing to liquidity crunch, historic high deficit in current account balance (USD 9.8 billion deficit in FY18), currency (BDT) depreciation on high import payment for importing capital machineries for mega infrastructure and power projects and payment for fuel oil import at high cost as well as tensions and expectations about the outcome of National General Election of 2018. Market in 2018 has consolidated its position on the base of 2017's staggering return of 24.0%. The market witnessed a reasonable correction of 13.8% in 2018.

Source: (1.) Bangladesh Bank Annual Report 2017-2018

Overview of the Financial Services Industry

The Bangladesh's financial services sector, comprising of a

range of institutions from Commercial and Specialized Banks (private and public), Non-Banking Financial Institutions (NBFIs), Insurance Companies, Co-operative Societies etc., are diverse and expanding rapidly. Over the years, the Government of Bangladesh has initiated several reforms to liberalize this industry and expand its reach to the un-Bank people in the rural and remote areas. Adding a further dimension, the Government and Bangladesh Bank have also allowed new entities such as Mobile Financial Services Provider to enter the financial sector.

Non-Bank Financial Institutions (NBFIs) have been playing a crucial role by providing additional financial services that is not usually provided by the banks. The NBFIs, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of the customers. The role of NBFI sector has been growing. The asset of NBFIs increased substantially by 17.82 percent to BDT 841.07 billion in December 2017 which was BDT 713.87 billion in December 2016. At the end of June 2018, total assets of NBFIs increased to BDT 870.30 billion.

Total deposits of the NBFIs increased to BDT 467.98 billion (64.41 percent of total liabilities) in December 2017 from BDT 382.43 billion (63.05 percent of total liabilities) in December 2016 showing an overall growth of 22.37 percent. At the end of June 2018, total deposit of NBFIs increased to BDT 480.1 billion.

Pursuant to the Corporate Governance Code, 2018 the following analysis in relation to the company's position and operations have been prepared:

(a) Accounting policies and estimation for preparation of financial statements

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23", December 2009 in conformity with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Financial Institutions. As Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Banks guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arises. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

(b) Changes in accounting policies and estimation

The principle accounting policies had been consistently maintained and in 2018 no accounting policies had been changed. The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods. During the reporting period the company did not change any basis of estimation.

(C) Comparative analysis of financial performance and financial position (based on consolidated financial statements)

The financial year 2018 has been challenging one with an operating environment, tight liquidity situation, constrained margins and rate volatility both deposits and loans rate. The company has ended the year with results that was not up to the mark.

MFL fared moderate performance in 2018 in terms of liquidity, solvency and profitability. Our focus remains on improving asset quality, recovering classified loans, enhancing service excellence and rationalizing costs. A brief analysis of this year's financial performance has been appended below:

Interest Income

In 2018 the company's interest income (as per consolidated financial statement), mostly from lease, loans and advances, increased by 1.41% i.e. BDT 1.51 crore from the last year which was almost same as 2017. Lease, loan and advances portfolio stood at Taka 1005.27 crore as of 31 Dec 2018 as against Taka 1009.94 crore as of 31 Dec 2017. Although, portfolio reduced slightly by Taka 4.67 crore, interest income increased due to slight increase in effective rate of interest.

Interest Expense

Company's interest expense on deposit and borrowing increased by 18.27% (BDT 14.11 crore) in 2018 compared to previous year. Bank and FI industry faced a sudden shortage of liquid funds in 2018 which forced banks and FIs to collect deposit and fund at higher rate. As a result, the average cost of fund of the company increased to 10.34% as on December 2018 compared to 9.16% in the previous year.

Net Interest Income

Slower growth in interest income and higher growth in interest expenses resulted negative growth in net interest income. Net interest income recorded 42% negative growth i.e. Taka 12.6 crore compared to last year.

Income from investment and other operating income

The year 2018 was a very difficult year for the capital market of Bangladesh. In 2018, Investment income of the company fell by Taka 3.07 crore, reflecting 38.71% de-growth compare to last year due to bearish capital market. Transaction volume in DSE decreased by nearly 39% and DSE general index decreased by 13.8% compared to last year. Liquidity shortage in the capital market and lack of confidence heading National Election 2018 fueled such falling of index. Moreover, provision for diminution in value of investment has increased by Taka 3.24 crore in 2018. Other operating income, mostly from Rental income, almost remained same in both the years.

Operating expenses

Operating expenses comprises of costs associated with compensation, premises rent, maintenances, legal expense, printing stationery, technology, depreciation of Fixed assets and other expenses. Over the years, compensation expenses have taken up a comparatively larger share of our total operating expenses. In 2018 65% (separate 71.52%) of total operating expenses comprised of compensation while in 2017 it was 63% (separate 70.35%). The company was able to retain operating expense at 5.51% growth compared to last year. Total operating expenses increased by Taka 0.95 crore from last year where maximum contribution came from Salary and allowances. MFL's growth in salary and allowances was 9%.

Net Operating Profit

Due to static interest income, higher borrowing cost and lower income from investment the company's operating profit reduced significantly compared to last year. Company's operating profit declined by Taka 16.62 crore which recorded almost 57% de-growth.

Provision for loans and investments

The company made provision for lease, loans and advances along with investments as per the guideline/ instruction of Bangladesh Bank. Due to reduction of loan portfolio and increase of classified loan the company's general provisions reversed and specific provision increased. Due to slump in capital market in 2018 the company's provision against investment in share market increased significantly. In totaling the company's provision in this head increased by 5 crore which was almost 1.5 times compared to last year.

Profit After Tax

Eventually, the profit after tax of the company decreased significantly and stood at Taka 1.16 crore due to the factors mentioned above. As a result, our earnings per share (EPS) in 2018 reduced to Taka 0.09 from 1.65 of last year 2017.

Outlook

Interest rates volatility during the year appears to have calmed down at the end and expected to have within a specific range as banks have already more or less adjusted their Advance to deposit (AD) ratio. Completion of mega infrastructure projects will boost economic activities which will extend the business of FI industry to a new landmark.

Loan portfolio

Money market of the country faced a severe liquidity crisis at the end of 2017 all on a sudden due to excessive credit growth as projected to respective monetary policy and showed a clear mismatch between deposit and credit growth. Instant controlling measures taken by central bank eased this tight situation in the middle of 2018 but reduced the overall credit growth of the industry. Aiming national election at the end of 2018 tighten the liquidity situation again. Like most other Financial Institutions the company also unable to maintain credit growth at expected level. At the end of the year 2018 the company's loan portfolio reduced to Taka 1005.27 crore from 1009.94 crore of 2017.

Non-performing loan(NPL)

In 2018 overall NPL in the banking sector increased significantly. At the end of end of 2017 NPL amount was Taka 74,303 crore which was increased to Taka 93,911 crore at the end of 2018. In percentage it was a record jump from 9.31% to 10.30%. Over the years MFL is trying to bring down its NPL at a tolerable limit. In 2017 the company was able to reduce its NPL at 9.92% from 12% of 2016. But, in line with the industry, NPL of the company increased again to 12.49% at the end of December 2018. However, the company is trying to reduce its NPL by ensuring rigorous monitoring, disbursement of quality portfolio and increasing asset quality.

Capital Adequacy Ratio

MFL has been maintaining the healthy CAR since long to comply with the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions.

Cash Flow Analysis

Particulars	2018	2017
Cash flow from operating activities	(29.54)	(16.84)
Cash flow from investing activities	(0.24)	(0.42)
Cash flow from financing activities	31.49	5.79
Net increase in cash and cash equivalents	1.71	(11.46)
Cash and cash equivalent at the beginning of the year	51.02	62.48
Cash and cash equivalent at the end of the year	52.73	51.02

Cash Flow from Operating Activities

Cash generated from operating activities before changes in operating assets and liabilities decreased by 29% in 2018 which was Tk. 8.82 crore compared to previous year. This decrease primarily came from increased payment of interest expenses. Net cash flow from operating activities decreased due to remarkable negative growth in deposit compared to last year.

Cash flow from investing activities

Cash outflow from investing activities mainly occurred due to purchase of fixed assets.

Cash Flow from financing activities

The company received a good amount of term loan during this year to compensate its outgoing deposits. During this year 2018 the company's net borrowing was recorded Taka 31.49 core as against Taka 5.79 crore of last year.

Overall scenario

The cash and cash equivalent balance of the company rose to Taka 52.73 crore at the end of 2018 compared to Taka 51.02 crore of 2017.

d) Comparative financial performances with the peer industry

Finance Industry

The finance industry is marked by high levels of competition with 34 NBFIs and 58 Banks operating in the same space. Three new more are coming soon.

This sector passed a very challenging year 2018 amid liquidity crisis at the beginning and at the year end. Record private sector credit growth and sluggish deposit growth at the end of 2017 created shortage of money flow in the banking sector. To check any possible liquidity pressure on the market Bangladesh Bank slashed Bank's existing AD ratio rate. As a result, business for Banking industry became tough and most of the Banks and Financial Institutions reduced fresh disbursement. Considering the liquidity pressure in money market and stakeholders necessity Bangladesh bank reduced CRR by 1 percentage, extended timeframe for maintaining new AD ratio. All these initiatives eased tight liquidity situation in the middle of the year but increased cost of fund of Banks and FIs. Frustratingly, liquidity situation tightened again at the end of the year heading National Election 2018.

Soaring Non-performing Loan (NPL) has been treated as number one problem in Banking sector, which pushed down overall financial health of Banks gradually. The share of classified loans rose to 10.30 percent of the total outstanding loans as of 31 December 2018 from 9.31 percent as of 31 December 2017.

(e) Risk and concerns as well as the mitigation plan related to the financial statements

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management have been described separately in this annual report.

(f) Future plan for Company's operation, performance and financial position

Company is planning to continue its operation with a steady outlook. Considering the market condition, MFL planned its budget for the year 2019 with a projection of disbursement of Taka 650 crore which is 38% more than the disbursement

figure of 2018. The Company expects to provide decent dividends to its shareholders in future years.

Looking Forward

The company, considering the overall situation, intends to achieve cautious and healthy growth in earnings in the following years with an expectation of improvement of the money market, capital market and economic activities in upcoming days. By tested goodwill, continuous process renovation, enhancing management excellence, relationship with the stakeholders, the company is preparing to reap the benefits from all the future prospects.



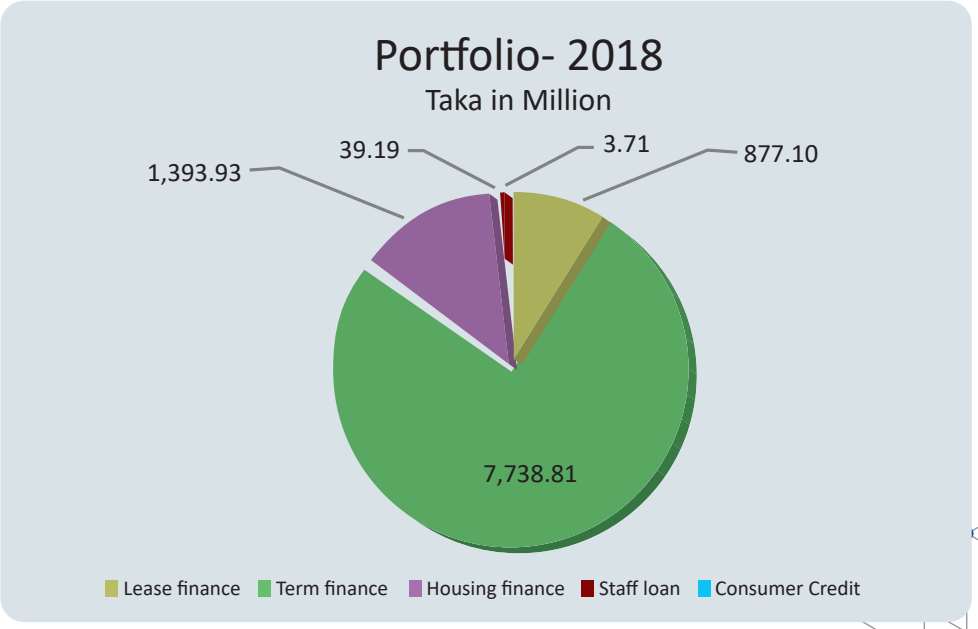
Mustafizur Rahman
Managing Director

Operational and Financial Highlights (Consolidated)

(Figures in million Taka except ratios and per share data)

Particulars	30-Jun-14	30-Jun-15	31-Dec-16	31-Dec-17	31-Dec-18
Loan disbursement	1,306.05	1,849.64	7,347.11	5,133.16	4,719.43
Lease, loans and advances	4,806.73	5,017.16	8,771.09	10,099.43	10,052.74
Profit before tax	(358.71)	52.05	351.25	254.80	38.16
Profit after tax	(370.70)	42.54	267.22	217.95	11.57
Shareholders' fund	242.94	886.82	1,154.04	1,440.52	1,452.09
Total deposit	3,011.79	3,185.03	6,656.21	7,742.49	7,263.64
Total balance sheet size	6,220.42	6,365.84	10,396.46	11,817.94	11,851.15
NPL ratio (%)	32.86%	21.73%	12.00%	9.92%	12.49%
Return on equity (average equity)	(86.55%)	7.53%	17.46%	16.80%	0.80%
Earnings per share (restated)	(2.80)	0.32	2.02	1.65	0.09
Net Asset Value Per Share(restated)	1.84	6.70	8.72	10.89	10.98

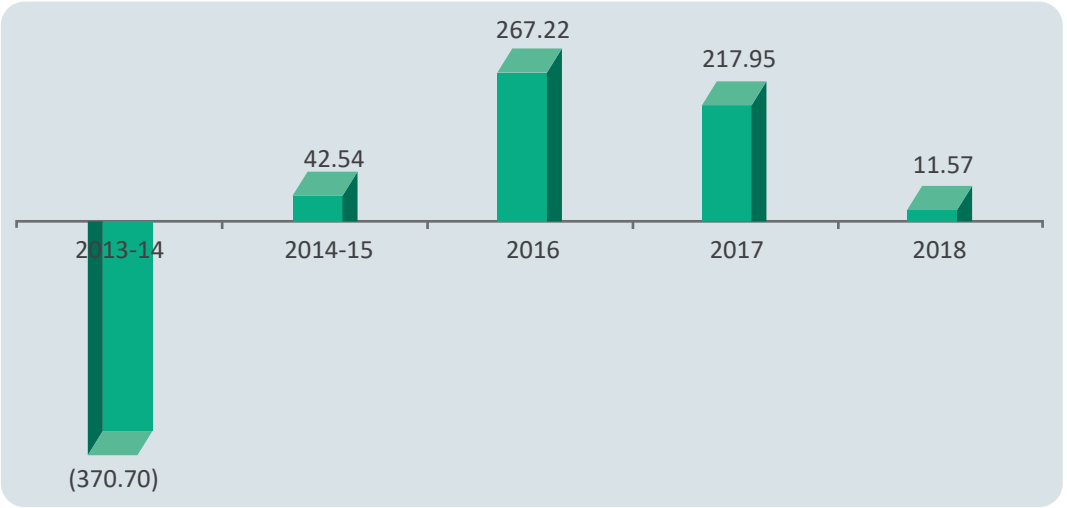
Figures as of 31 Dec 2016 stated above refers to data covering for 18 months (from July 01, 2015 to December 31, 2016) and as of that date.



Key Indicators

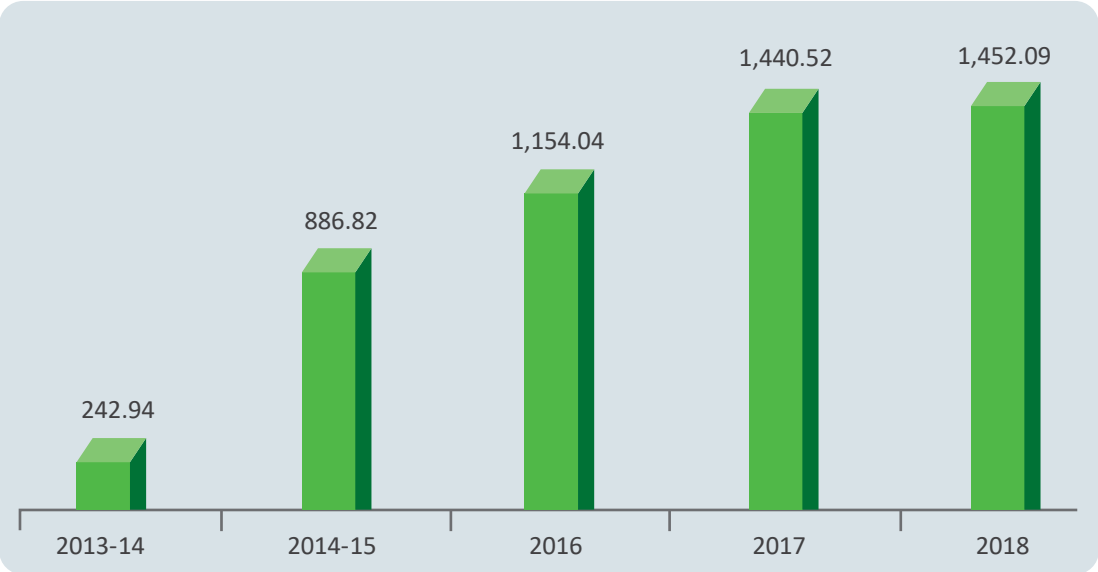
Net Profit after tax (Consolidated)

(Amount in Million Taka)



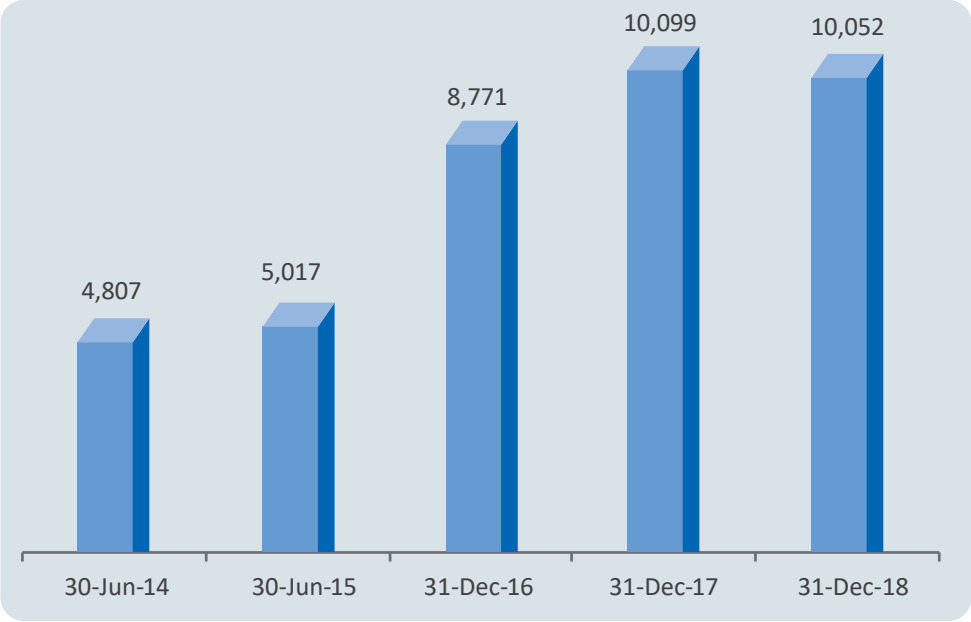
Shareholders' Equity

(Amount in Million Taka)



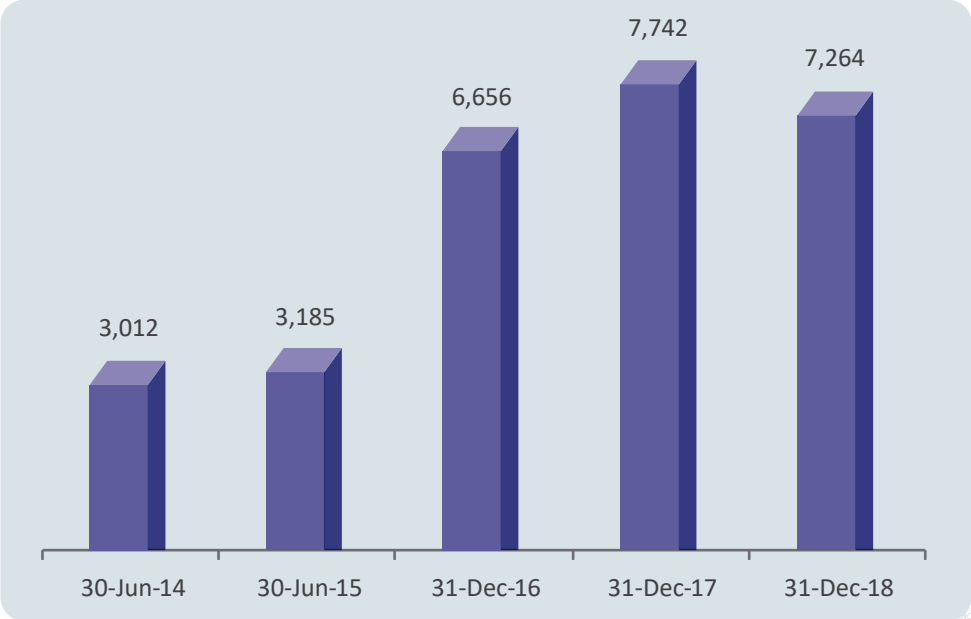
Lease, Loans and advances

(Amount in Million Taka)



Deposit

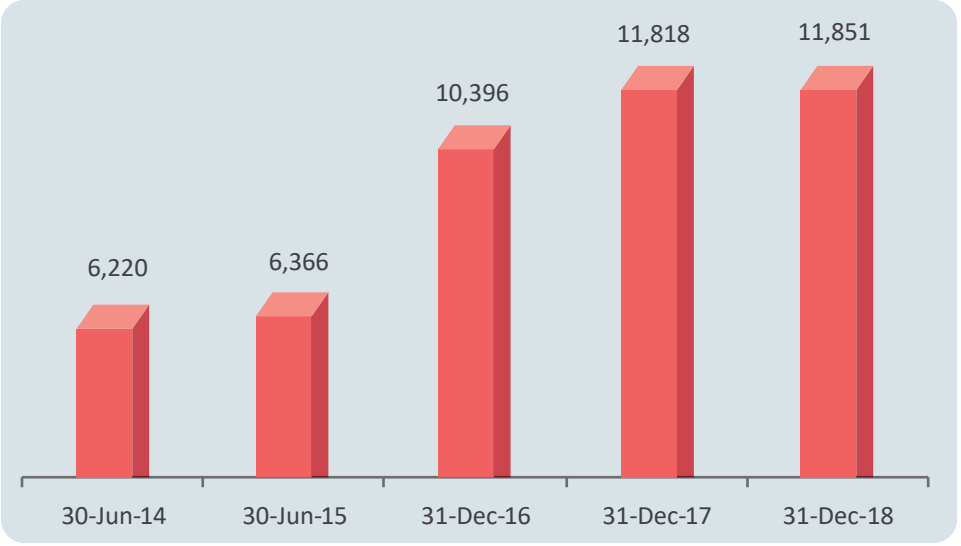
(Amount in Million Taka)



Key Indicators

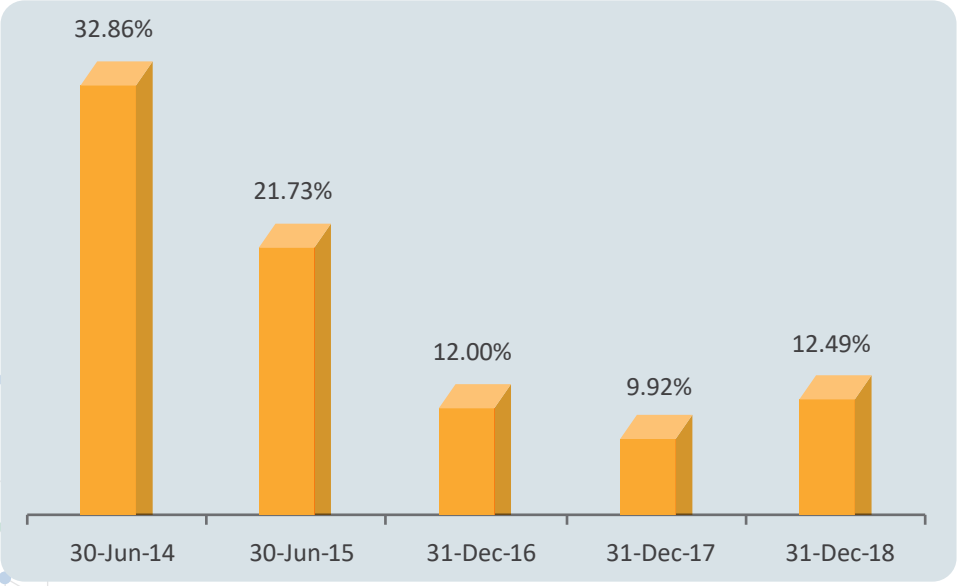
Total Assets

(Amount in Million Taka)

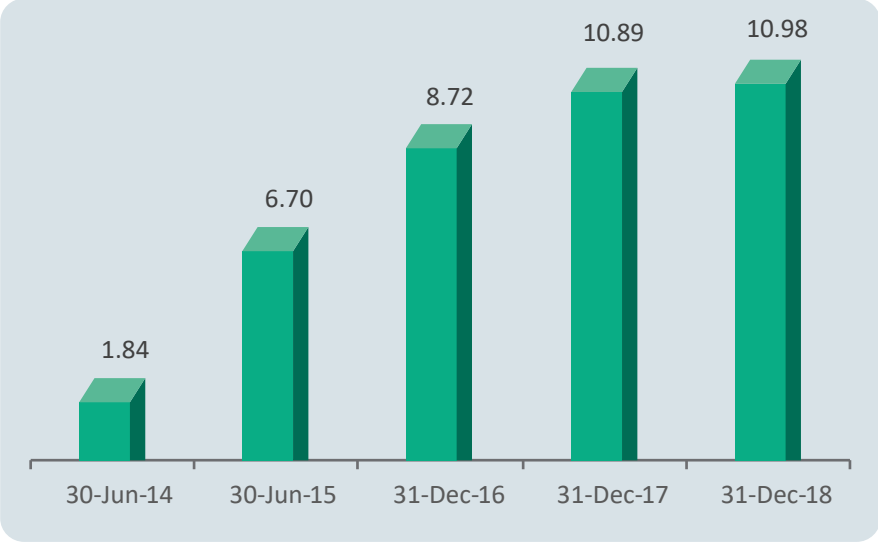


Non Performing Loan (NPL)

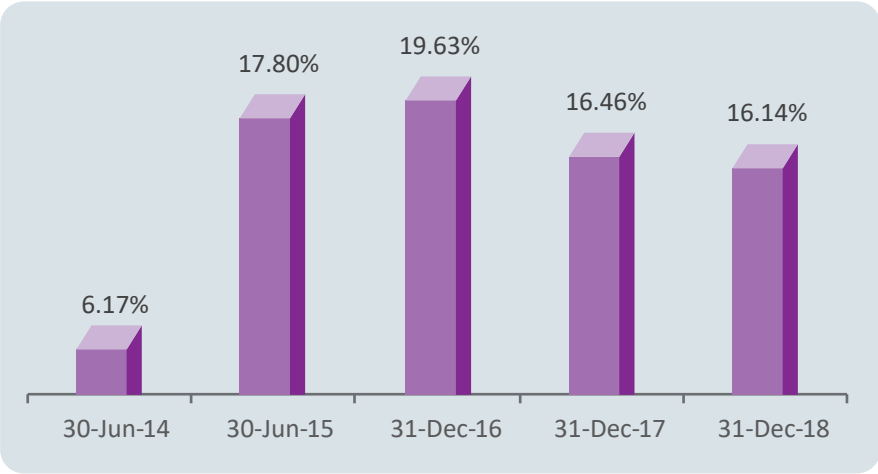
(% of total lease, loans and advances)



Net Asset Value (NAV) per share



Capital Adequacy Ratio (CAR)

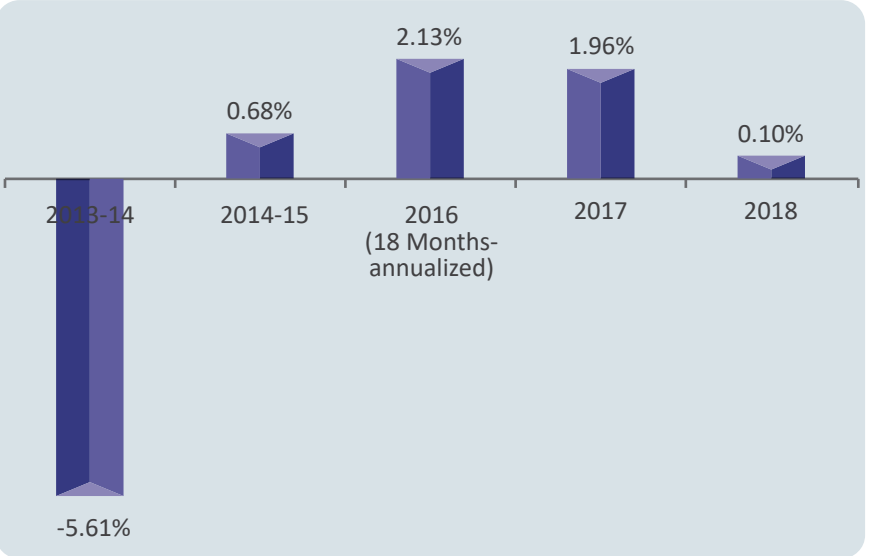


Key Indicators

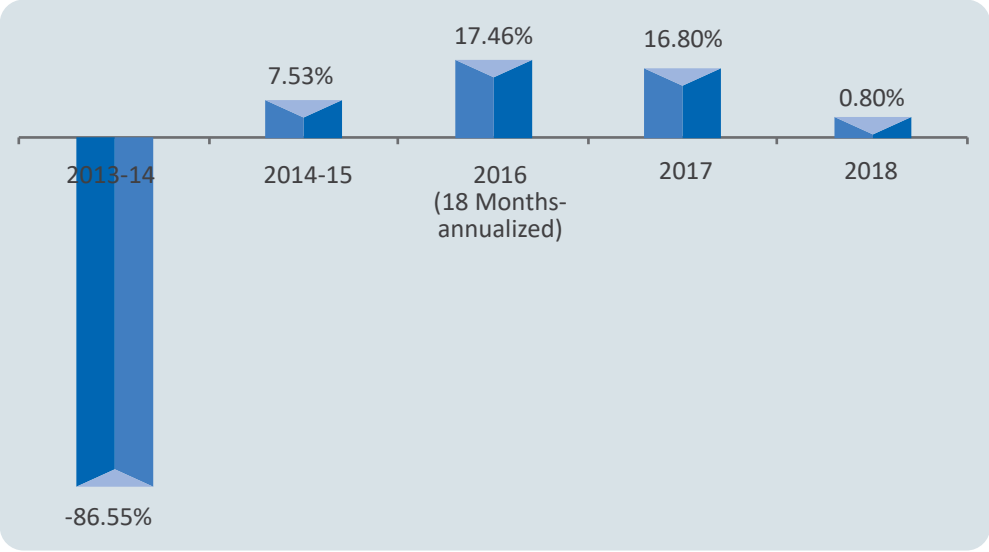
Earnings Per Share (EPS)



Return on Assets



Return on Equity



Value Added Statement

Value Added statement represents the value created by MIDAS Financing Limited and its subsidiary through operational activities and shows how it was distributed among the stakeholders to meet various obligation and reward those responsible for its creation. A portion of added value has also been retained in the company for future investment and expansion.

Taka in Million

particulars	For the year ended December 31, 2018		For the year ended December 31, 2017	
	Amount	%	Amount	%
Value added				
Net interest income	173.71	95.76%	299.73	77.29%
Investment Income	48.58	26.78%	79.25	20.44%
Fees and Other income	83.58	46.07%	83.68	21.58%
Operating expenses except salary & allowances, depreciation & amortization	(38.62)	(21.29%)	(39.46)	(10.18%)
Provision for loan, advances & investments	(85.85)	(47.33%)	(35.42)	(9.13%)
Total value added by the Company	**181.40**	**100.00%**	**387.78**	**100.00%**
Distribution of value added				
Employees				
As salary & allowances	125.44	69.15%	115.39	29.76%
Provider of capital				
Dividend to ordinary shareholders	33.07	18.23%	120.27	31.02%
Government				
Income Tax	26.59	14.66%	36.85	9.50%
Retained for business growth				
Earning retained in the Business	(21.50)	(11.85%)	97.68	25.19%
Depreciation and amortization	17.80	9.81%	17.59	4.54%
Total distribution	**181.40**	**100%**	**387.78**	**100%**

Market Value Added (MVA) Statement

Market Value Added statement reflects the company's performance evaluated by the market through the shares. MVA is the difference between total market value and total book value of the share of the company. A high MVA indicates that the company has created substantial wealth for its shareholders.

Particulars	2018	2017
Number of shares outstanding at the close of business	132,295,543	120,268,676
Market value per share (Taka)	24.90	44.70
Market Value of shares outstanding (Taka in Million)	3,294.16	5,376.01
Book Value of shares outstanding(Taka in Million)	1,322.96	1,202.69
Market Value added (Taka in Million)	1,971.20	4,173.32

Economic Value Added (EVA) Statement

Economic Value Added(EVA) statatement is value based financial performance measure which reflects the absolute amount of shareholders' value created or destroyed during each period. It provides a measurement of company's economic success or failure over a period of time. Company which earn higher returns than cost of capital create value, and company which earn lower cost of capital are deemed harmful for shareholders value.

EVA is calculated by applying following formula: EVA= Net operating profit-Tax-Cost of Capital.

Particulars	BDT in Million	
	2018	2017
Net Operating Profit	**124.01**	**290.22**
Provision for taxes	26.59	36.85
A) Net Operating Profit after tax (NOPAT)	97.42	253.37
Capital employed		
Shareholder's equity	1,452.09	1,440.52
Accumulated provision for doubtful accounts and future losses	437.99	420.29
Total Capital employed	1,890.08	1,860.81
B) Average capital employed*	1,875.45	1,746.11
Charges for capital		
Average Capital employed (B)	1,875.45	1,746.11
Cost of equity (%)**	9.54%	9.24%
C) Capital charge	178.92	161.34
Economic Value added (A-C)	**(81.50)**	**92.03**

* Average capital employed has been derived from average of current year and previous years.

** Cost of equity reflects shareholders' expected return. Ultimately, this is the opportunity cost for shareholders for investing their funds in the company. Interest on 10 years Government Treasury Bond plus a standard risk premium (for 2018,7.54%+2%; for 2017, 7.24%+2%) has been assumed to be the cost of equity.

Album

AGM 2018














USE ME
USE ME
USE ME
USE ME




Second Small and Medium Sized Enterprise Devel
Agreement Signing Ce
Between



Album

Projects Financed














এস এম ই ডে SME DAY
উদ্যোক্তা উন্নয়নে মাসিক মতবিনিময় সভা




এস এম ই ডে SME DAY







Album

National Dialogue for Women Entrepreneurs











Auditors' Report and Audited Financial Statements of MIDAS Financing Limited and its subsidiary

As at and for the year ended December 31, 2018



Mahfel Huq & Co.
Chartered Accountants
The first registered accounting firm in independent Bangladesh
An independent member firm of AGN International

BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000, Bangladesh
Tel: +88-02-9553143, 9581786
Fax: +88-02-9571005
E-mail : mh@mahfelhuq.com
Web: www.mahfelhuq.com

Independent Auditor's Report
To the Shareholders of MIDAS Financing Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MIDAS Financing Limited (the 'Group') and its subsidiary as well as the separate financial statements of MIDAS Financing Limited (the 'Company'), which comprise the consolidated and separate balance sheet as at December 31, 2018 and consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view, in all material respects, of the consolidated balance sheet of the Group and the separate balance sheet of the Company as at December 31, 2018 and of consolidated and separate profit and loss account and cash flows of the Company, Statement of changes in equity and notes to consolidated and separate financial statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the applicable sections of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 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 Consolidated and separate 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) and 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 judgment, 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 consolidated and separate financial statements as whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting .The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have conducted that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Information Other than the Consolidated and separate Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises all the information in the Annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in

BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000, Bangladesh
Tel: +88-02-9553143, 9581786
Fax: +88-02-9571005
E-mail : mh@mahfelhuq.com
Web: www.mahfelhuq.com

the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and separate Financial Statements and internal controls

Management is responsible for the preparation and fair presentation of the Consolidated and separate financial statements in accordance with IFRSs applicable sections of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations 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 Companies Act, 1994 requires the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the Consolidated and separate financial statements, management is responsible for assessing 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 Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 entity or business activities to express an

BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000; Bangladesh
Tel: +88-02-9553143, 9581786
Fax: +88-02-9571005
E-mail : mh@mahfelhuq.com
Web: www.mahfelhuq.com

opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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 company's 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:

a) 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;

b) financial statements of a subsidiary company, MIDAS Investment Limited, have been audited by HUDA HOSSAIN & CO., Chartered Accountants and have been properly reflected in the consolidated financial statements and issued unqualified reports;

c) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

d) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and profit and loss account of the Company together with annexed note from 1 to 41 dealt with by the report are in agreement with the books of account and returns, so far as it appeared from our examination on a test basis;

f) the expenditure incurred during the year were for the purpose of the business of the Company;

g) the consolidated financial statements of the Group and the separate financial statements of the Company have been drawn up in conformity with the Financial Institutions Act 1993 prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank to the extent applicable to the Company;

h) adequate provision 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;

i) 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;

j) the records and statements submitted by the branches have been properly maintained and recorded in the financial statements;

k) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

l) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

BGIC Tower (4th Floor)
34, Topkhana Road
Dhaka-1000, Bangladesh
Tel: +88-02-9553143, 9581786
Fax: +88-02-9571005
E-mail : mh@mahfelhuq.com
Web: www.mahfelhuq.com

m) 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;

n) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;

o) 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;

p) 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;

q) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1453 person hours for the audit of the books and accounts of the Company;

r) the Company has complied with the relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

s) the Company has complied with the 'DFIM Circular No. 11. Dated 23 December 2009' in preparing these financial statements;

t) All other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Dated: 22 May 2019

Mahfel Huq & Co.
Chartered Accountants

MIDAS Financing Limited and its subsidiary

Consolidated Balance Sheet

As at December 31, 2018

Particulars	Notes	Amount in Taka	
		31 Dec. 2018	31 Dec. 2017
PROPERTY AND ASSETS			
Cash		**189,417,493**	**195,587,763**
Cash in hand (Including foreign currency)	3(a)	14,154,758	14,749,782
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3(b)	175,262,735	180,837,981
Balance with other banks and financial institutions		**337,916,190**	**314,624,699**
Inside Bangladesh	4(a)	337,916,190	314,624,699
Outside Bangladesh		-	-
Money at call and short notice	5	-	-
Investments		**415,632,466**	**346,801,198**
Government		-	-
Others	6(a)	415,632,466	346,801,198
Lease, loans and advances	7(a)	**10,052,745,342**	**10,099,435,603**
Fixed assets including land, building, furniture and fixtures	8(a)	**483,984,362**	**499,654,700**
Other assets	9(a)	**290,689,747**	**281,069,208**
Non-banking assets	10	**80,765,467**	**80,765,467**
TOTAL ASSETS		**11,851,151,067**	**11,817,938,638**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	**1,709,739,099**	**1,394,821,193**
Deposits and other accounts		**7,263,640,563**	**7,742,485,146**
Term deposits	12(a)	7,243,261,829	7,725,037,322
Other deposits	12(b)	20,378,734	17,447,824
Other liabilities	13(a)	**1,425,678,535**	**1,240,111,777**
Total Liabilities		**10,399,058,197**	**10,377,418,116**
Capital/Shareholders' equity		**1,452,090,773**	**1,440,518,429**
Paid-up capital	14.2	1,322,955,430	1,202,686,760
General reserve	15	-	-
Statutory reserve	16	82,460,027	80,227,958
Retained earnings	17(a)	46,675,316	157,603,711
Non-controlling interest		**2,097**	**2,093**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**11,851,151,067**	**11,817,938,638**
CONSOLIDATED OFF - BALANCE SHEET ITEMS			
Contingent liabilities	18.1		
Acceptances and endorsements		-	-
Letters of guarantee		200,000,000	200,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
		200,000,000	**200,000,000**
Other commitments	18.2		
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		236,595,318	1,364,618,248
Claims against the bank not acknowledged as debts		-	-
Total		**236,595,318**	**1,364,618,248**
TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES		**436,595,318**	**1,564,618,248**
Net assets value (NAV) per share (2017:restated)	35(a)	**10.98**	**10.89**

The annexed notes 1 to 41 from an integral part of these consolidated financial statements

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the consolidated balance sheet referred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

Mahfel Huq & Co.
Chartered Accountants

MIDAS Financing Limited and its subsidiary

Consolidated Profit and Loss Account

For the year ended December 31, 2018

Particulars	Notes	Amount in Taka	
		2018	2017
Interest income	20(a)	1,087,241,771	1,072,106,375
Interest on deposits & borrowings, etc.	21(a)	913,533,757	772,373,827
Net interest income		173,708,014	299,732,548
Income from investment	22(a)	48,582,683	79,251,782
Commission, exchange and brokerage		1,200,000	1,000,000
Other operating income	23(a)	82,378,093	82,682,327
Total operating income		305,868,790	462,666,657
Salary and allowances	24(a)	119,096,576	109,045,336
Rent, taxes, insurances, electricity, etc.	25(a)	8,591,462	12,504,238
Legal expenses	26(a)	9,505,954	7,989,702
Postage, stamp, telecommunication, etc.	27(a)	2,660,385	2,968,414
Stationery, printing, advertisements, etc.	28(a)	3,715,346	3,272,981
Managing Director's salary and benefits	29	6,344,000	6,343,996
Directors' fees and expenses	30(a)	1,990,405	1,920,550
Auditors' fees		196,000	162,278
Depreciation and repair of Company's assets	31(a)	20,510,529	19,844,926
Other expenses	32(a)	9,244,363	8,392,513
Total operating expenses		181,855,020	172,444,934
Profit before provision		124,013,770	290,221,723
General provisions	33(a)	(10,409,138)	22,751,405
Specific provisions	33(b)	55,429,738	32,731,579
Diminution in value of investments	33 (c)	40,831,353	8,391,559
Other provisions	33(f)	-	(28,452,369)
Total provision		85,851,953	35,422,174
Total profit before tax		38,161,817	254,799,549
Current tax	33(d)	28,911,959	40,808,125
Deferred tax	33(e)	(2,322,690)	(3,962,690)
		26,589,269	36,845,435
Net profit after tax		11,572,548	217,954,114
Attributable to			
Shareholders of the Company		11,572,344	217,953,968
Non-controlling interest		204	146
		11,572,548	217,954,114
Appropriations to			
General reserve	15	-	-
Statutory reserve	16	2,232,069	45,450,766
		2,232,069	45,450,766
Retained surplus		9,340,275	172,503,201
Earnings Per Share (EPS) (2017:restated)	34(a)	0.09	1.65

The annexed notes 1 to 41 from an integral part of these consolidated financial statements.

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the consolidated profit and loss account referred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

Mahfel Huq & Co.
Chartered Accountants

MIDAS Financing Limited and its subsidiary

Consolidated Statement of Cash Flows

For the year ended December 31, 2018

Particulars	Notes	Amount in Taka	
		2018	2017
A) Cash flow from operating activities			
Interest received		1,084,294,189	1,035,084,327
Interest paid		(829,021,917)	(694,372,488)
Dividend received		7,455,233	7,706,502
Fees & commission received		1,200,000	1,000,000
Recoveries of loans previously written off		28,893,425	10,696,999
Cash payments to employees		(125,440,576)	(115,389,332)
Cash payments to suppliers		(3,715,346)	(3,272,981)
Income tax paid		(28,662,487)	(50,521,917)
Received from other operating activities		119,853,763	153,734,107
Payments for other operating activities		(34,487,283)	(36,187,866)
Operating profit before changes in operating assets & liabilities		**220,369,000**	**308,477,351**
Changes in operating assets and liabilities			
Purchases/sale of trading securities		(68,831,267)	(80,736,223)
Loans and lease finance to customers		(28,119,078)	(1,444,825,398)
Other assets		14,530,528	20,267,622
Deposits from banks & individuals		(478,844,583)	1,086,274,272
Other liabilities		45,490,190	(57,878,317)
Sub Total		**(515,774,210)**	**(476,898,044)**
Net cash from operating activities		**(295,405,210)**	**(168,420,693)**
B) Cash flow from investing activities			
Sales proceeds of fixed assets		41,000	493,400
Purchases of fixed assets		(2,432,475)	(4,663,155)
Net cash from investing activities		**(2,391,475)**	**(4,169,755)**
C) Cash flow from financing activities			
Increase/(decrease) of borrowings		314,917,906	57,936,434
Net cash from financing activities		**314,917,906**	**57,936,434**
D) Net increase/(decrease) in cash & cash equivalents (A+B+C)		**17,121,221**	**(114,654,015)**
E) Effects of exchange rate changes on cash & cash equivalents		**-**	**-**
F) Cash and cash equivalents at the beginning of the year		**510,212,462**	**624,866,477**
G) Cash and cash equivalents at the end of the year (D+E+F)*		**527,333,683**	**510,212,462**
***Cash and cash equivalents at the end of the year**			
Cash in hand (including foreign currency)	3(a)	14,154,758	14,749,782
Balance with Bangladesh Bank and its agent bank (s) (including foreign currency)	3(b)	175,262,735	180,837,981
Balance with other banks and financial institutions	4(a)	337,916,190	314,624,699
Total		**527,333,683**	**510,212,462**
Net operating cash flow per share (NOCFPS) (2017:restated)	36(a)	**(2.23)**	**(1.27)**

The accounting policies and explanatory notes form an integral part of these consolidated financial statements.

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the consolidated cash flow statement referred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

MIDAS Financing Limited and its subsidiary

Consolidated Statement of Changes in Equity

For the year ended December 31, 2018

Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance as at January 1, 2018	**1,202,686,760**	**80,227,958**	**157,603,711**	**1,440,518,429**	**2,093**	**1,440,520,522**
Items involves in changes in equity						
Profit/(loss) for the period	-	-	11,572,344	11,572,344	204	11,572,548
Transfer to statutory reserve	-	2,232,069	(2,232,069)	-	-	-
Stock dividend for 2017	120,268,670	-	(120,268,670)	-	(200)	(200)
Balance as at December 31, 2018	**1,322,955,430**	**82,460,027**	**46,675,316**	**1,452,090,773**	**2,097**	**1,452,092,870**
Balance as at December 31, 2017	**1,202,686,760**	**80,227,958**	**157,603,711**	**1,440,518,429**	**2,093**	**1,440,520,522**

The accounting policies and explanatory notes form an integral part of these consolidated financial statements.

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the consolidated statement of changes in equity referred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

MIDAS Financing Limited
Balance Sheet
As at December 31, 2018

Particulars	Notes	Amount in Taka	
		31 Dec. 2018	31 Dec. 2017
PROPERTY AND ASSETS			
Cash		**189,410,743**	**195,582,326**
Cash in hand (Including foreign currency)	3.1	14,148,008	14,744,345
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	175,262,735	180,837,981
Balance with other banks and financial institutions		**323,006,997**	**303,631,994**
Inside Bangladesh	4.1	323,006,997	303,631,994
Outside Bangladesh		-	-
Money at call and short notice	5	-	-
Investments		**288,117,557**	**273,725,149**
Government		-	-
Others	6	288,117,557	273,725,149
Lease, loans and advances	7	**10,287,318,648**	**10,315,899,131**
Fixed assets including land, building, furniture and fixtures	8	**292,696,313**	**303,926,690**
Other assets	9	**471,768,651**	**473,240,221**
Non-banking assets	10	**80,765,467**	**80,765,467**
TOTAL ASSETS		**11,933,084,376**	**11,946,770,978**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	**1,709,739,099**	**1,394,821,193**
Deposits and other accounts		**7,468,640,563**	**7,947,485,146**
Term deposits	12.1	7,448,261,829	7,930,037,322
Other deposits		20,378,734	17,447,824
Other liabilities	13	**1,311,358,789**	**1,172,279,060**
Total Liabilities		**10,489,738,451**	**10,514,585,399**
Capital/Shareholders' equity		**1,443,345,925**	**1,432,185,579**
Paid-up capital	14.2	1,322,955,430	1,202,686,760
General reserve	15	-	-
Statutory reserve	16	82,460,027	80,227,958
Retained earnings	17	37,930,468	149,270,861
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**11,933,084,376**	**11,946,770,978**
OFF - BALANCE SHEET ITEMS			
Contingent liabilities	18.1		
Acceptances and endorsements		-	-
Letters of guarantee		200,000,000	200,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
		200,000,000	**200,000,000**
Other commitments	18.2		
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		236,595,318	1,364,618,248
Claims against the Bank not acknowledged as debts		-	-
		236,595,318	**1,364,618,248**
TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES		**436,595,318**	**1,564,618,248**
Net assets value (NAV) per share (2017:restated)	35	**10.91**	**10.83**

The annexed notes 1 to 41 from an integral part of these financial statements.

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

The is the balance sheet refferred to in our sparate report of even date

Place: Dhaka
Dated: 22 May 2019

Mahfel Huq & Co.
Chartered Accountants

MIDAS Financing Limited
Profit and Loss Account
For the year ended December 31, 2018

Particulars	Notes	Amount in Taka	
		2018	2017
Interest income	20	1,111,373,843	1,097,907,498
Interest on deposits & borrowings, etc.	21	932,225,878	791,915,607
Net interest income		**179,147,965**	**305,991,891**
Income from investment	22	39,304,871	92,560,500
Commission, exchange and brokerage		1,200,000	1,000,000
Other operating income	23	47,525,200	53,093,140
Total operating income		**267,178,036**	**452,645,531**
Salary and allowances	24	114,637,256	106,126,368
Rent, taxes, insurances, electricity, etc.	25	8,070,941	9,786,946
Legal expenses	26	9,448,254	7,917,252
Postage, stamp, telecommunication, etc.	27	2,468,606	2,932,541
Stationery, printing, advertisements, etc.	28	3,676,411	3,050,971
Managing Director's salary and benefits	29	6,344,000	6,343,996
Directors' fees and expenses	30	1,885,568	1,765,005
Auditors' fees		150,000	127,778
Depreciation and repair of company's assets	31	14,544,530	14,311,392
Other expenses	32	7,971,189	7,557,752
Total operating expenses		**169,196,755**	**159,920,002**
Profit before provision		**97,981,281**	**292,725,529**
General provisions	33	(10,409,138)	22,751,405
Specific provisions	33	55,429,738	32,731,579
Diminution in value of investments	33	20,443,884	3,926,204
Other provisions	33	-	(28,452,369)
Total provision		**65,464,484**	**30,956,819**
Profit before tax		**32,516,797**	**261,768,710**
Current tax		22,428,779	38,455,551
Deferred tax		(1,072,328)	(3,940,671)
		21,356,451	**34,514,880**
Net profit after taxation		**11,160,346**	**227,253,830**
Appropriations to			
General reserve	15	-	-
Statutory reserve	16	2,232,069	45,450,766
		2,232,069	45,450,766
Retained surplus		**8,928,277**	**181,803,064**
Earnings Per Share (EPS) (2017:restated)	34	**0.08**	**1.72**

The annexed notes 1 to 41 from an integral part of this financial statements

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the profit & loss refferred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

Mahfel Huq & Co.
Chartered Accountants

MIDAS Financing Limited
Statement of Cash Flows
For the year ended December 31, 2018

Particulars	Notes	Amount in Taka	
		2018	2017
A) Cash flow from operating activities			
Interest received		1,108,426,257	1,060,885,450
Interest paid		(846,635,382)	(713,914,268)
Dividend received		5,401,098	19,575,497
Fees & commission received		1,200,000	1,000,000
Recoveries of loans previously written off		28,893,425	10,696,999
Cash payments to employees		(120,981,256)	(112,470,364)
Cash payments to suppliers		(3,676,411)	(3,050,971)
Income tax paid		(21,183,461)	(36,096,751)
Received from other operating activities		56,429,173	110,584,863
Payments for other operating activities		(31,954,933)	(32,128,025)
Operating profit before changes in operating assets & liabilities		**175,918,510**	**305,082,430**
Changes in operating assets and liabilities			
Purchases/sale of trading securities		(14,392,407)	(46,552,120)
Loans and lease finance to customers		(46,228,856)	(1,473,463,074)
Other assets		14,491,832	24,407,750
Deposits from banks & individuals		(478,844,583)	1,073,197,887
Other liabilities		48,544,796	(62,328,946)
Sub total		**(476,429,218)**	**(484,738,503)**
Net cash from operating activities		**(300,510,708)**	**(179,656,073)**
B) Cash flow from investing activities			
Sales proceeds of fixed assets		41,000	493,400
Purchases of fixed assets		(1,244,778)	(4,016,083)
Net cash from investing activities		**(1,203,778)**	**(3,522,683)**
C) Cash flow from financing activities			
Increase/(decrease) of borrowings		314,917,906	57,936,434
Net cash from financing activities		**314,917,906**	**57,936,434**
D) Net increase/(decrease) in cash & cash equivalents (A+B+C)		**13,203,420**	**(125,242,321)**
E) Effects of exchange rate changes on cash & cash equivalents		-	-
F) Cash and cash equivalents at the beginning of the year		**499,214,320**	**624,456,641**
G) Cash and cash equivalents at the end of the year (D+E+F)*		**512,417,740**	**499,214,320**
***Cash and cash equivalents at the end of the year**			
Cash in hand (including foreign currency)	3.1	14,148,008	14,744,345
Balance with Bangladesh Bank and its agent bank (s) (including foreign currency)	3.2	175,262,735	180,837,981
Balance with other banks and financial institutions	4	323,006,997	303,631,994
Total		**512,417,740**	**499,214,320**
Net operating cash flow per share (NOCFPS) (2017:restated)	36	**(2.27)**	**(1.36)**

The accounting policies and explanatory notes form an integral part of these financial statements

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the cash flow statement referred to in our separate report of even date.

Place: Dhaka
Dated: 22 May 2019

MIDAS Financing Limited
Statement of Changes in Equity
For the year ended December 31, 2018

Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total Equity
Balance as at January 1, 2018	**1,202,686,760**	**80,227,958**	**149,270,861**	**1,432,185,579**
Items involves in changes in equity				
Profit/(loss) for the period	-	-	11,160,346	11,160,346
Transfer to statutory reserve	-	2,232,069	(2,232,069)	-
Stock dividend for 2017	120,268,670	-	(120,268,670)	-
Balance as at December 31, 2018	**1,322,955,430**	**82,460,027**	**37,930,468**	**1,443,345,925**
Balance as at December 31, 2017	**1,202,686,760**	**80,227,958**	**149,270,861**	**1,432,185,579**

The accounting policies and explanatory notes form an integral part of these financial statements

Director | Director | Managing Director | Chief Financial Officer | Company Secretary

This is the statement of changes in equity referred to in our separate report of even date.

Place: Dhaka
Dated:22 May 2019

MIDAS Financing Limited
Liquidity Statements
As at December 31, 2018

Amount in Taka

Particulars	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 foreign currency)	14,148,008	-	-	-	-	14,148,008
Balance with Bangladesh Bank and its agent bank(s)	175,262,735	-	-	-	-	175,262,735
Balance with other banks and financial institutions	93,006,997	65,000,000	165,000,000	-	-	323,006,997
Money at call and short notice	-	-	-	-	-	-
Investments	13,277,405	58,420,583	92,941,837	100,908,282	22,569,450	288,117,557
Lease, loans and advances	711,273,815	611,433,439	3,006,384,129	3,628,378,259	2,329,849,006	10,287,318,648
Fixed assets including land, building, furniture and fixtures	1,014,514	2,029,028	9,130,625	63,914,378	216,607,768	292,696,313
Other assets	91,459,038	6,302,469	5,285,051	101,000,943	267,721,149	471,768,651
Non-banking assets	-	-	80,765,467	-	-	80,765,467
Total Assets (i)	**1,099,442,512**	**743,185,520**	**3,359,507,110**	**3,894,201,861**	**2,836,747,373**	**11,933,084,376**
Liabilities						
Borrowing from other banks, financial institutions and agents	146,881,806	159,975,562	852,458,961	539,912,737	10,510,033	1,709,739,099
Deposits and other accounts	671,128,777	435,659,609	2,063,468,522	2,973,984,837	1,324,398,818	7,468,640,563
Other liabilities	232,107,193	78,691,991	396,670,106	342,763,247	261,126,252	1,311,358,789
Total Liabilities (ii)	**1,050,117,776**	**674,327,162**	**3,312,597,589**	**3,856,660,821**	**1,596,035,103**	**10,489,738,451**
Net Liquidity Surplus or Gap (i-ii)	**49,324,736**	**68,858,358**	**46,909,521**	**37,541,040**	**1,240,712,270**	**1,443,345,925**

1. Legal status and nature of the company

1.1 Domicile, legal form and country of incorporation

MIDAS Financing Limited (MFL) is a Public Company Limited by shares incorporated on May 16, 1995 under the Companies Act, 1994 and authorized to commence its business operation in Bangladesh as per certificate of commencement of business. The Company obtained license from Bangladesh Bank on October 11, 1999 to operate as a Non Bank Financial Institution under the Financial Institutions Act, 1993. The Company has been listed with Dhaka Stock Exchange Ltd. since October 26, 2002 and Chittagong Stock Exchange Ltd. since July 27, 2004. The registered office of the Company is situated at its own premises at MIDAS CENTRE, House # 05, Road # 16 (new)/ 27 (old), Dhanmondi R/A, haka-1209. MIDAS Financing Limited has a subsidiary company named MIDAS Investment Limited (MIL) and MFL holds 99.9992% shares of MIL. MIL was incorporated on 9th April 2012 under the companies Act, 1994 bearing registration number C-100772/12 and operating Merchant Banking Business.

1.2 Principal activities and nature of operation

The main activities of the Company include the following:

- Small and Medium Enterprise (SME) Finance
- Lease Finance
- Auto Finance
- Term Finance
- Micro Industries Finance
- Consumers Finance
- Housing Finance
- Loan against Lien of Securities
- Work Order Finance
- Term Deposit Collection
- Treasury Operation

1.3 Subsidiary Company

MIDAS Investment Limited (MIL)

MIDAS Financing Limited is the owner of 99.9992% of shares (2,49,99,800 nos. of shares of Tk. 10 each) of MIDAS Investment Limited (MIL). MIDAS Investment Limited is a Private Limited Company and incorporated under the Companies Act, 1994 on 09 April, 2012 bearing Registration No C-100772/12 with the Registrar of Joint Stock Companies and Firms. The registered office of the Company is MIDAS Centre (6th floor), House # 05, Road # 16 (new)/27 (old), Dhanmondi R/A, Dhaka-1209. The core business of the Company is Merchant Banking. The paid up capital of the Company is Tk. 25 crore.

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

These Statements have been prepared on a going concern basis and accrual method under the historical cost convention and in accordance with the Financial Institution Act, 1993 and Bangladesh Bank DFIM Circular No. 11 dated 23 December 2009 in conformity with International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS), the Companies Act, 1994, the Securities & Exchange Rules 1987, the listing of DSE & CSE regulations and other laws & regulations applicable in Bangladesh.

2.2 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3 Consolidation of operation of subsidiary

The financial statements of the company and its subsidiary, as mentioned in note. 1.3 have been consolidated in accordance with International Financial Reporting Standard 10 "Consolidated Financial Statements''. The consolidation of the financial statements have been made after elimination of all material inter-company transactions. The total profits of the company and its subsidiary are shown in the consolidated profit and loss account with the proportion of profit after tax pertaining to minority shareholders being deducted as "Non-controlling interest". All assets and liabilities of the Company and its subsidiary are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiary are shown in the consolidated balance sheet under the heading "Non-controlling interest".

2.4 Risk and uncertainty for use of estimates (Provisions)

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and requires disclosure for contingent assets and liabilities during the reporting period and on the dates of the financial statements. Due to inherent uncertainty involved in making estimates, actual results reported could differ from those estimates.In accordance with the guidelines as prescribed by Accounting Standards (IAS) 37: Provisions, contingent liabilities and contingent assets, provisions are recognized in the following situations:

a. When the Company has an obligation as a result of past events;

b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. Reliable estimate can be made of the amount of the obligation.

2.5 Reporting period

These financial statements heve been prepared for the period form January 01, 2018 to December 31, 2018.

2.6 Comparative information

As guided in paragraph 36 and 38 of IAS 1 Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive

information where, it is relevant for understanding of the current year's financial statements.

Prior year adjusment in 2017

During the year 2017, a prior year adjustment was made to retained earnings, tax provision and statutory reserve to accurately reflect the calculation of prior year over due interest receiveble, in line with the requirement of International Accounting Statndards (IAS-8): Accounting Policies, Changes in Accounting Estimates and Errors.

2.7 Functional and presentation currency

These financial statements are presented in Taka, which is the company's functional currency. Figures appearing in these financial statements and notes have been rounded off to the nearest Taka.

2.8 Statement of cash flows

Cash flow statement can be prepared using either direct method or the indirect methodas per IAS 7 "Statement of Cash Flows". The presentation should be selected to present these cash flows in a manner that is appropriate for the business or industry. The method selected should be applied consistently. However, 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.

2.9 Accounting for leases

Lease transactions are accounted for as per IAS 17, "Leases". Products leased to customer under agreements that transfer substantially all the risk and rewards associated with ownership, other than legal title, to the customer is regarded as Finance Lease.

2.10 Fixed assets (property, plant and equipments) and depreciation

2.10.1 Property, plant and equipments are stated at cost less accumulated depreciation. The cost of the assets is the cost of acquisition or construction together with purchase price and other directly attributable costs for bringing the assets to working conditions for their intended use as per International Accounting Standard (IAS) 16: "Property, Plant and Equipment".

2.10.2 Fixed Assets are depreciated based on Reducing Balance and Straight Line Method and rate of depreciation are charged from 2.5% to 30%. Addition to fixed assets are depreciated from the month of acquisition for full month irrespective of the date of acquisition of the month of the assets at the applicable rate while no depreciation is charged on any item in the month of disposal.

I. Free holds assets	Method	Rate of Depreciation
Land		
Building	Straight Line	2.5%
Office Equipment	Reducing Balance	18%
Computer Equipment	Reducing Balance	18%
Furniture & Fixtures	Reducing Balance	10%
Motor Vehicle	Reducing Balance	20%
II. Intangible assets	**Method**	**Rate of Depreciation**
System & software	Reducing Balance	30%

2.10.3 On disposal of fixed assets, the written down value are eliminated from sale proceeds and gain or loss on such disposal is reflected in the profit and loss account as per requirement of IAS-16.

2.11 Cash & cash equivalents

Cash and cash equivalents consist of notes and coins in hand, bank balances, and short term investments that are readily convertible to known amount of cash which are unlikely to be affected by any insignificant risk of changes in value.

2.12 Investments in securities

Investment in securities has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Full provision for diminution in value of shares as on closing of the year on aggregate portfolio basis have been made in accordance with Bangladesh Bank Instructions. Cost includes acquisition charges if any with the investments.

2.13 Statutory reserve

NBFIs are required to transfer 20% of the profit to statutory reserve before declaration of dividend as per Financial Institutions Regulations, 1994. MIDAS Financing Limited (MFL) transfers 20% on post tax profit in compliance with the regulation.

2.14 Employees benefit obligation

(a) Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded with equal contributions both by the employees and the Company at a predetermined rate of 10% of basic salary. The contributions are invested separately from the Company's assets.

(b) Gratuity

The Company operates a gratuity scheme to retain and motivates its employees for long term retention. Employees entitlement to gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for each completed year of service after completion of five years of service, 50% of one month basic pay for each completed years for three years service with MFL and 75% of one month basic pay for each completed years for four years service.

2.15 Provision for loans and advances

Provision for investments and advances is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on Bangladesh Bank guidelines. MFL's methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. Provision for loans and advances is made on the basis of periodical review by the management and of instructions of Bangladesh Bank. The Classification rates are given below:

Particulars	Rate
General provision on:	
Unclassified loans and advances (SME)	0.25%
Unclassified loans and advances	1%
Special mention account	5%
Specific provision on:	
Substandard loans and advances	20%
Doubtful loans and advances	50%
Bad/loss loans and advances	100%

2.16 Income Tax

2.16.1 Current tax

Provision for current income tax has been made in accordance with the Income Tax ordinance 1984 and amendment made there to from time to time.

2.16.2 Deferred tax

Pursuant to International Accounting Standard (IAS) 12: "Income Taxes", deferred tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes.

2.17 Revenue recognition

2.17.1 Lease income

The excess of aggregate rental receivable over the cost of lease constitutes the total unearned interest income at the commencement of the contract. This income is allocated over the period of lease that reflect a constant periodic return on net investment.

2.17.2 Income from term finance

Interest income on term finance is recognized on accrual basis. Interest portion of the installments due credited to the profit and loss account.

2.17.3 Fees base income, penal interest etc.

Fees base incomes are taken to income on cash basis.

2.17.4 Dividend income

Dividend income from shares is recognized when the shareholders' legal rights to receive payments have been established i.e. after approval of dividend in the annual general meeting by the Shareholders.

2.17.5 Rental income

Rental Income is recognized on accrual basis. In case of advance rent, it is adjusted with the monthly rent received from the tanant. Rental income is shown in the accounts after netting off building repair and maintenance and city corporation tax to facilitate proper tax presentation.

2.17.6 Gain/(Loss) on sale of securities

Capital gain/(loss) on sale of securities listed in the stock exchanges is recognized only when the securities are sold in the market.

2.18 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund. The Company capitalized borrowing costs that is directly attributable to the acquisition, construction or production of qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense as per IAS "Borrowing Cost"

2.19 Interest suspense account

Accrued interest on lease, term finance, real estate finance, consumer credit duly classified as per relevant Bangladesh Bank BRPD Circular are not recognized as income rather transferred to interest suspense accounts as complied with Bangladesh Bank guidelines.

2.20 Litigation

The Company has no party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loan/lease repayment. The Company, however, provides adequate provision against such doubtful finance.

2.21 Earnings per share (EPS)

The Company calculates Earnings Per Share (EPS) in accordance with IAS 33: Earnings Per Share, which has been shown on the face of profit and loss account, and the computation of EPS is stated in Note 34. The compnay issued 12,026,867 nos shares during the year against the stock dividend declared for the year 2017. As a result, total number of share outstanding as of 31 December 2018 was 132,295,543 nos. Therefore, the EPS of 2017 has been restated to conform current year's presentation.

2.22 Related party disclosure

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party, in making financial and operational decisions and include associated companies with or without common directors and key management positions. The company has entered into transactions with other entities in the normal course of business that fall within the definition or related party as per International Accounting Standard -24 ' Related Party Disclosure'. Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time of comparable transactions with other customers of similar credential and do not involve more than

normal risk. Details of related party/(ies) transactions have been given in Note 39

2.23 Events after the reporting period

Events after the reporting period are those events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. These events are of two types : (1) Adjusting Events and (2) Non-adjusting Events. Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events are those events that are the indicative of conditions that arose after the reporting period. There is no adjusting events after the reporting period in case of MFL.

2.24 Contingent liabilities and contingent assets

IFRS : 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.

Bangladesh Bank : As per requirement of DFIM Circular No. 11, Dated December 23, 2009 off-balance sheet items (e.g. Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

2.25 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 basis:

a) Balance with other banks and financial institutions are on the basis of their maturity terms.
b) Investment are on the basis of their residual maturity terms.
c) Lease loans and advances are on the basis of their repayment/ maturity schedule.
d) Fixed assets are on the basis of their useful lives.
e) Other assets are on the basis of their adjustment terms.
f) Borrowings from other banks and financial institutions as per their maturity/repayment terms.
g) Deposits and other accounts are on the basis of their maturity terms and past behaviour trends.
h) Other liabilities are on the basis of their settlement of terms.

2.26 BASEL II and its implementation

To cope with the international best practice and to make the capital more risk sensitive as well as shock resilient, guidelines on "BASEL Accord for Financial Institutions (BAFI)" have been introduced from January 01, 2011 on test basis by Bangladesh Bank. At the end of the 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 Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10% which is complied by the company.

2.27 Status of Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

IAS Title	IAS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied*
Property, Plant & 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	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	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*
Investment Property	40	Applied*
Agriculture	41	N/A

IFRS Title	IFRS No.	Status
First-time Adoption of International Financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-Current Assets Held for Sale and Discontinued Operations	5	Applied*
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied*
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied*

N/A=Not Applicable

*As the regulatory requirement differ with the standards, relevant disclosure and presentations are made in accordance with Bangladesh Bank's requirements.

2.28 Disclosure of deviations from few requirements of IAS/IFRS due to mendatory compliance with Bangladesh Bank's requirements:

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institutions (FIs) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations differ with the requirements of IAS/IFRS. As such the Company has departed from those contradictory requirements of IAS/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 IAS/IFRS		Treatment of IAS/IFRS	Treatment adopted as per Bangladesh Bank	Financial or presentation effect of the departure
1	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 cashflows, 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-11, Date-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.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
2	Current / Non-current distinction	IAS 1	"Presentation of Financial Statements"	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-11, Date-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.	Presentation of financial statements is not fully aligned with all requirements of the IAS. 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.
3	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-11, Date-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.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
4	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-11, Date-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.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.

SL.	Nature of departure	Title of IAS/IFRS		Treatment of IAS/IFRS	Treatment adopted as per Bangladesh Bank	Financial or presentation effect of the departure
5	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-11, Date-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Presentation of financial statements is not fully aligned with all requirements of the IAS. Financial Statements for 2018 and corresponding year 2017 have been prepared as per guideline (DFIM Circular-11, Date-23 December 2009)
6	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# 11 dated December 23, 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail of presentation of statement cash flows."	Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities-Balance with Bangladesg Bank (BB)" as per IAS is shown as cash & cash equivalent.
7	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.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor the elements of Other Comprehensive Income are allowed to include in a Single Comprehensive Income Statement.	Presentation of financial statements is not fully aligned with all requirements of IAS.
8	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9	"Financial Instruments"	IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairement allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonabe information, including that which is forward-looking. For those loans and advances for which the credit risk has not incresed significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.	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 loan (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. 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."	In Financial Statements , provision has been kept for 2018 equivalent to BDT 4.50 crore as per Bangladesh Bank guidelines among which BDT (1.04) crore is general provision on good loan. Also, as at 31 December 2018 , accumulated provision for lease, loan and advances stand at BDT 39.89 crore.

SL.	Nature of departure	Title of IAS/IFRS		Treatment of IAS/IFRS	Treatment adopted as per Bangladesh Bank	Financial or presentation effect of the departure
9	Valuation of Investment in quoted and un quoted share	IFRS 9	"Financial Instruments"	As per requirements of IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.	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 respectively. Provision should be made for any loss arising from diminution in value of investment.	During this year, total market value of all shares of MIDAS Financing Ltd and its subsidiary is less than the cost price. During the year the company made provision of BDT 4.08 crore for consolidated investment and BDT 2.04 crore for separate investment.
10	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 assets 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.	At year end, interest suspense account has increased to BDT 22.11 crore from 17.99 crore resulting increase of BDT 4.12 crore of interest suspense. This amount has been shown as other liabilities in note 13.6
11	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 the provision for lease, loans and advances.	During the year there is no impact in the financial statements due to this departure as the company did not consider any deductible temporary difference against the provision for lease, loans and advances.

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
3	**Cash**			
	Cash in hand (including foreign currency)	3.1	14,148,008	14,744,345
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	3.2	175,262,735	180,837,981
	Total		**189,410,743**	**195,582,326**
3.1	**Cash in hand (including foreign currency)**			
	In local currency		14,148,008	14,744,345
	In foreign currency		-	-
	Total		**14,148,008**	**14,744,345**
3.2	**Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)**			
	In local currency		175,262,735	180,837,981
	In foreign currency		-	-
	Total		**175,262,735**	**180,837,981**
3.3	**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 the Financial Institutions Act, 1993 and subsequent FID Circular # 06, dated November 06, 2003, FID Circular # 02 dated November 10, 2004. The minimum Cash Reserve Requirement on the Company's total term deposits and other deposits (except banks & financial institutions) at the rate of 2.50% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on total liabilities has also been maintained in the form of Cash in hand, balance with Bangladesh Bank and other banks and financial institutions, treasury bills, bonds and debentures etc. Both the reserves maintained by the Company are in excess of the statutory requirements as shown below:			
3.4	**Cash reserve requirement (CRR)**			
	Required reserve		172,899,658	177,857,559
	Actual reserve maintained	3.2	175,262,735	180,837,981
	Surplus		**2,363,077**	**2,980,422**
3.5	**Statutory liquidity reserve (SLR)**			
	Required reserve (including CRR)		369,930,050	376,998,687
	Actual reserve held (including CRR)	3.6	512,417,740	499,214,320
	Surplus		**142,487,690**	**122,215,633**
3.6	**Actual reserve held (including CRR)**			
	Cash in hand (including foreign currency)	3.1	14,148,008	14,744,345
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	3.2	175,262,735	180,837,981
	Balance with other banks and financial institutions	4	323,006,997	303,631,994
	Total		**512,417,740**	**499,214,320**
3(a)	**Consolidated cash**			
	Consolidated cash in hand (including foreign currency)			
	MIDAS Financing Ltd.	3.1	14,148,008	14,744,345
	MIDAS Investment Ltd.		6 ,750	5,437
	Total		**14,154,758**	**14,749,782**
3(b)	**Consolidated Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)**			
	MIDAS Financing Ltd.	3.2	175,262,735	180,837,981
	MIDAS Investment Ltd.		-	-
	Total		**175,262,735**	**180,837,981**
4	**Balance with other banks and financial institutions**			
	Inside Bangladesh	4.1	323,006,997	303,631,994
	Outside Bangladesh		-	-
	Total		**323,006,997**	**303,631,994**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
4.1	**Inside Bangladesh**			
	A. STD accounts			
	Standard Bank Ltd.		39,927,387	31,767,185
	United Commercial Bank Ltd.		17,684,081	737,801
	IFIC Bank Ltd.		111,490	64,177
	Janata Bank Ltd.		4,186	6,210
	Mercantile Bank Ltd.		4,122,127	26,731
	Uttara Bank Ltd.		5,275	46,069
	Agrani Bank Ltd.		960	117,110
	AB Bank Ltd.		127,216	972,483
	Dutch Bangla Bank Ltd.		775,499	1,178,839
	Prime Bank Ltd.		-	1
	One Bank Ltd.		533,626	900,258
	The Premier Bank Ltd.		761,908	1,700,126
	Pubali Bank Ltd.		3,034,203	2,228,096
	Bangladesh Development Bank Ltd.		8,987	-
	Jamuna Bank Ltd		1,736,886	3,199,058
	Shahjalal Islami Bank Ltd.		-	1,763
	Mutual Trust Bank Ltd.		21,593	22,059
	National Credit and Commerce Bank Ltd.		32	-
	Total A		**68,855,456**	**42,967,967**
	B. Current accounts			
	United Commercial Bank Ltd.		2,288,022	582,386
	Agrani Bank Ltd.		-	81,641
	Total B		**2,288,022**	**664,027**
	C. Term deposits			
	United Commercial Bank Ltd.		55,000,000	55,000,000
	Jamuna Bank Ltd.		50,000,000	50,000,000
	Mercantile Bank Ltd.		30,000,000	-
	Premier Leasing & Finance Ltd.		-	40,000,000
	Bangladesh Industrial Finance and Investment Company Ltd.		21,863,519	20,000,000
	Dutch Bangla Bank Ltd.		45,000,000	45,000,000
	The City Bank Ltd.		50,000,000	50,000,000
	Total C		**251,863,519**	**260,000,000**
	Total (A+B+C)		**323,006,997**	**303,631,994**
4.2	**Maturity grouping of balance with other banks and financial institutions**			
	On demand		93,006,997	43,631,994
	Not more than 3 months		65,000,000	95,000,000
	More than 3 months but less than 1 year		165,000,000	165,000,000
	More than 1 year but less than 5 years		-	-
	More than 5 years		-	-
	Total		**323,006,997**	**303,631,994**
4(a)	**Consolidated balance with other banks and financial institutions**			
	Inside Bangladesh			
	MIDAS Financing Ltd.	4.1	323,006,997	303,631,994
	MIDAS Investment Ltd.		219,909,193	215,992,705
	Adjustment for consolidation		(205,000,000)	(205,000,000)
			337,916,190	**314,624,699**
	Outside Bangladesh			
	MIDAS Financing Ltd.		-	-
	MIDAS Investment Ltd.		-	-
			-	-
	Total		**337,916,190**	**314,624,699**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
5	**Money at call and short notice**		-	-
6	**Investment**			
	a) Government securities		-	-
	b) Other investments			
	Investment in listed securities	6.1	265,548,107	251,155,699
	Investment in unlisted securities	6.2	22,569,450	22,569,450
	Total		**288,117,557**	**273,725,149**

6.1	**Investment in listed securities**				
	Details of listed securities (sector wise) are given below	**No. of Share**	**Market Price**	**Cost Price**	**Cost Price**
	Bank	210,092	3,781,656	5,028,282	2,751,039
	Tannery Industries	110,000	15,147,000	16,775,512	16,775,512
	Mutual Fund	300,000	2,100,000	3,062,640	3,062,640
	Textile	1,175,737	70,152,685	80,682,073	79,668,092
	Pharmaceutical and Chemicals	1,051,923	93,228,180	127,354,195	127,669,088
	Fuel and Power	161,810	16,051,552	17,440,980	17,440,980
	Cements	-	-	-	1,798,116
	Engineering	16,000	3,539,200	3,302,951	127,046
	Information Technology	-	-	-	1,863,186
	Paper	21,613	1,811,169	1,729,040	-
	Telecommunication	25,150	9,237,595	10,131,515	-
	Miscellaneous	4,488	251,160	40,919	-
	Total		**215,300,197**	**265,548,107**	**251,155,699**

6.2	**Investment in unlisted securities**	**No. of Share**		
	Central Depository Bangladesh Ltd.	571,181	4,569,450	4,569,450
	Financial Excellence Ltd.	300,000	3,000,000	3,000,000
	Lankabangla Securities Ltd.	97,828	5,000,000	5,000,000
	Bangladesh Ventures Ltd.	1,100,000	10,000,000	10,000,000
	Total		**22,569,450**	**22,569,450**

6.3	**Maturity grouping of investment**		
	On demand	13,277,405	12,557,785
	Not more than 3 months	58,420,583	55,254,254
	More than 3 months but less than 1 year	92,941,837	87,904,495
	More than 1 year but less than 5 years	100,908,282	95,439,165
	More than 5 years	22,569,450	22,569,450
	Total	**288,117,557**	**273,725,149**

6(a)	**Consolidated investment**		
	a) Government securities		
	MIDAS Financing Ltd.	-	-
	MIDAS Investment Ltd.	-	-
		-	-
	b) Other investment		
	MIDAS Financing Ltd.		
	Investment in listed securities	265,548,107	251,155,699
	Investment in unlisted securities	22,569,450	22,569,450
		288,117,557	**273,725,149**
	MIDAS Investment Ltd.		
	Investment in listed securities	113,880,239	58,362,569
	Investment in unlisted securities	13,634,670	14,713,480
		127,514,909	**73,076,049**
	Total	**415,632,466**	**346,801,198**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
7	**Lease, loans and advances**			
a)	**Inside Bangladesh**			
	Lease receivable	7.a.i	801,311,517	882,777,345
	Term finance	7.a.ii	7,751,391,409	7,703,692,856
	Housing finance	7.a.iii	1,350,262,507	1,404,378,728
	Staff loan	7.a.iv	31,555,030	27,367,094
	Consumer credit	7.a.v	3,401,459	2,816,361
	Interest receivable	7.a.vi	349,396,726	294,866,747
			10,287,318,648	**10,315,899,131**
b)	**Outside Bangladesh**		-	-
	Total (a+b)		**10,287,318,648**	**10,315,899,131**
7.a.i	**Lease receivable**			
	Opening balance		882,777,345	895,918,615
	Add: Addition during the year		164,950,000	317,900,000
			1,047,727,345	**1,213,818,615**
	Less: Realization during the year		246,415,828	323,671,786
	Less: Write off		-	7,369,484
	Closing balance		**801,311,517**	**882,777,345**
	Lease receivable			
	Gross lease receivable		947,133,766	1,043,693,244
	Less: Unearned lease income		145,822,249	160,915,899
			801,311,517	**882,777,345**
7.a.ii	**Term finance**			
	Opening balance		7,703,692,856	6,453,357,896
	Add: Addition during the year		4,373,851,291	4,399,451,603
			12,077,544,147	**10,852,809,499**
	Less: Realization during the year		4,251,343,399	3,040,003,546
	Less: Write off		74,809,339	109,113,097
	Closing balance		**7,751,391,409**	**7,703,692,856**
7.a.iii	**Housing finance**			
	Opening balance		1,404,378,728	1,298,418,636
	Add: Addition during the year		167,530,000	402,776,336
			1,571,908,728	**1,701,194,972**
	Less: Realization during the year		221,646,221	296,816,244
	Closing balance		**1,350,262,507**	**1,404,378,728**
7.a.iv	**Staff loan**			
	Opening balance		27,367,094	21,424,185
	Add: Addition during the year		11,765,800	12,147,709
			39,132,894	**33,571,894**
	Less: Realization during the year		7,577,864	6,204,800
	Closing balance		**31,555,030**	**27,367,094**
7.a.v	**Consumer credit**			
	Opening balance		2,816,361	3,150,733
	Add: Addition during the year		1,330,000	885,000
			4,146,361	**4,035,733**
	Less: Realization during the year		744,902	1,219,372
	Closing balance		**3,401,459**	**2,816,361**
7.a.vi	**Interest receivable**			
	Lease finance		75,789,150	69,171,433
	Term finance		221,997,435	182,849,233
	Housing finance		43,663,828	36,625,317
	Consumer credit		309,680	309,680
	Staff loan		7,636,633	5,911,084
	Total		**349,396,726**	**294,866,747**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
	During the year Tk. 11,607,580.00 against term finance interest receivable have been written off. The compnay also wrote off Tk. 1,933,439.00 against lease finance interest receivable and Tk. 36,598,613.00 against term finance interest receivable during the year 2017.			
7.1	**Residual maturity grouping of lease, loans and advances**			
	Receivable on demand		711,273,815	900,951,346
	Not more than 3 months		611,433,439	648,085,461
	Over 3 months but not more than 1 year		3,006,384,129	1,804,194,519
	Over 1 year but not more than 5 years		3,628,378,259	4,720,218,556
	Over 5 years		2,329,849,006	2,242,449,249
	Total		**10,287,318,648**	**10,315,899,131**
7.2	**Investments on the basis of significant concentration**			
	Lease, loans and advances to the institutions in which Directors have interest		426,356	2,813,630
	Lease, loans and advances to chief executives and other senior executives		39,191,662	33,278,178
	Lease, loans and advances to customer groups		10,247,700,630	10,279,807,323
	Total		**10,287,318,648**	**10,315,899,131**
7.3	**Investments allowed to group exceeding 15% of NBFI's total capital**			
	Total capital of the company		1,443,345,925	1,432,185,579
	15% of company's total capital		216,501,889	214,827,837
	Total outstanding amount to such customers at end of the year		2,064,187,313	1,681,422,572
	Number of such types of customers		7	6
	Amount of classified lease, loans and advances thereon		-	-

		Compostion			
7.4	**Sector-wise classification of lease, loans and advances**	**31 Dec. 2018**	**31 Dec. 2017**		
	Agriculture	1.29%	1.29%	132,329,381	133,382,187
	Cement and Allied Industry	0.21%	0.00%	21,886,951	-
	Food Production / Processing Industries	7.78%	4.15%	800,254,638	428,597,235
	Garments and Knitwear	1.24%	4.01%	127,824,659	413,792,055
	Iron, Steel & Engineering	10.69%	6.32%	1,099,779,758	651,643,025
	In-house Employees' Loan	0.38%	0.32%	39,191,662	33,278,178
	Jute & Jute Products	0.06%	0.06%	5,949,779	6,376,025
	Leather & Leather Goods	0.33%	0.35%	33,695,877	35,968,920
	Merchant Banking / LLS	3.13%	2.84%	322,352,503	292,867,598
	Others	19.67%	27.93%	2,023,908,048	2,880,750,283
	Pharmaceuticals and Chemicals	1.59%	1.40%	163,466,750	144,869,017
	Paper, Printing and Packaging	1.73%	1.07%	178,261,345	109,940,638
	Plastic Industries	0.93%	0.00%	95,258,011	-
	Real Estate & Housing	13.55%	13.97%	1,393,926,335	1,441,004,045
	Ship Manufacturing Industry	2.38%	2.35%	245,346,149	242,543,527
	Trade and Commerce	24.19%	24.59%	2,489,002,959	2,536,501,729
	Textile	10.83%	8.87%	1,114,060,274	914,693,458
	Telecommunication/Information Technology	0.01%	0.07%	823,570	7,356,290
	Transport & Communication	0.00%	0.41%	-	42,334,921
	Total	**100.00%**	**100.00%**	**10,287,318,648**	**10,315,899,131**
7.5	**Geographical location-wise lease, loans and advances**				
	Chattogram	27.02%	25.65%	2,779,194,864	2,645,563,135
	Dhaka	63.11%	64.33%	6,492,066,215	6,636,328,814
	Khulna	4.41%	4.86%	453,384,739	501,384,634
	Rajshahi	5.47%	5.16%	562,672,830	532,622,548
	Total	**100.00%**	**100.00%**	**10,287,318,648**	**10,315,899,131**

Notes	Particulars	Compostion		Amount in Taka	
		31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
7.6	**Grouping of lease, loans and advances as per classification rules of Bangladesh Bank**				
	Unclassified	84.90%	85.32%	8,734,193,871	8,801,117,597
	Special mention account (SMA)	2.61%	4.76%	268,582,994	491,314,928
	Substandard	3.43%	1.32%	352,862,589	136,142,293
	Doubtful	1.68%	1.77%	172,887,293	183,095,217
	Bad or loss	7.38%	6.83%	758,791,901	704,229,096
	Total	**100.00%**	**100.00%**	**10,287,318,648**	**10,315,899,131**
7.7	**Particulars of provision for lease, loans and advances**	**Basis for Provision**	**Rate**		
	Unclassified	4,495,697,761	1.00%	44,956,979	43,643,728
	Unclassified (SME)	4,238,496,110	0.25%	10,596,241	11,091,862
	Special mention account	256,629,364	5.00%	12,831,469	24,058,238
				68,384,689	**78,793,827**
	Substandard	251,048,220	20.00%	50,209,643	14,252,658
	Doubtful	106,991,226	50.00%	53,495,612	22,874,865
	Bad or loss	226,839,698	100.00%	226,839,697	285,748,975
				330,544,952	**322,876,497**
	Required provision for lease, loans and advances			**398,929,641**	**401,670,325**
	Required provision for diminution in value of investment			**39,064,993**	**18,621,109**
	Total provision required			**437,994,634**	**420,291,434**
	Total provision maintained			**437,994,634**	**420,291,434**
	Excess/(short) provision			**-**	**-**
7.8	**Particulars of lease, loans and advances**				
(i)	Debts considered good in respect of which the MFL is fully secured			1,774,068,684	1,826,334,433
(ii)	Debts considered good for which the MFL holds no other security other than the debtor's personal guarantee;			39,191,662	257,602,134
(iii)	Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors;			8,474,058,302	8,231,962,564
				10,287,318,648	**10,315,899,131**
(iv)	Amount of classified loan in which no provision has been maintained;			-	-
(v)	Debts due by directors or officers of the MFL or any of them either severally or jointly with any other person;			39,191,663	33,278,178
(vi)	Debts due by companies or firms in which the directors of the MFL are interested as directors, partners or managing agents or in the case of private companies as members (Note 39.4);			426,356	2,813,630
(vii)	Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the MFL or any of them either severally or jointly with any other persons;			1,600,000	3,000,000
(viii)	Maximum total amount of advances including temporary advances granted during the period to the companies or firms in which the directors of the MFL are interested as directors, partners or managing agents or in the case of private companies as members;			-	-
(ix)	Receivable from other NBFI's;			-	-
(x)	Total amount of advance on which profit is not credited;			758,791,901	704,229,096
(xi)	**Cumulative amount of written off loans and advances:**				
	Opening Balance			453,266,974	704,229,096
	Add: Amount written off during the year			86,416,919	155,014,633
	Less: Amount received of during the year			28,893,425	10,696,999
	Balance of written off loans and advances yet to be recovered			**510,790,468**	**453,266,974**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
7(a)	**Consolidated lease, loans and advances Inside Bangladesh**			
	MIDAS Financing Ltd.		10,287,318,648	10,315,899,131
	MIDAS Investment Ltd.		14,813,074	5,376,679
	Adjustment for consolidation		(249,386,380)	(221,840,207)
			10,052,745,342	**10,099,435,603**
	Outside Bangladesh			
	MIDAS Financing Ltd.		-	-
	MIDAS Investment Ltd.		-	-
			-	-
	Total		**10,052,745,342**	**10,099,435,603**
8	**Fixed assets including land, building, furniture and fixtures**			
	Free hold assets		292,300,386	303,361,080
	Intangible assets		395,927	565,610
	Total		**292,696,313**	**303,926,690**
	A schedule of fixed assets including land, building, furniture and fixtures is given in Annexure-A			
8(a)	**Consolidated fixed assets including land, building, furniture and fixtures**			
	MIDAS Financing Ltd.	8	292,696,313	303,926,690
	MIDAS Investment Ltd.		191,288,049	195,728,010
	Total		**483,984,362**	**499,654,700**
	A schedule of consolidated fixed assets including land, building, furniture and fixtures is given in Annexure-B			
9	**Others assets**			
	Interest receivable on FDR		4,418,008	3,315,793
	Investment in MIDAS Investment Ltd.		249,998,000	249,998,000
	Advance against purchase of shares		4,172,352	6,949,271
	Advance income tax	9.1	56,965,498	70,047,252
	Advance against expenditure		382,100	36,500
	Advance office rent		5,285,051	6,307,580
	Security deposit	9.2	633,500	633,500
	Receivable aginst legal expenses		-	1,869,591
	Stamp, stationery etc, in hand		31,067	445,054
	Asset held for sale		11,250,246	11,250,246
	Receivable from rental income & others		49,874,849	9,679,226
	Dividend receivable		24,999,800	14,999,880
	Over due interest receivable		63,758,180	97,708,328
	Total		**471,768,651**	**473,240,221**
9.1	**Advance income tax**			
	Opening Balance		70,047,252	33,950,500
	Add: Addition during the year		21,183,461	36,096,752
			91,230,713	**70,047,252**
	Less: Adjustment during the year		(34,265,215)	-
			56,965,498	**70,047,252**
9.2	**Security deposit**			
	Deposits with BTCL		9,000	9,000
	Deposits with Grameen Phone		11,000	11,000
	PUNARBHABA Security Service		45,000	45,000
	DPDC-Security Deposit-MIDAS Centre		558,000	558,000
	Solar Panel-Hathajari		5,000	5,000
	Electricity Meter-Feni		5,500	5,500
	Total		**633,500**	**633,500**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
9.3	**Maturity grouping of other assets**			
	Receivable on demand		91,459,038	115,932,192
	Not more than 3 months		6,302,469	7,522,633
	Over 3 months but not more than 1 year		5,285,051	8,177,171
	Over 1 year but not more than 5 years		101,000,943	69,962,549
	Over 5 years		267,721,149	271,645,676
	Total		**471,768,651**	**473,240,221**
9(a)	**Consolidated others assets**			
	MIDAS Financing Ltd.	9	471,768,651	473,240,221
	MIDAS Investment Ltd.		68,919,096	57,826,987
	Adjustment for consolidation		(249,998,000)	(249,998,000)
	Total		**290,689,747**	**281,069,208**
10	**Non-banking assets**			
	Habib Vegitable Product Ltd.		52,700,000	52,700,000
	Biswas Febrics Ltd.		28,065,467	28,065,467
	Total		**80,765,467**	**80,765,467**
	MIDAS Financing limited was awarded absolute ownership of the mortgaged properties of the above mentioned clients, by the competent court against default loans.			
11	**Borrowings from other banks, financial institutions and agents**			
	Secured		1,285,083,467	891,700,679
	Unsecured		424,655,632	503,120,514
			1,709,739,099	**1,394,821,193**
	Inside Bangladesh		1,709,739,099	1,394,821,193
	Outside Bangladesh		-	-
	Total		**1,709,739,099**	**1,394,821,193**
11.1	**In Bangladesh**			
	Term loan from other Banks & FIs	11.2	1,220,234,090	820,127,784
	Refinance against SME loan from Bangladesh Bank		64,179,367	57,925,601
	Refinance against housing loan from Bangladesh Bank		10,510,033	12,105,264
	Refinance against SMEPD loan from Bangladesh Bank		73,808,898	-
	Loan from SME foundation		18,450,000	25,500,000
	Loan from BYEA		-	126,820
	Short term loan from Banks & FIs	11.3	212,556,711	259,035,724
	Call loan	11.4	110,000,000	220,000,000
	Total		**1,709,739,099**	**1,394,821,193**
11.2	**Term loan from other Banks & FIs**			
	Agrani Bank Ltd.		468,621,182	-
	One Bank Ltd.		77,727,600	103,330,772
	Midland Bank Ltd.		97,056,125	123,963,233
	The UAE Bangladesh Investment Company Ltd.		87,553,638	50,000,000
	Madhumoti Bank Ltd.		119,270,902	144,006,603
	National Housing Finance & Investment Ltd.		105,528,375	150,000,000
	Shahjalal Islami Bank Ltd.		264,476,268	248,827,176
	Total		**1,220,234,090**	**820,127,784**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
11.3	**Short term loan from Banks & FIs**			
	Standard Bank Ltd.		12,224,085	54,150,952
	Pubali Bank Ltd.		34,837,775	32,070,837
	United Commercial Bank Ltd.		(1,291,525)	24,985,154
	Jamuna Bank Ltd.		535,438	61,842,406
	The City Bank Ltd.		45,242,660	45,671,122
	Dutch Bangla Bank Ltd.		20,349,268	40,238,847
	Modhumoti Bank Ltd.		25,589	76,406
	Agrani Bank Ltd		100,619,885	-
	Mercantile Bank Ltd.		13,536	-
	Total		**212,556,711**	**259,035,724**
11.4	**Call loan**			
	Standard Bank Ltd.		-	50,000,000
	Sonali Bank Ltd.		110,000,000	170,000,000
	Total		**110,000,000**	**220,000,000**
11.5	**Maturity grouping of borrowings from other banks, financial institutions and agents**			
	Repayable on demand		110,000,000	220,126,820
	Within 1 month		36,881,806	17,798,530
	Over 1 months but not more than 6 months		799,877,812	96,372,179
	Over 6 months but not more than 1 year		212,556,711	117,108,558
	Over 1 year but not more than 5 years		539,912,737	943,415,106
	Over 5 years		10,510,033	-
	Total		**1,709,739,099**	**1,394,821,193**
11(a)	**Consolidated borrowings from other banks, financial institutions and agents**			
	Inside Bangladesh			
	MIDAS Financing Ltd.	11	1,709,739,099	1,394,821,193
	MIDAS Investment Ltd.		249,386,380	221,840,207
	Adjustment for consolidation		(249,386,380)	(221,840,207)
			1,709,739,099	**1,394,821,193**
	Outside Bangladesh			
	MIDAS Financing Ltd.		-	-
	MIDAS Investment Ltd.		-	-
			-	-
	Total		**1,709,739,099**	**1,394,821,193**
12	**Deposits and other accounts**			
	Term deposits	12.1	7,448,261,829	7,930,037,322
	Other Deposits			
	Security deposits		4,870,077	4,844,268
	Advance lease rental		15,508,657	12,603,556
			20,378,734	**17,447,824**
	Total		**7,468,640,563**	**7,947,485,146**
12.1	**Term deposits**			
	General deposits		6,808,261,829	6,870,037,322
	Deposit from other Banks and Financial institutions	12.2	640,000,000	1,060,000,000
	Total		**7,448,261,829**	**7,930,037,322**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
12.2	**Deposits from other banks and financial institutions**			
	Shahjalal Islami Bank Ltd.		-	300,000,000
	Modhumoti Bank Ltd.		-	200,000,000
	Agrani Bank Ltd.		200,000,000	200,000,000
	South Bangla Agriculture & Commercial Bank Ltd.		-	100,000,000
	National Housing Finance and Investment Ltd.		100,000,000	100,000,000
	National Finance Ltd.		-	60,000,000
	LankaBangla Finance Ltd.		260,000,000	100,000,000
	National Credit and Commerce Bank Ltd.		80,000,000	-
	Total		**640,000,000**	**1,060,000,000**
12.3	**Maturity analysis of deposits and other accounts**			
	Repayable on demand		21,346,340	19,089,786
	Within 1 month		649,782,437	526,540,395
	Over 1 months but not more than 6 months		726,099,348	401,633,096
	Over 6 months but not more than 1 year		1,773,028,783	1,726,468,144
	Over 1 year but not more than 5 years		2,973,984,837	3,884,978,749
	Over 5 years		1,324,398,818	1,388,774,976
	Total		**7,468,640,563**	**7,947,485,146**
12(a)	**Consolidated deposits and other accounts**			
	Term deposits			
	MIDAS Financing Ltd.	12.1	7,448,261,829	7,930,037,322
	MIDAS Investment Ltd.		-	-
	Adjustment for consolidation		(205,000,000)	(205,000,000)
			7,243,261,829	**7,725,037,322**
12(b)	**Other deposits**			
	MIDAS Financing Ltd.		20,378,734	17,447,824
	MIDAS Investment Ltd.		-	-
			20,378,734	**17,447,824**
	Total		**7,263,640,563**	**7,742,485,146**
13	**Other liabilities**			
	Provision for lease, loans & advances	13.1	398,929,641	401,670,324
	Provision for investment in securities	13.2	39,064,993	18,621,109
	Provision for tax	13.3	94,646,109	106,482,545
	Deferred tax liability	13.4	18,791,021	19,863,349
	Interest payable on borrowings		24,948,695	18,914,279
	Interest payable on deposits		433,267,009	353,710,929
	Advance against installment		38,367,477	43,615,104
	Advance rent from MIDAS Centre & NGS		22,084,233	7,264,950
	Payable & provision against expenditure	13.5	7,408,835	9,560,827
	Interest suspense	13.6	221,188,781	179,922,818
	Provision for rental income & others		12,652,826	12,652,826
	Dividend payable		9,169	-
	Total		**1,311,358,789**	**1,172,279,060**
13.1	**Provision for lease, loans & advances**			
	(a) General provision on unclassified lease, loans and advances			
	Provision held at the beginning of the year	33	78,793,827	56,042,422
	Required provision during the year		(10,409,138)	22,751,405
	Balance at the end of the year		**68,384,689**	**78,793,827**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
	(b) Specific provision on classified lease, loans and advances			
	Provision held at the beginning of the year		322,876,497	406,627,499
	Required provision during the year	33	82,477,794	32,731,579
	Less: Write off during the year		(74,809,339)	(116,482,581)
	Balance at the end of the year		**330,544,952**	**322,876,497**
	Total provision (a+b)		**398,929,641**	**401,670,324**
	During the year 2018, the company recovered Tk. 27,048,056 from written off loans which was adjusted against current year's required specific provision of Tk. 82,477,794. Therefore, Tk. 55,429,738 was charged in profit and loss account for the year 2018.			
13.2	**Provision for investment in securities**			
	Provision held at the beginning of the year		18,621,109	14,694,904
	Required provision during the year		20,443,884	3,926,205
	Balance at the end of the year		**39,064,993**	**18,621,109**
13.3	**Provision for tax**			
	Balance at the beginning of the year		106,482,545	68,026,994
	Provision made during the year		22,428,779	38,455,551
	Adjustment during the year		(34,265,215)	-
	Balance at the end of the year		**94,646,109**	**106,482,545**
13.4	**Deferred tax liability**			
	Balance at the beginning of the year		19,863,349	23,804,019
	Deferred tax (income)/expenses during the year		(1,072,328)	(3,940,670)
	Balance at the end of the year		**18,791,021**	**19,863,349**
	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 International Accounting Standard (IAS) 12.			
	Computaion of deffered tax			
	Accounting written down value		292,696,313	303,926,690
	Tax base written down value		242,586,925	254,268,319
	Net taxable temporary differences		**50,109,388**	**49,658,371**
	Applicable tax rate		37.50%	40.00%
	Defferred tax liability		**18,791,021**	**19,863,349**
	Deferred tax (income)/expenses during the year		**(1,072,328)**	**(3,940,670)**
13.5	**Payable & provision against expenditure**			
	Payable to CDBL		9,856	25,151
	Payable against utilities		6,080,084	5,404,000
	Liability for others		460	731,018
	Audit fees		150,000	127,778
	Withholding VAT, Tax & Excise duty		(405,959)	4,922
	CIB fees		1,574,394	1,398,366
	Provision against legal & other charges		-	1,869,592
	Total		**7,408,835**	**9,560,827**
13.6	**Interest suspense**			
	Lease finance		59,372,360	58,005,106
	Term finance		145,890,114	103,048,050
	Consumer credit		309,680	309,680
	Housing finance		15,616,627	18,559,982
	Total		**221,188,781**	**179,922,818**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
13.7	**Movement of interest suspense account**			
	Balance at the beginning of the year		179,922,818	198,064,717
	Add: Net charge during the year		52,873,543	20,390,153
	Less: Realized during the year		-	-
	Less: Write off during the year		(11,607,580)	(38,532,052)
	Total		**221,188,781**	**179,922,818**
13.8	**Maturity grouping of other liabilities**			
	Repayable on demand		138,649,412	363,271,756
	Within 1 month		93,457,781	65,330,224
	Over 1 month but not more than 6 months		131,153,319	132,212,694
	Over 6 months but not more than 1 year		344,208,778	213,308,771
	Over 1 year but not more than 5 years		342,763,247	210,967,847
	Over 5 years		261,126,252	187,187,768
	Total		**1,311,358,789**	**1,172,279,060**
13(a)	**Consolidated other liabilities**			
	MIDAS Financing Ltd.	13	1,311,358,789	1,172,279,060
	MIDAS Investment Ltd.		114,319,746	67,832,717
	Adjustment for consolidation		-	-
	Total		**1,425,678,535**	**1,240,111,777**
14	**Share Capital**			
14.1	**Authorized Capital**			
	200,000,000 ordinary shares of Tk. 10 each		**2,000,000,000**	**2,000,000,000**
14.2	**Issued, Subscribed and Paid up Capital**			
	120,268,676 fully paid ordinary shares of Tk. 10 each subscribed and paid up at the beginning of the year		1,202,686,760	1,202,686,760
	Add: Bonus share issued (12,026,867 ordinary shares of Tk. 10.00 each)		120,268,670	-
	Total at the end of the year		**1,322,955,430**	**1,202,686,760**
14.3	**Shareholding position**			
	Sponsor shareholders group		419,751,720	394,585,940
	General shareholders group	14.3.1	903,203,710	808,100,820
	Total		**1,322,955,430**	**1,202,686,760**
14.3.1	**General shareholders group**			
	Non resident		27,487,020	25,864,780
	Companies & institutions		450,709,920	412,052,580
	General public		425,006,770	370,183,460
	Total		**903,203,710**	**808,100,820**

14.4	**Classification of shareholders by holding**	**No. of Shareholders**	**Percentage of holding shares**	**No. of shares**	**No. of shares**
	Less than 500 shares	1654	0.20%	265,547	193,958
	501 to 5,000 shares	2004	3.09%	4,093,948	2,648,606
	5,001 to 10,000 shares	371	2.07%	2,733,920	1,641,518
	10,001 to 20,000 shares	223	2.43%	3,214,990	2,209,796
	20,001 to 30,000 shares	85	1.61%	2,123,464	1,497,462
	30,001 to 40,000 shares	40	1.05%	1,383,516	1,329,056
	40,001 to 50,000 shares	24	0.84%	1,106,111	924,807
	50,001 to 1,00,000 shares	40	2.07%	2,740,858	3,554,251
	1,00,001 & above shares	83	86.65%	114,633,189	106,269,222
	Total	**4524**	**100.00%**	**132,295,543**	**120,268,676**

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017

14.5 Year wise details break up of raising paid up capital

Year	Declaration	No of shares	Value of shares Per share @ Tk. 10	Paid up capital (Cumulative)
May 16, 1995	1st Allotment share	10,000	100,000	100,000
1996-1997	Allotment share	5,021,000	50,210,000	50,310,000
1999-2000	Allotment share	509,000	5,090,000	55,400,000
2002-2003	IPO	4,460,000	44,600,000	100,000,000
2003-2004	Bonus share	689,200	6,892,000	106,892,000
2004-2005	Bonus share	1,068,920	10,689,200	117,581,200
2004-2005	Right share	11,758,120	117,581,200	235,162,400
2005-2006	Bonus share	2,351,620	23,516,200	258,678,600
2006-2007	Bonus share	2,586,790	25,867,900	284,546,500
2007-2008	Bonus share	2,845,460	28,454,600	313,001,100
2008-2009	Bonus share	3,912,510	39,125,100	352,126,200
2009-2010	Bonus share	5,281,890	52,818,900	404,945,100
2010-2011	Bonus share	14,173,070	141,730,700	546,675,800
2011-2012	Bonus share	5,466,758	54,667,580	601,343,380
2014-2015	Right share	60,134,338	601,343,380	1,202,686,760
2018	Bonus share	12,026,867	120,268,670	1,322,955,430

14.6 Capital adequacy - As per BASEL-II

a) Core Capital (Tier-I)			
Paid-up capital	14.2	1,322,955,430	1,202,686,760
Statutory reserve	16	82,460,027	80,227,958
Retained earnings	17	37,930,468	149,270,861
		1,443,345,925	**1,432,185,579**
b) Supplementary Capital (Tier-II)			
General provision	13.1 (a)	68,384,689	78,793,827
c) Total eligible capital (a + b)		**1,511,730,613**	**1,510,979,406**
Total assets including off-balance sheet exposures		**12,369,679,694**	**13,511,389,225**
d) Total risk weighted assets (RWA)		**9,214,331,131**	**9,071,042,207**
e) Required capital based on risk weighted assets (10% of d)		**921,433,113**	**907,104,221**
f) Capital surplus/(shortfall) (c-e)		**590,297,500**	**603,875,185**
Capital Adequacy Ratio (%)		**16.41**	**16.66**

14.7 Consolidated Capital adequacy - As per BASEL-II

a) Core Capital (Tier-I)			
Paid-up capital	14.2	1,322,955,430	1,202,686,760
Statutory reserve	16	82,460,027	80,227,958
Retained earnings	17(a)	46,675,316	157,603,711
		1,452,090,773	**1,440,518,429**
b) Supplementary Capital (Tier-II)			
General provision	13.1 (a)	68,384,689	78,793,827
c) Total eligible capital (a + b)		**1,520,475,461**	**1,519,312,256**
Total assets including off-balance sheet exposures		**12,287,746,385**	**13,382,556,886**
d) Total risk weighted assets (RWA)		**9,421,879,919**	**9,227,945,081**
e) Required capital based on risk weighted assets (10% of d)		**942,187,992**	**922,794,508**
f) Capital surplus/(shortfall) (c-e)		**578,287,470**	**596,517,748**
Capital Adequacy Ratio (%)		**16.14**	**16.46**

15 General reserve

Opening balance		-	-
Add: Addition during the year		-	-
		-	-

Notes	Particulars	Ref: Notes	Amount in Taka	
			31 Dec. 2018	31 Dec. 2017
16	**Statutory reserve**			
	Opening balance		80,227,958	61,072,846
	Add: Prior year adjustment		-	13,704,346
	Add: Addition during the year		2,232,069	45,450,766
	Less: Transfer to retained earnings		-	(40,000,000)
	Closing balance		**82,460,027**	**80,227,958**
	NBFIs are required to transfer 20% of the profit to statutory reserve before declaration of dividend as per Financial Institutions Regulations, 1994. MIDAS Financing Limited (MFL) transfer 20% on post tax profit in compliance with the regulation.			
17	**Retained earnings**			
	Opening balance		149,270,861	(127,349,584)
	Add: Prior year adjustment		-	54,817,381
	Add: Profit after tax		11,160,346	227,253,830
	Less: Transfer to statutory reserve		(2,232,069)	(45,450,766)
	Add: Transfer from statutory reserve		-	40,000,000
	Less: Issuance of bonus share		(120,268,670)	-
	Closing balance		**37,930,468**	**149,270,861**
17(a)	**Consolidated retained earnings**			
	Opening balance		157,603,711	(109,716,871)
	Add: Prior year adjustment		-	54,817,381
	Add: Profit after tax		11,572,344	217,953,967
	Less: Transfer to statutory reserve		(2,232,069)	(45,450,766)
	Add: Transfer from statutory reserve		-	40,000,000
	Less: Issuance of bonus share		(120,268,670)	-
	Closing balance		**46,675,316**	**157,603,711**
18	**Business commitments and contingencies**			
	In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities. No material losses are anticipated as a result of these transactions. These contingent liabilities and business commitments are quantified are below:			
18.1	**Contingent liabilities**			
	Acceptances and endorsements		-	-
	Letters of guarantee		200,000,000	200,000,000
	Irrevocable letters of credit		-	-
	Bills for collection		-	-
	Total		**200,000,000**	**200,000,000**
	MIDAS Financing Limited provided guarantee to Dhaka Stock Exchange Limited in favor of Vision Capital Management Limited for an amount of Tk. 20.00 (Twenty) Crore. The said guarantee renewed on January 16, 2019 for an amount of Tk. 10.00 (Ten) Crore by reducing Tk. 10.00 (Ten) Crore from existing Tk. 20.00 (Twenty) Crore.			
18.2	**Other commitments**			
	Documentary credits and short term trade related transactions		-	-
	Forward assets purchased and forward deposits placed		-	-
	Undrawn note issuance and revolving underwriting facilities		-	-
	Undrawn formal standby facilities, credit lines and other commitments		236,595,318	1,364,618,248
	Claims against the bank not acknowledged as debts		-	-
	Total		**236,595,318**	**1,364,618,248**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
19	**Profit and loss account Income**			
	Interest income	20	1,111,373,843	1,097,907,498
	Dividend income	22	30,400,898	34,575,377
	Commission, exchange and brokerage		1,200,000	1,000,000
	Gains less losses arising from investment securities	22	8,903,973	57,985,123
	Other operating income	23	47,525,200	53,093,140
			1,199,403,914	**1,244,561,138**
	Expenses			
	Interest on deposits & borrowings, etc.	21	932,225,878	791,915,607
	Administrative expenses		149,051,399	140,091,609
	Other operating expenses	32	7,971,189	7,557,752
	Depreciation on fixed assets	31(i)	12,174,167	12,270,641
			1,101,422,632	**951,835,609**
	Profit before provision		**97,981,282**	**292,725,529**
20	**Interest income**			
	Interest on lease, loans & advances	20.1	1,094,312,197	1,069,424,802
	Interest on placement with other Banks & FIs	20.2	17,061,645	28,482,696
	Total		**1,111,373,843**	**1,097,907,498**
20.1	**Interest on lease, loans & advances**			
	Interest income on lease finance		24,552,124	108,912,655
	Interest income on term finance		883,060,420	772,989,977
	Interest on housing finance		183,588,716	185,632,898
	Interest on consumer credit		211,282	200,683
	Interest on staff loan		2,899,655	1,688,589
	Total		**1,094,312,197**	**1,069,424,802**
20.2	**Interest on placement with other Banks & FIs**			
	Interest on FDR		15,927,385	22,398,685
	Interest on STD accounts		933,010	865,149
	Interest Income-Short term lending		201,250	5,218,863
	Total		**17,061,645**	**28,482,696**
20(a)	**Consolidated interest income**			
	Interest on lease, loans & advances			
	MIDAS Financing Ltd.	20.1	1,094,312,197	1,069,424,802
	MIDAS Investment Ltd.		3,416,100	233,795
	Adjustment for consolidation		(27,548,172)	(26,034,918)
			1,070,180,125	**1,043,623,679**
	Interest on placement with other Banks & FIs			
	MIDAS Financing Ltd.	20.2	17,061,645	28,482,696
	MIDAS Investment Ltd.		18,914,581	19,565,710
	Adjustment for consolidation		(18,914,581)	(19,565,710)
			17,061,645	**28,482,696**
	Total		**1,087,241,771**	**1,072,106,375**
21	**Interest on deposits & borrowings, etc.**			
	Interest paid on deposits		782,296,460	681,635,074
	Interest paid on borrowings	21.1	149,929,418	110,280,533
	Total		**932,225,878**	**791,915,607**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
21.1	**Interest paid on borrowings**			
	Interest expenses on bank loan		129,569,305	93,367,179
	Interest expenses on call loan		7,203,264	10,283,750
	Interest expenses on re-financing loan		5,400,555	3,750,780
	Interest Expenses- BD Bank SMEDP		1,416,182	-
	Other financing cost		6,340,112	2,878,824
	Total		**149,929,418**	**110,280,533**
21(a)	**Consolidated interest on deposits and borrowings, etc.**			
	Interest paid on deposits			
	MIDAS Financing Ltd.		782,296,460	681,635,074
	MIDAS Investment Ltd.		222,460	23,930
	Adjustment for consolidation		(18,914,581)	(19,565,710)
			763,604,339	**662,093,294**
	Interest paid on borrowings			
	MIDAS Financing Ltd.		149,929,418	110,280,533
	MIDAS Investment Ltd.		27,548,172	26,034,918
	Adjustment for consolidation		(27,548,172)	(26,034,918)
			149,929,418	**110,280,533**
	Total		**913,533,757**	**772,373,827**
22	**Income from investment**			
	Income from investment in shares		8,903,973	57,985,123
	Dividend income		30,400,898	34,575,377
	Total		**39,304,871**	**92,560,500**
22(a)	**Consolidated income from investment**			
	Income from investment in shares			
	MIDAS Financing Ltd.		8,903,973	57,985,123
	MIDAS Investment Ltd.		32,223,477	13,560,057
			41,127,450	**71,545,180**
	Dividend income			
	MIDAS Financing Ltd.		30,400,898	34,575,377
	MIDAS Investment Ltd.		2,054,135	631,005
			32,455,033	**35,206,382**
	Less: Dividend from subsidiary		(24,999,800)	(27,499,780)
	Total		**48,582,683**	**79,251,782**
23	**Other operating income**			
	Transfer price for leased asset		99,455	342,977
	Processing and other fees		5,255,466	10,418,010
	Sale of application form		298,850	953,775
	Rental income-MIDAS Centre & Nahar green		41,529,679	40,451,687
	Other income	23.1	341,750	492,578
	Gain on sale of fixed assets		-	434,113
	Total		**47,525,200**	**53,093,140**
23.1	**Other income**			
	Notice pay		98,490	129,500
	News paper & other sales		3,806	3,500
	Miscellaneous income from deposits (Delay fine)		218,140	296,237
	Miscellaneous income others		21,314	63,341
	Total		**341,750**	**492,578**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
23(a)	**Consolidated other operating income**			
	MIDAS Financing Ltd.	23	47,525,200	53,093,140
	MIDAS Investment Ltd.		34,852,893	29,589,187
	Total		**82,378,093**	**82,682,327**
24	**Salary and allowances**		**114,637,256**	**106,126,368**
24(a)	**Consolidated salary & allowances**			
	MIDAS Financing Ltd.	24	114,637,256	106,126,368
	MIDAS Investment Ltd.		4,459,320	2,918,968
	Total		**119,096,576**	**109,045,336**
25	**Rent, taxes, insurances, electricity, etc.**			
	Rates & taxes		109,620	1,703,224
	Office rent		4,666,304	4,510,911
	Insurance		266,378	255,852
	Utilities		3,028,639	3,316,959
	Total		**8,070,941**	**9,786,946**
25(a)	**Consolidated rent, taxes, insurance, electricity, etc.**			
	MIDAS Financing Ltd.	25	8,070,941	9,786,946
	MIDAS Investment Ltd.		520,521	2,717,292
	Total		**8,591,462**	**12,504,238**
26	**Legal expenses**			
	Legal/professional fees		4,626,013	3,531,065
	Other legal expenses/Non judicial stamp		4,822,241	4,386,187
	Total		**9,448,254**	**7,917,252**
26(a)	**Consolidated legal expenses**			
	MIDAS Financing Ltd.	26	9,448,254	7,917,252
	MIDAS Investment Ltd.		57,700	72,450
	Total		**9,505,954**	**7,989,702**
27	**Postage, stamp, telecommunication, etc.**			
	Postage & courier expenses		173,502	195,674
	Telephone, mobile, fax and internet		2,295,104	2,736,867
	Total		**2,468,606**	**2,932,541**
27(a)	**Consolidated postage, stamps, telecommunication, etc.**			
	MIDAS Financing Ltd.	27	2,468,606	2,932,541
	MIDAS Investment Ltd.		191,779	35,873
	Total		**2,660,385**	**2,968,414**
28	**Stationery, printing, advertisements, etc.**			
	Stationery		746,286	760,674
	Printing		1,121,872	1,004,698
	Advertisement and publicity		1,627,502	1,229,983
	Signboard and banner		180,751	55,616
	Total		**3,676,411**	**3,050,971**
28(a)	**Consolidated stationery, printing, advertisements, etc.**			
	MIDAS Financing Ltd.	28	3,676,411	3,050,971
	MIDAS Investment Ltd.		38,935	222,010
	Total		**3,715,346**	**3,272,981**

Notes	Particulars	Ref: Notes	Amount in Taka 2018	2017
29	**Managing Director's salary and benefits**		**6,344,000**	**6,343,996**
30	**Directors' fees and expenses**			
	Honorarium for attending meeting (including VAT)		1,830,800	1,674,400
	Incidental expenses for meeting		54,768	90,605
	Total		**1,885,568**	**1,765,005**
	Total 15 nos of Board Meeting, 5 nos of Audit Committee Meeting and 10 Executive Committee (EC) Meeting were held during the period of January 01, 2018 to December 31, 2018. Each Director was paid Tk.8,000 for attending in each meeting.			
30(a)	**Consolidated directors' fees and expenses**			
	MIDAS Financing Ltd.	30	1,885,568	1,765,005
	MIDAS Investment Ltd.		104,837	155,545
	Total		**1,990,405**	**1,920,550**
31	**Depreciation and repair of company's assets**			
	i) Depreciation of company's assets (Annexure A)			
	Building		8,156,073	8,156,074
	Office equipment		705,892	691,793
	Office furniture		1,616,601	1,750,910
	Motor vehicle		609,559	402,093
	Intengible asset		169,683	242,403
	Computer equipment		916,359	1,027,367
			12,174,167	**12,270,641**
	ii) Repair of company's assets			
	Office repair and maintenance		2,025,042	1,381,127
	Car maintenance		345,321	659,624
			2,370,363	**2,040,751**
	Total		**14,544,530**	**14,311,392**
31(a)	**Consolidated depreciation and repair of company's assets**			
	a) Depreciation of company's assets (Annexure B)			
	MIDAS Financing Ltd.	31(i)	12,174,167	12,270,641
	MIDAS Investment Ltd.		5,627,659	5,324,114
			17,801,826	**17,594,755**
	b) Repair of company's assets:			
	MIDAS Financing Ltd.	31(ii)	2,370,363	2,040,751
	MIDAS Investment Ltd.		338,340	209,420
			2,708,703	**2,250,171**
	Total		**20,510,529**	**19,844,926**
32	**Other expenses**			
	Fuel		586,815	998,771
	Traveling and conveyance		1,494,532	1,427,767
	Public relation and AGM expenses		734,601	801,783
	News paper & periodicals		61,026	59,753
	Business promotion & development		173,098	-
	Entertainment		1,159,773	945,968
	Training, seminar & workshop		274,194	504,909
	Membership fees & subscription		2,014,590	1,353,574
	Bank charge		893,748	881,910
	Share management expenses		318,824	36,575
	Miscellaneous expenses		-	350,384
	Loss on sale of fixed assets		259,988	196,359
	Total		**7,971,189**	**7,557,752**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
32(a)	**Consolidated other expenses**			
	MIDAS Financing Ltd.	32	7,971,189	7,557,752
	MIDAS Investment Ltd.		1,273,174	834,761
	Total		**9,244,363**	**8,392,513**
33	**Provision against loans, lease finance & others**			
	General provisions	13.1(a)	(10,409,138)	22,751,405
	Specific provisions	13.1(b)	55,429,738	32,731,579
	Provisions for diminution in value of investments	13.2	20,443,884	3,926,204
	Other provisions		-	(28,452,369)
	Total		**65,464,484**	**30,956,819**
33(a)	**Consolidated provision against loans, lease finance & others**			
	General provisions			
	MIDAS Financing Ltd.		(10,409,138)	22,751,405
	MIDAS Investment Ltd.		-	-
	Total		**(10,409,138)**	**22,751,405**
33(b)	**Specific provisions**			
	MIDAS Financing Ltd.		55,429,738	32,731,579
	MIDAS Investment Ltd.		-	-
	Total		**55,429,738**	**32,731,579**
33(c)	**Provisions for diminution in value of investments**			
	MIDAS Financing Ltd.		20,443,884	3,926,204
	MIDAS Investment Ltd.		20,387,469	4,465,355
	Total		**40,831,353**	**8,391,559**
33(d)	**Current tax**			
	MIDAS Financing Ltd.		22,428,779	38,455,551
	MIDAS Investment Ltd.		6,483,180	2,352,574
	Total		**28,911,959**	**40,808,125**
33(e)	**Deferred tax**			
	MIDAS Financing Ltd.		(1,072,328)	(3,940,671)
	MIDAS Investment Ltd.		(1,250,362)	(22,019)
	Total		**(2,322,690)**	**(3,962,690)**
33(f)	**Other provisions**			
	MIDAS Financing Ltd.		-	(28,452,369)
	MIDAS Investment Ltd.		-	-
	Total		-	**(28,452,369)**
34	**Earnings per share (EPS)**			
	Net profit after tax (A)		11,160,346	227,253,830
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Earnings per share (A/B) (2017:restated)		**0.08**	**1.72**
34(a)	**Consolidated earnings per share (EPS)**			
	Consolidated net profit after tax (A)		11,572,548	217,954,114
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Earnings per share (A/B) (2017:restated)		**0.09**	**1.65**
35	**Net assets value (NAV) per share**			
	Net assets (A)		1,443,345,925	1,432,185,579
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Net assets value (NAV) per share (A/B) (2017:restated)		**10.91**	**10.83**
35(a)	**Consolidated net assets value (NAV) per share**			
	Net assets (A)		1,452,090,773	1,440,518,429
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Consolidated net assets value per share (A/B) (2017:restated)		**10.98**	**10.89**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
36	**Net operating cash flow per share**			
	Net operating cash flow (A)		(300,510,708)	(179,656,073)
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Net operating cash flow per share (A/B) (2017:restated)		**(2.27)**	**(1.36)**
36(a)	**Consolidated net operating cash flow per share**			
	Net operating cash flow (A)		(295,405,210)	(168,420,693)
	Number of ordinary shares outstanding (Denominator) (B)		132,295,543	132,295,543
	Consolidated net operating cash flow per share (A/B) (2017:restated)		**(2.23)**	**(1.27)**
37	**Reconciliation of net operating cash flow**			
	Net profit after tax		**11,160,346**	**227,253,830**
	Adjustment for non cash-cash items			
	Add: Depreciation		12,174,167	12,270,641
	Add/(Less): Provision for taxation		22,428,779	38,455,551
	Add/(Less): Provision for deferred tax		(1,072,328)	(3,940,671)
	Add: Provision for loans and investment		92,512,540	59,409,188
	Add: Provision for others		-	(28,452,369)
	Add/(Less):Accrued income		(17,347,610)	(68,263,163)
	Add/(Less):Accrued expenses		85,590,495	78,001,339
	Less: Gain on disposal of fixed assets		-	434,113
	Add: Loss on disposal of fixed assets		259,988	196,359
			205,706,377	**315,364,819**
	Changes in operating assets and liabilities			
	Increase/(Decrease) in Purchases/Sale of trading securities		(14,392,407)	(46,552,120)
	(Increase)/Decrease in Loans and lease finance to customers		(46,228,856)	(1,473,463,074)
	Increase/(Decrease) in Deposits from banks & individuals		(478,844,583)	1,073,197,887
	Increase/(Decrease) in Interest suspense		41,265,963	(18,141,899)
	(Increase)/Decrease in Income tax		(21,183,461)	(36,096,752)
	Increase/(Decrease) in Payable & accrued expenses		(2,151,992)	2,135,670
	(Increase)/Decrease in Other assets		5,737,426	50,222,112
	Increase/(Decrease) in Other liabilities		9,580,825	(46,322,717)
	Cash received/(paid) from operating assets and liabilities		**(506,217,085)**	**(495,020,892)**
	Net cash from operating activites		**(300,510,708)**	**(179,656,073)**
37(a)	**Reconciliation of consolidated net operating cash flow**			
	Net profit after tax		**11,572,548**	**217,954,113**
	Adjustment for non cash-cash items			
	Add: Depreciation		17,801,826	17,594,755
	Add/(Less): Provision for taxation		28,911,959	40,808,125
	Add/(Less): Provision for deferred tax		(2,322,690)	(3,962,690)
	Add: Provision for loans and investment		112,900,009	63,874,543
	Add: Provision for others		-	(28,452,369)
	Add/(Less):Accrued income		(21,536,781)	(57,387,822)
	Add/(Less):Accrued expenses		84,511,839	81,585,367
	Less: Gain on disposal of fixed assets		-	434,113
	Add: Loss on disposal of fixed assets		259,988	196,359
			232,098,698	**332,644,495**

Notes	Particulars	Ref: Notes	Amount in Taka	
			2018	2017
	Changes in operating assets and liabilities			
	(Increase)/Decrease in Other assets		6,109,114	49,947,616
	Increase/(Decrease) in Other liabilities		13,967,025	(48,203,727)
	Increase/(Decrease) in Purchases/Sale of trading securities		(68,831,267)	(80,736,223)
	(Increase)/Decrease in Loans and lease finance to customers		(28,119,078)	(1,444,825,398)
	Increase/(Decrease) in Deposits from banks & individuals		(478,844,583)	1,086,274,272
	(Increase)/Decrease in Income tax		(28,662,487)	(50,521,917)
	Increase/(Decrease) in Interest suspense		41,265,963	(18,141,899)
	Increase/(Decrease) in Payable & accrued expenses		15,611,405	5,142,088
	Cash received/(paid) from operating assets and liabilities		**(527,503,908)**	**(501,065,188)**
	Net cash from operating activites		**(295,405,210)**	**(168,420,693)**

38 Disclosure on Audit Committee of the Board

a) Composition of audit committee

The audit Committee of the Board of Directors consists of the following 5(five) members of the Board:

Sl. No	Name	Status with the company	Status with the Committee	Educational Qualification
01	Mr. Ghulam Rahman	Independent Director	Chairman	B.A. (Hons) and M.A. in Economics from D.U.
02	Ms. Rokia A. Rahman	Director	Member	Graduation in Banking from Karachi, Pakistan.
03	Mr. Ali Imam Majumder*	Director	Member	M. Sc. in Mathematics
04	Mr.M. Hafizuddin Khan	Director	Member	B.A. (Hons) and M.A. in Political Science from D.U.
05	Mr. Siddiqur Rahman Choudhury	Independent Director	Member	B.Sc. (Hons), M.Sc. (D.U.) Diploma in Public Financial Management (University of Connecticut, USA)

*Mr. Ali Imam Majumder retired from the post of Independent Director on November 05, 2018 and appointed as representative Director of MIDAS with effect from December 27, 2018. Mr. Ghulam Rahman was appointed as Independent Director with effect from December 27, 2018 and elected as Chairman of audit committee.

The members of the Board Audit Committee are all having good exposure in the NBFI's business. They played active role in the Board Meetings.

b) Meetings held by the committee during the year by date and no of attendances

Sl. No	Meeting No	Date of Meetings	No of Attendances
1	71th Meeting	15.01.2018	4
2	72nd Meeting	15.04.2018	5
3	73rd Meeting	14.05.2018	5
4	74th Meeting	28.07.2018	5
5	75th Meeting	30.10.2018	4

c) Meeting of Audit Committee

During the period January 1, 2018 to December 31, 2018, the Audit Committee of the Board conducted 5 (Five) meetings. In those meetings, among others, the committee reviewed/discussed/oversaw the following issues

i) Annual internal audit plan and compliance process;

ii) Adequacy of internal audit function;

iii) Company's internal administrative policy;

iv) Quarterly loan, lease classification and recovery position;

v) Financial reporting process and choice of accounting policies and principles;

vi) Annual financial statements along with annual report of the Company;

vii) Quarterly and half-yearly financial statements of the Company;

viii) Internal and External (including Bangladesh Bank) Inspection & Audit Reports and management letter issued by statutory auditor;

ix) Internal control systems and procedures;

x) Financial statements of subsidiary company;

xi) Compliance of legal and regulatory requirements.

39 Related party disclosure

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

39.1 Name of the Directors and their interst in defferent entities

Sl. No	Name of Directors	Status in MFL	Entities where they have interest	Position
1	**Mr. Mohammed Nasir Uddin Chowdhury***	Chairman (Nominated by LankaBangla Finance Ltd.)	Rajshahi Agro Fisheries Complex Ltd. FinExcel Ltd. LankaBangla Securities Ltd. Bengal Meat Processing Industry Ltd. LankaBangla Investment Ltd. BD Venture Ltd. Eastern Cables Ltd.	Chairman Vice Chairman Managing Director Director Director Director Director
2	**Ms. Rokia A. Rahman**	Director (Nominated by (MIDAS)	R.R. Cold Storage Ltd. Mediaworld Ltd. Arlinks Ltd. Aris Holdings Ltd. Mediastar Ltd. Imaan Cold Storage Ltd. ABC Radio Bangladesh Lamps Ltd. Marico Bangladesh Ltd. MIDAS BRAC Banchte Shekha, Jashore Presidency University	Chairman & MD Chairman Chairman Chairman Director Director Director Independent Director Independent Director Director Governing Body Member Chairperson Member of Board of Trustees

Sl. No	Name of Directors	Status in MFL	Entities where they have interest	Position
3	**Mr. Abdul Karim**	Director (Nominated by MIDAS)	MIDAS SEP Bangladesh VERC	Director Treasurer Treasurer
4	**Mr. M. Hafizuddin Khan**	Director (Nominated by MIDAS)	MIDAS Investment Limited MIDAS Transparency International - Bangladesh (TIB) Anjuman Mufidul Islam	Director Director Member of Board of Trustees Vice President
5	**Mr. Ali Imam Majumder****	Director (Nominated by MIDAS)	MIDAS Transparency International - Bangladesh (TIB) NIS Suport Project, Phase-2	Director Member of Board of Trustees Senior Advisor
6	**Mr. S.M. Azad Hossain**	Director (General Share holder Group)	Nur-Nahar Spinning Mills Ltd.	Executive Director
7	**Mr. Md. Shamsul Alam**	Director (General Share holder Group)	Arasco Agro Food and Feed Ltd. Arafat Agro Trade	Managing Director Proprietor
8	**Mr. Md. Shahedul Alam**	Director (General Share holder Group)	RADIO VISION Hay Agro (Pvt) Ltd. SBL Capital Managemnt Ltd.	Partner Chairman Director
9	**Mr. Siddiqur Rahman Choudhury**	Independent Director	Social Marketing Company Ltd. SMC Enterprise Ltd.	Chairman Chairman
10	**Mr. Ghulam Rahman*****	Independent Director	Consumer Associtaion of Bangladesh MIDAS Investment Ltd. Anjuman Mufidul Islam	President Director Vice President
11	**Ms.Parveen Mahmud******	Director (Nominated by MIDAS)	Shasha Denims Ltd. Shasha Textiles Ltd. Shasha Spinning Ltd. Shasha Apparels Ltd. Saburo Indigo Ltd. MIDAS Shasha Millners & Textiles Ltd. Shasha Construction Ltd. Linde Bangladesh Ltd. BRAC BRAC International Campaign for Popular Education (CAMPE) Palli Karma Sahayak Foundation (PKSF) Under Privileged Children Education Program (UCEP), Bangladesh Manusher Jonno Foundation (MJF) Rangpur Dinajpur Rural Services (RDRS) - Bangladesh Ghashful Grameen Phone Ltd. Grameen Capital Management Ltd. Grameen Danone Foods Ltd. Grameen Krishi Foundation Grameen Fisheries and Livestock Ltd. Grameen Health Care Services Ltd. Grameen Fabrics & Fashions Ltd. Grameen Knitwear Ltd. Grameen Distribution Ltd. Grameen Shamgori Ltd. Grameen Samajik Byabsha Ltd.	Chairman Chairman Chairman Chairman Chairman Director Board Member Board Member Board Member, Chairman-Audit Association Member & Audit Committee Board Board Member, Chairman-Audit Committee Board Member, Chairman-Audit Committee Board Member & Audit Committee Member Chairperson Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member

*Mr. Mohammed Nasir Uddin Chowdhury, Representative Director of LankaBangla Finance Limited, was elected as Chairman of MIDAS Financing Limited in place of Ms. Rokia A. Rahman with effect from April 01, 2019.

**Mr. Ali Imam Majumder retired from the post of Independent Director on November 05, 2018 and appointed as representative Director of MIDAS with effect from December 27, 2018. MIDAS withdrew nomination of Mr. Ali Imam Majumder with effect from July 02, 2019.

***Mr. Ghulam Rahman was appointed as Independent Director with effect from December 27, 2018.

****MIDAS withdrew its nomination of Ms. Parveen Mahmud with effect from December 27, 2018.

39.2 Significant contract in which the company, its subsidiary or any fellow subsidiary company was a party and wherein the directors have interest that subsisted at any time during the year or at the end of the year - Nill

39.3 Shares issued to Directors & Executives without consideration or issued at discount - Nill

39.4 Related party transaction

During the year, the company carried out a number of transactions with related party in the normal course of business. The name of the related party and nature of this transactions have been set out in accordance with the provisions of IAS 24 (Related party disclosure) as noted below:

Name of the related party	Relationship	Transaction nature	Classification Status	Amount in Taka	
				2018	2017
Ms. Rokia Afzal Rahman	Sponsor shareholder	Auto finance	Standard	426,356	2,813,630
MIDAS	Sponsor shareholder	Term deposits	N/A	114,275,870	113,929,583
MIDAS Investment Ltd	Subsidiary	STL & LTD	Standard	249,386,380	221,840,207
MIDAS Investment Ltd	Subsidiary	Term deposits	N/A	205,000,000	205,000,000
LankaBangla Finance Ltd.	Shareholder	Term deposits	N/A	260,000,000	100,000,000
LankaBangla Investment Ltd.	Shareholder	Short term finance	Standard	80,000,000	-
LankaBangla Securities Ltd.	Shareholder	Investment (un-listed)	N/A	5,000,000	5,000,000
LankaBangla Securities Ltd.	Shareholder	Maintainance of investment (Share) portfolio through BO A/C	N/A	269,720,459	258,104,970
Shafique-Ul-Azam*	Ex-Managing Director	Term deposits	N/A	586,923	1,139,654
Total				**1,184,395,988**	**907,828,044**

* Mr. Shafique-Ul-Azam was no more Managing Director with effect from March 29, 2019.

39.5 Lending policy to related parties

Amount of transactions regarding loans and advances, deposits, guarantees and commitment - Note : 39.4

39.6 Investment in securities of the Directors and their related concerns - Nill

40 Number of employees

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk. 36,000 per annum or above were 196 at the end of December 31, 2018 as against 195 in 2017.

41 Events after the balance sheet date

There is no material adjusting or non adjusting events after the balance sheet date except as disclosed in note 41.1

41.1 Proposed dividend

the Board of Directors in its 305th Board Meeting held on May 22, 2019 has recommended stock dividend to the shareholders @2.5% (i.e., 1 bonus share for every 40 shares) for the year ended December 31, 2018. The same will be placed for approval of shareholders at 23rd Annual General Meeting (AGM) of the Company.

MIDAS Financing Limited

Fixed assets including land, building, furniture and fixtures

for the year ended December 31, 2018

Annexure -A

Amount in Taka

Particulars	COST				Rate of Depreciation	DEPRECIATION/AMORTIZATION				Written down value as on December 31, 2018
	Balance as on January 1, 2018	Addition/ transfer during the year	Disposal/ adjustment during the year	Balance as on December 31, 2018		Balance as on January 1, 2018	Charged for the year	Adjustment/ transfer during the year	Balance as on December 31, 2018	
I. Free holds assets										
Land	19,505,978	-	-	19,505,978		-	-	-	-	19,505,978
Building	326,242,920	-	-	326,242,920	2.5%	69,869,314	8,156,073	-	78,025,387	248,217,533
Office equipment	9,673,408	675,551	440,670	9,908,289	18%	6,092,276	705,892	349,292	6,448,876	3,459,413
Furniture & fixtures	29,217,665	125,087	271,926	29,070,826	10%	13,124,875	1,616,601	140,448	14,601,028	14,469,798
Motor vehicle	8,119,543	-	-	8,119,543	20%	5,066,815	609,559	-	5,676,374	2,443,169
Computer equipment	14,345,052	444,140	505,210	14,283,982	18%	9,590,206	916,359	427,078	10,079,487	4,204,495
Sub total	**407,104,566**	**1,244,778**	**1,217,806**	**407,131,538**		**103,743,486**	**12,004,484**	**916,818**	**114,831,153**	**292,300,386**
II. Intangible assets										
System & software	1,339,275	-	-	1,339,275	30%	773,665	169,683	-	943,348	395,927
Total December 31, 2018	**408,443,841**	**1,244,778**	**1,217,806**	**408,470,813**		**104,517,151**	**12,174,167**	**916,818**	**115,774,500**	**292,696,313**
Total December 31,2017	**407,604,537**	**4,334,995**	**3,495,691**	**408,443,841**		**95,423,289**	**12,270,642**	**3,176,779**	**104,517,152**	**303,926,690**

Annexure -B

MIDAS Financing Limited and its subsidiary

Consolidated Fixed assets including land, building, furniture and fixtures

for the year ended December 31, 2018

Amount in Taka

Particulars	COST				DEPRECIATION/AMORTIZATION				Written down value as on December 31, 2018
	Balance as on January 1, 2018	Addition/ transfer during the year	Disposal/ adjustment during the year	Balance as on December 31, 2018	Balance as on January 1, 2018	Charged for the year	Adjustment/ transfer during the year	Balance as on December 31, 2018	
I. Free holds assets									
Land	37,161,905	-	-	37,161,905	-	-	-	-	37,161,905
Building	524,854,965	-	-	524,854,965	91,659,135	13,121,374	-	104,780,510	420,074,455
Office equipment	9,816,753	675,551	440,670	10,051,634	6,140,429	814,879	349,292	6,606,016	3,445,618
Furniture & fixtures	30,235,060	136,384	271,926	30,099,518	13,395,748	1,690,587	140,448	14,945,887	15,153,631
Motor vehicle	8,119,543	-	-	8,119,543	5,066,815	609,559	-	5,676,374	2,443,169
Computer equipment	15,338,836	465,540	505,210	15,299,166	10,175,843	1,251,369	427,078	11,000,134	4,299,031
Sub total	**625,527,061**	**1,277,475**	**1,217,806**	**625,586,731**	**126,437,970**	**17,487,768**	**916,818**	**143,008,921**	**482,577,810**
II. Intangible assets									
System & software	1,339,275	1,155,000	-	2,494,275	773,665	314,058	-	1,087,723	1,406,552
Total December 31, 2018	**626,866,336**	**2,432,475**	**1,217,806**	**628,081,006**	**127,211,636**	**17,801,826**	**916,818**	**144,096,644**	**483,984,362**
Total December 31,2017	**625,379,959**	**4,982,069**	**3,495,691**	**626,866,337**	**112,793,659**	**17,594,756**	**3,176,779**	**127,211,636**	**499,654,700**

MIDAS Financing Limited

Highlight as required by Bangladesh Bank

As at December 31, 2018

SL#	Particulars	Solo		Consolidated	
		2018	2017	2018	2017
1	Paid-up capital (Taka)	1,322,955,430	1,202,686,760	1,322,955,430	1,202,686,760
2	Total capital (Taka)	1,443,345,925	1,432,185,579	1,452,090,773	1,440,518,429
3	Capital surplus (Taka)	443,345,925	432,185,579	452,090,773	440,518,429
4	Total assets (Taka)	11,933,084,376	11,946,770,978	11,851,151,067	11,817,938,638
5	Total deposits (Taka)	7,468,640,563	7,947,485,146	7,263,640,563	7,742,485,146
6	Total lease, loans and advances (Taka)	10,287,318,648	10,315,899,131	10,052,745,342	10,099,435,603
7	Total contingent liabilities and commitments (Taka)	436,595,318	1,564,618,248	436,595,318	1,564,618,248
8	Credit deposit ratio	137.74%	129.80%	138.40%	130.44%
9	Percentage of classified loan against total loans	12.49%	9.92%	12.49%	9.92%
10	Net profit after taxation (Taka)	11,160,346	227,253,830	11,572,548	217,954,114
11	Classified lease, loans and advances (Taka)	1,284,541,783	1,023,466,606	1,284,541,783	1,023,466,606
12	Provisions kept against classified loans (Taka)	330,544,952	322,876,497	330,544,952	322,876,497
13	Provision surplus/(deficit) against classified loan (Taka)	-	-	-	-
14	Cost of fund	10.34%	9.16%	10.34%	9.16%
15	Interest earnings assets (Taka)	9,787,966,553	9,893,496,404	9,856,170,892	9,930,946,907
16	Non-interest earnings assets (Taka)	2,145,117,823	2,053,274,574	1,994,980,175	1,886,991,731
17	Return on investment in shares (ROI)	13.99%	36.96%	12.74%	25.86%
18	Return on assets (ROA)	0.09%	2.02%	0.10%	1.96%
19	Income from investment (Taka)	39,304,871	92,560,500	48,582,683	79,251,782
20	Earnings per share (2017:restated) (Taka)	0.08	1.72	0.09	1.65
21	Operating profit per share (2017:restated) (Taka)	0.74	2.21	0.94	2.41
22	Price earning ratio (Times) (2017:restated) (Taka)	295.17	26.02	284.65	27.13
23	Market price per share (Taka)	24.90	44.70	24.90	44.70
24	Net assets value (NAV) per share (2017:restated) (Taka)	10.91	10.83	10.98	10.89

Auditors' Report and Audited Financial Statements of MIDAS Investment Limited

As at and for the year ended December 31, 2018



Auditors' Report

We have audited the accompanying Statement of Financial Position of "**MIDAS INVESTMENT LIMITED**" as at 31 December 2018 and the related Statement of Profit or Loss and other Comprehensive Income, Statement of Cash Flow, Statement of Changes in Shareholders' Equity and Notes to the Financial Statements for the year then ended. The preparation and presentation of these financial statements is the responsibility of the Company's Management our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We have conducted our audit in accordance with International Standards on Auditing as adopted in Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure, in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31December 2018 and of the results of its operations for the year ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We report that;

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) The company Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Cash Flow, Statement of Changes in Shareholders' Equity and Notes to the Financial Statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditures incurred and payments made were for the purposes of the Company's business.

Place: Dhaka
Dated:2 April 2019

(Md. Shamsul Huda, FCA)
HUDA HOSSAIN & CO.
Chartered Accountants

DHAKA OFFICE:
House No-45 (Ground Floor), Road No-12/A
Dhanmondi ,Dhaka-1209. Off. Ph: 02-55000452
Mobile-01713-032449, 01713024112
e-mail: huda_hossain@yahoo.com
hudahossain1985@gmail.com

CHITTAGONG OFFICE:
1557, Agrabad Access Road
Singapore Market (4th Floor)
Agrabad C/A, Chittagong, Ph:031-723623
Mobile: 1932867310,
email; belayetfca@gmail.com

MIDAS Investment Limited
Statement of Financial Position
As at December 31, 2018

Particulars	Notes	Amount in Taka	
		31 Dec 2018	31 Dec 2017
ASSETS			
Non-current Assets			
Property, plant and equipment	3	38,088,691	39,128,010
Building (Investment Property)	3.1	152,188,733	156,600,001
Intangible Assets	3.2	1,010,625	-
Long-term investment	4	205,000,000	205,000,000
Total non-current assets		**396,288,049**	**400,728,011**
Current Assets			
Cash and bank balance	5	14,915,943	10,998,142
Advance income tax		42,911,349	35,432,323
Investment in Securities	6	127,514,909	73,076,049
Margin Loan to portfolio investors		14,813,074	5,376,679
Rental income receivable	7	23,701,438	20,049,658
Other assets	8	2,306,309	2,345,005
Total current assets		**226,163,022**	**147,277,856**
Total Assets		**622,451,071**	**548,005,868**
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	9	250,000,000	250,000,000
Retained earnings	10	8,744,944	8,332,941
Total Equity		**258,744,944**	**258,332,941**
Liabilities			
Non-current Liabilities			
Long-term loan	11	189,386,380	196,840,207
Current Liabilities			
Short Term Loan	11.1	60,000,000	25,000,000
Liability against expenses	12	46,000	34,500
Provision for taxation	13	36,305,225	29,822,045
Other liabilities	14	77,968,522	37,976,174
Total Current Liabilities		**174,319,747**	**92,832,719**
Total Equity and Liabilities		**622,451,071**	**548,005,868**

These accounts should be read in conjunction with the accompanying notes, which constitute an integral part thereof.

Chairman **Director** **Chief Executive Officer** **Company Secretary**

As per report of date annexed

(Md. Shamsul Huda, FCA)
HUDA HOSSAIN & CO.
Chartered Accountants

Place: Dhaka
Dated:2 April 2019

MIDAS Investment Limited

Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2018

Particulars	Notes	Amount in Taka	
		2018	2017
Operating Income	15	3,416,100	233,795
Less: Operating Expenses	15.1	6,051,778	23,930
Operating Income		**(2,635,678)**	**209,865**
Income from investment in securities	16	34,277,613	14,191,062
Other income	17	32,048,621	23,119,978
Total Income		**63,690,555**	**37,520,905**
Administrative Expenses			
Salary and allowances		4,459,320	2,918,968
Utilities Expenses		347,975	336,298
Bank charges & Excise duty		176,504	23,841
Legal & Professional fees		57,700	72,450
Audit fees		46,000	34,500
Regulatory fees and charges	18	172,546	465,726
Printing & Stationery	19	38,935	179,806
Postage, stamp and telecommunication	20	191,779	125,873
Directors' fees and expenses	21	104,837	155,545
Depreciation and amortization	22	5,627,660	5,324,114
Other expenses	23	1,435,010	2,887,812
Total administrative expenses		**12,658,265**	**12,524,933**
Profit before provision		**51,032,290**	**24,995,972**
Provision for investment in share	24	(20,387,469)	(4,465,355)
Profit before taxation		**30,644,821**	**20,530,617**
Tax expenses:			
Current tax		6,483,180	2,352,574
Deffered Tax		(1,250,362)	(22,019)
		5,232,818	**2,330,555**
Profit for the period		**25,412,003**	**18,200,062**
Earnings Per Share (Taka)	25	**1.02**	**0.73**

Chairman **Director** **Chief Executive Officer** **Company Secretary**

As per report of date annexed

(Md. Shamsul Huda, FCA)
HUDA HOSSAIN & CO.
Chartered Accountants

Place: Dhaka
Dated:2 April 2019

MIDAS Investment Limited
Statement of Cash Flow
For the year ended December 31, 2018

Notes	Particulars	Amount in Taka	
		2018	2017
A)	**Cash flows from Operating Activities**		
	Fees & Commission Received	3,416,100	209,865
	Interest received from TDR	18,914,581	19,565,710
	Interest paid against borrowing	(28,626,828)	(22,991,861)
	Profit/(Loss) from share investment	34,277,613	14,191,062
	Cash payment to employees	(4,459,320)	(2,918,968)
	Cash Payment to Others	(2,793,746)	(4,305,781)
	Income Tax Paid	(7,479,026)	(14,425,166)
	Received from other Income	31,201,116	27,590,338
	Operating profit before changes in Operating Assets & Liabilities	**44,450,490**	**16,915,199**
	Changes in Operating Assets and Liabilities		
	Purchase / Sale of Trading Securities	(54,438,860)	(39,560,782)
	Other Assets	38,696	(2,141,280)
	Other liabilities	11,945,394	1,431,503
	Sub Total	**(42,454,770)**	**(40,270,559)**
	Net cash flow from operating activities (Total of "A")	**1,995,720**	**(23,355,360)**
B)	**Cash flows from Investing Activitives**		
	Purchase / Sale of Property, Plant & Equipment	(1,187,697)	(647,073)
	Term deposit with MFL	-	13,076,384
	Increase in investment in Margin loan	(9,436,395)	-
	Net Cash flows by investing activities (Total of "B")	**(10,624,092)**	**12,429,311**
C)	**Cash flows From Financing Activities**		
	Increase/(decrease) of borrowings	27,546,173	34,014,355
	Dividend paid	(15,000,000)	(12,500,000)
	Net Cash flow by Financing Activities (Total of "C")	**12,546,173**	**21,514,355**
D)	**Net Increase/ (Decrease) in cash & cash equivalents (A+B+C)**	**3,917,801**	**10,588,306**
E)	**Opening cash and cash-equivalents**	**10,998,142**	**409,836**
F)	**Closing cash cash-equivalents (D+E)***	**14,915,943**	**10,998,142**
	*** Closing cash and cash-equivalents**		
	Cash in hand	6,750	5,437
	Cash at bank	14,909,193	10,992,705
	Total	**14,915,943**	**10,998,142**

Chairman **Director** **Chief Executive Officer** **Company Secretary**

As per report of date annexed

(Md. Shamsul Huda, FCA)
HUDA HOSSAIN & CO.
Chartered Accountants

Place: Dhaka
Dated:2 April 2019

MIDAS Investment Limited
Statement of Changes in Shareholders' Equity
For the year ended December 31, 2018

Amount in Taka

Particulars	Share Capital	Reserve	Retained Earnings	Total
Balance as at January 01, 2018	**250,000,000**		**8,332,941**	**258,332,941**
Profit for the period	-	-	25,412,003	25,412,003
Interim Dividend 2018	-	-	(25,000,000)	(25,000,000)
Balance as at 31 December 2018	**250,000,000**	**-**	**8,744,944**	**258,744,944**
Balance as at 31 December 2017	**250,000,000**	**-**	**8,332,941**	**258,332,941**

Chairman **Director** **Chief Executive Officer** **Company Secretary**

As per report of date annexed

(Md. Shamsul Huda, FCA)
HUDA HOSSAIN & CO.
Chartered Accountants

Place: Dhaka
Dated:2 April 2019

1.00 Company and it's activities

1.01 Corporate information

MIDAS Investment Limited is a subsidiary company of MIDAS Financing Limited.The Company was incorporated under the Cornpanies Act 1994 dated 09 April, 2012 bearing Registration No C-100772/12 with the Registrar of Joint Stock Companies & Firms. The registered office of the company is at MIDAS Centre (6th floor), House – 05, Road- 16 (New), Dhanmondi, Dhaka-1209. MIDAS Investment Limited is a Full -fledged Merchant Banker & Portfolio Manager under the Registration Certificate No-MB91/2016 dated 06 September,2016.MIDAS Investment also got the Depository Participant (DP) license from the Central Depository Bangladesh Limited (CDBL) on 11th September, 2017.

1.02 Company's Activities

The Company has been formed with a view to operating Merchant Banking activities.

2.00 Basis of preparation and Significant Accounting Policies

2.01 Statement of compliance

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business following accrual basis of accounting under historical cost convention. In preparation of the financial statements the company followed respective provisions of The Companies Act 1994,The Securities and Exchange(Merchant Banker and Portfolio Manager) Rules,1996 and International Accounting Statndard (IAS) and/or International Financial Reporting Standards and other applicable laws and regulations.

2.02 Use of estimates and judgment

Preparation of the financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies that affect the reported amounts of the revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

2.03 Cash flow statement

The cash flow statement is prepared using the direct method as stipulated in International Accounting Standards (IAS)-7 "Statement of Cash Flows". Cash and cash equivalents for cash flow statements comprises mainly of cash in hand and balances at banks.

2.04 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

2.05 Accounting for Margin Loan

Margin Loan to Portfolio investors is given at an agreed ratio (not more than the ratio prescribed by BSEC) between investor's deposit and loan amount to purchase securities against respective investor account. The new investor are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it is changes due to changes in market price of share. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain the margin as per rules otherwise the securities are sold to bring the margin to the required level.

2.06 Investment in securities

Investment in marketable ordinary shares has been shown at cost, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost. 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.

2.07 Property, plant & Equipment

Recognition

An item is recognized as an asset when it is probable that future economic benefit associated with the asset will flow to the enterprise and the cost of the assets to the enterprise can be measured reliably. The cost of an item of fixed assets includes its purchase price (easel discounts and rebates), including import duties and taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

Measurement

Fixed assets for own use are stated initially at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure of fixed assets are added to the carrying amount of the asset, when it is probable that future economic benefits, exceeding its present standard of performance, will flow to the company and the cost of the item can be measured reliably All other costs are recognized in profit and loss account as expense.

Depreciation

Components of an asset with differing patterns of benefits are depreciated separately. Depreciation is charged to amortized the cost of assets, over their estimated useful lives, using the straight-line method in accordance with IAS-16 “Property, Plant and Equipment”. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

Land	0%
Building	2.50%
Motor vehicles	20%
Office decoration	15%
Office equipment	20%
Furniture and fixtures	15%
Computers & Accessories	33%

Disposal
The gain or loss arising out of disposal or retirement of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognized in profit and loss account.

2.08 Intangible assets
Intangible assets are accounted for in accordance with "IAS 38 Intangible Assets".Intangible assets acquired separetely are recognized at cost initially.Such asstes are carried at cost less any accumulation amortization and any impairment losses. The company's intangible assets include software that purchase during the year. The assets are amortized at 30% per annum on straight line method.

2.09 Impairment of Assets
The carrying amount of the companies assets are reviewed at each balance sheet date whenever there is any indication of impairment. If any such indication exist, the assets recoverable amounts are estimated. An impairment loss is recognized whenever the carrying amount of the assets or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Profit and Loss Account.

2.10 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 International Financial Reporting Statndard.

Profit or loss on sale of securities
Profit or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

Brokerage commission
Brokerage commission is recognised as income when selling or buying order is signed and trade is executed.

Portfolio management fee
Portfolio management fees are recognised on the market value of the clients' portfolio on daily basis and charged to client's balance on quarterly basis.

Dividend income
Dividend is recognized as income when the right to receive the income is establised.

Underwriting fee
Underwriting fee is recognized according to the stage of completion of Underwriting services as agreed and defined in Underwriting agreement between the company.

Other income
Other income is recognized from rental income and net interest income.

2.11 Financial assets at fair value through profit or loss
The financial asset is classified at fair value through profit or loss if it is classified as held for trading is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets are measured at fair value through profit or loss, and changes therein are recognised in profit or loss. Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

2.12 Provision on investment
As per requirements of IAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

2.13 Income and expenditures
Income and expenditures are recognised on accrual basis. Income is only recognised if its realization is reasonably certain.

2.14 Taxation
Tax expense comprises current and deferred tax.

2.14.1 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.

2.14.2 Deferred tax
The Company accounts for deferred tax as per International Accounting Statndard (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.

2.15 Reporting period
Financial satements of MIDAS Investment Limited for 2018 have been prepared for 12 Months comcencing from 1 January 2018 and ending on 31 December 2018. Comparative figure were presented as per last audited Financial statements(1 January 2017 to 31 December 2017).

2.16 Reporting Currency and level of Precision
The financial statements are expressed in Bangladeshi Taka Currency and rounded off to the nearest integer.

2.17 Earnings Per Share (EPS)
The Company calculates Earnings per share (EPS) in accordance with International Accounting Statndards (IAS) 33, "Earnings Per Share" which is shown in the face of the Profit and loss Account and disclosures have been given in note 25.

2.18 Reconciliation of inter-company account
Accounts with regard to inter-company are reconciled regularly and there are no material differences which may affect the financial statements significantly.

2.19 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. Related party disclosures have been given in note 26.

2.20 Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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

2.22 Uniform accounting policies
The financial statements of MIDAS FINANCING LIMITED and MIDAS Investment Limited have been prepared in accordance with uniform policies of accounting.

2.23 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 in note 29.

Notes	Particulars	Amount in Taka	
		31 Dec 2018	31 Dec 2017
3	**Property, plant and equipment**		
	Land	17,655,927	17,655,927
	Building	22,161,338	22,161,338
	Furniture & fixtures	493,237	481,940
	Office decoration	535,455	535,455
	Office equipment	143,345	143,345
	Computer & accessories	1,015,183	993,783
	Property, plant and equipment at cost	**42,004,486**	**41,971,788**
	Less: Accumulated Depriciation	3,915,795	2,843,778
	Written down value (WDV)	**38,088,691**	**39,128,010**
3.01	**Building (Investment Property)**	176,450,707	176,450,707
	Less: Accumulated Depriciation	24,261,974	19,850,706
	Written down value (WDV)	**152,188,733**	**156,600,001**
3.02	**Intangible Assets**		
	IT Software & System	1,155,000	-
	Less: Accumulated amortization	144,375	-
	Written down value (WDV)	**1,010,625**	**-**
	* Details of fixed assets is given in Annexure-A		

Notes	Particulars	Amount in Taka	
		31 Dec 2018	31 Dec 2017
4.	**Long-term investment**		
	Term deposits with MFL	205,000,000	205,000,000
		205,000,000	**205,000,000**
5.	**Cash and bank balance**		
	Cash in hand	6,750	5,437
	Pubali Bank Ltd.	1,344	71,343
	Standard Bank Ltd.	4,542,071	1,466,122
	Mercantile Bank Ltd.	6,438,870	4,967,894
	Mercantile Bank Ltd.	3,881,339	-
	Bank Alfalah Ltd.	45,570	4,487,346
		14,915,943	**10,998,142**
6	**Investment in Securities**		
	Investments in listed securities	113,880,239	58,362,569
	Investments in non- listed securities(6.1)	13,634,670	14,713,480
		127,514,909	**73,076,049**
6.1	**Investments in non- listed securities**		
	Arian Chemicals Ltd.	10,000,000	10,000,000
	Bashundhara Papers Mills Ltd.	-	3,458,080
	Aman cotton Fibrous Ltd.	-	1,255,400
	Runner Automobile Ltd.	1,080,825	-
	Esquare knit composite Ltd.	1,880,145	-
	ADN telecom Ltd.	569,040	-
	Genex infosys Ltd.	104,660	-
		13,634,670	**14,713,480**
7	**Rental income receivable**		
	Office space	21,905,793	18,676,593
	Garage space	183,000	147,000
	Service charge	1,612,645	1,226,065
		23,701,438	**20,049,658**

Rental income receivable

SL	Name of Tenant	Taka	Taka
01	Brandwin Group of companies Ltd.	18,211,478	14,658,698
02	Esperto Health Care	5,291,960	5,291,960
03	AGEC	198,000	99,000
	Total	**23,701,438**	**20,049,658**

8	**Other assets**		
	Advance against purchase of shares	50,121	76,209
	Refundable Security Deposit-CDBL	200,000	200,000
	Advance against purchase of service	-	550,000
	Receivable from -HmC	-	10,000
	Receivable from Panel broker -LankaBangla Securities Ltd.	945,077	-
	Receivable from -MFL	-	131,018
	Employee loan	1,111,111	1,377,778
		2,306,309	**2,345,005**

Notes	Particulars	Amount in Taka	
		31 Dec 2018	31 Dec 2017
9.	**Share Capital**		
	Authorised Capital		
	100,000,000 ordinary shares of Tk.10/- each	**1,000,000,000**	**1,000,000,000**
	Issued, subscribed and paid up capital		
	25,000,000 Ordinary shares of Tk. 10/- each fully paid up.	**250,000,000**	**250,000,000**

Details are as follows:

Sl #	Name of Shareholders	No. of Shares	% of Shareholding	31 December 2018	31 December 2017
1.	MIDAS Financing Limited	24,999,800	99.9992%	249,998,000	249,998,000
2.	Md. Fazlul Hoque	100	0.0004%	1,000	1,000
3.	Mr. Syed Tareque Md Ali	-	-	-	1,000
4.	Mr.Bazlur Rahman Khan	100	0.0004%	1,000	-
		25,000,000	**100%**	**250,000,000**	**250,000,000**

10.	**Retained Earnings**		
	Opening balance	8,332,941	17,632,879
	Add: Net profit after taxation	25,412,003	18,200,063
	Less: Dividend paid	-	(12,500,000)
	Less: Interim Dividend	(25,000,000)	(15,000,000)
		8,744,944	**8,332,941**
11	**Long term loan**		
	Opening balance	196,840,207	187,825,852
	Add: Addition during the period	14,058,805	16,205,723
		210,899,012	**204,031,575**
	Less: Adjustment during the period	(21,512,632)	(7,191,368)
		189,386,380	**196,840,207**
11.1	**Short Term Loan(STL)**		
	Opening balance	25,000,000	-
	Add: Addition during the period	35,000,000	25,000,000
		60,000,000	**25,000,000**
	Less: Adjustment during the period	-	-
		60,000,000	**25,000,000**
12.	**Liability Against Expenses**		
	Laibilities for audit fees	46,000	34,500
		46,000	**34,500**
13.	**Provision for taxation**		
	Opening balance	29,822,045	27,469,471
	Add: Addition during the period	6,483,180	2,352,574
		36,305,225	**29,822,045**
	Less: Adjustment during the period	-	-
		36,305,225	**29,822,045**

Notes	Particulars	Amount in Taka	
		31 Dec 2018	31 Dec 2017
14.	**Other liabilities**		
	Withholding AIT payable	9,400	3,006,558
	Withholding VAT payable	-	6,600
	Advance rent -HmC	-	86,000
	Advance rent-UDDL	2,084,500	-
	Refundable security money(14.3)	7,720,700	5,333,000
	Provision for investment in share (14.1)	27,649,254	7,261,785
	Payable to Clients	3,216,582	55,389
	Payable to Panel Broker-CBL	4,416,596	53,517
	Service charge payable to MFL	2,059,150	2,385,805
	Interest expense payable(D0- 2921)	2,015,820	4,030,421
	Interest expense payable(MFL-STL)	1,476,915	540,971
	Deferred Tax Liability (14.2)	45,046	1,295,408
	Dividend Payable	25,000,000	12,000,012
	Provision for Rental Income	1,674,240	1,674,240
	Other accrued expenses	600,319	246,468
		77,968,522	**37,976,174**
14.1	**Provision for investment in share**		
	Opening balance	7,261,785	2,796,430
	Add: Addition/(adjustment) during the period	20,387,469	4,465,355
		27,649,254	**7,261,785**
14.2	**Deferred Tax Liability**		
	Opening balance	1,295,408	1,317,427
	Deferred tax (income)/expenses accounted for during the year	(1,250,362)	(22,019)
		45,046	**1,295,408**
	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 IAS-12		
	Computation of deferred tax		
	Accounting written down value	191,288,050	39,128,010
	Tax base written down value	191,167,929	35,673,589
	Net taxable differences	**120,121**	**3,454,421**
	Applicable tax rate	37.50%	37.50%
	Deferred tax laibility at the end of the year	**45,046**	**1,295,408**
	Deferred tax liability at the beginning of the year	1,295,408	1,317,427
	Deferred tax (income)/expenses accounted for during the year	**(1,250,362)**	**(22,019)**
14.3	**Refundable security money**		
	Security Deposit - TIB	4,575,000	4,575,000
	Security Deposit - Brandwin Group Ltd.	758,000	758,000
	Security Deposit-UDDL	1,250,700	-
	Security Deposit-W & L	1,137,000	-
		7,720,700	**5,333,000**

Notes	Particulars	Amount in Taka 2018	2017
15.	**Operating Income**		
	Brokerage Commission	981,386	103,619
	Management Fee	93,399	11,694
	Margin Interest income	1,050,131	105,482
	BO Account Fee	23,500	13,000
	IPO Application fee	50	-
	BO Account Renewal Fee	18,500	-
	Underwriting Commission	1,249,134	-
		3,416,100	**233,795**
15.1	**Operating Expenses**		
	CDBL Share Maintenance charges	197,260	18,330
	Interest expenses	5,829,318	-
	BO Account charges	25,200	5,600
		6,051,778	**23,930**
16.	**Income from Investment in securities**		
	Dividend Income	2,054,135	631,005
	Profit /(loss) on sale of Securities	32,223,478	13,560,057
		34,277,613	**14,191,062**
17.	**Other income**		
	Rental income-Office space	34,589,547	29,368,400
	Rental income-Garage space	141,000	72,000
	Interest Income on staff Loan	37,871	46,611
	Bank interest income	78,866	102,175
	Cheque returned charge	5,610	-
	Net Interest Income (Note-17.1)	(2,804,273)	(6,469,208)
		32,048,621	**23,119,978**
17.1	**Net Interest Income**		
	Interest income on TDR	18,914,581	19,565,710
	Less: Interest expenses	(21,718,854)	(26,034,918)
	Net Interest Income	**(2,804,273)**	**(6,469,208)**
18.	**Regulatory fees and charges**		
	Application fee of BSEC	-	25,000
	RJSC expenses	8,546	17,970
	Bidding Fee-DSE	48,000	16,000
	Membership subscription-BMBA	100,000	300,000
	Govt. Duty, VAT & License Fees	16,000	106,756
		172,546	**465,726**
19.	**Printing & Stationery**		
	Stationery expenses	6,600	14,185
	Printing expenses	13,901	137,815
	Office supplies	18,434	27,806
		38,935	**179,806**

Notes	Particulars	Amount in Taka 2018	2017
20.	**Postage, Stamp & Telecommunication**		
	Telephone - Mobile	43,500	32,883
	Networking charges	144,000	90,000
	Stamp charges	4,279	2,990
		191,779	**125,873**
21.	**Directors Fees and expenses**		
	Directors Fees	93,750	143,750
	Others expenses-Board meeting	11,087	11,795
		104,837	**155,545**
22.	**Depreciation & Amortization**		
	Depreciation on Property,plant & equipment	1,072,017	912,846
	Depreciation on (Investment Property)	4,411,268	4,411,268
	Amortization on Intangible Assets	144,375	-
		5,627,660	**5,324,114**
23.	**Other expenses**		
	News paper & periodical expenses	2,937	7,706
	Holding Tax	957,634	1,915,268
	Repair & Maintenance	338,340	209,420
	Advertisement	19,652	42,204
	Travelling & Conveyance	12,974	24,100
	Entertainment expenses	26,556	39,579
	Inauguration expenses	-	379,532
	Dish & cable charges	3,600	-
	Software maintenance charges	37,850	-
	Web Expenses	30,827	-
	Miscellaneous expenses	4,640	270,003
		1,435,010	**2,887,812**
24.	**Provision for Investment in share**	20,387,469	4,465,355
		20,387,469	**4,465,355**
25.	**Earnings Per Share (Taka)**		
	a. Net profit after tax (Taka)	25,412,003	18,200,062
	b. No. of ordinary share outstanding	25,000,000	25,000,000
	Earnings Per Share (a/b)	**1.02**	**0.73**
25.1	**Non-controlling interest(taka)**		
	200 ordinary shares* EPS	**203**	**146**
	Interest of MFL		
	24,999,800 ordinary shares* EPS	**25,411,799**	**18,199,916**

26. Related parties

MIDAS FINANCING LIMITED (MFL) holds 99.9992% share of MIDAS investment Ltd. As a result , MFL is the controlling party of the company.

26.1 Related party transaction

During the period, the Company carried some transactions with related party in the normal course of business. The name of the related party and nature of these transactions have been set out in accordance with the provisions of IAS 24-Related Party Disclosures.

	Name of the party	Relation with the entity	Name of transaction	2018	2017
1	MIDAS FINANCING LTD.	Parent	Deposit	205,000,000	205,000,000
2	MIDAS FINANCING LTD.	Parent	Interest expenses	21,718,854	26,034,918
3	MIDAS FINANCING LTD.	Parent	Loan	189,386,380	196,840,207
4	MIDAS FINANCING LTD.	Parent	STL	60,000,000	25,000,000

27. Contingencies and commitment

There are no contingent assets or liabilities and unrecognized contractual commitments at the date of statement of financial position.

28. Capital expenditure Commitment

There were no capital expenditure commitment as at 31 December 2018

29. Events after the reporting period

No material events had occurred after the date of statement of the date of issue of these financial statements, which could affect the value stated in the financial statements or required disclosure in the notes.

Annexure -A

MIDAS Investment Limited

Fixed assets

As at 31 December 2018

Amount in Taka

Particulars	COST				Rate	DEPRECIATION/AMORTIZATION				Written down value as on December 31, 2018
	Balance as on January 1, 2018	Addition during the Period	Disposal/ Adjustment during the Period	Balance as on December 31, 2018		Balance as on January 1, 2018	Charged during the Period	Disposal/ Adjustment during the Period	Balance as on December 31, 2018	
Property,plant & Equipment										
Land	17,655,927	-	-	17,655,927		-	-	-	-	17,655,927
Building (Own use)	22,161,338	-	-	22,161,338	2.5%	1,939,115	554,033	-	2,493,148	19,668,190
Furniture & fixtures	481,940	11,297	-	493,237	15%	143,178	73,986	-	217,164	276,073
Office decoration	535,455	-	-	535,455	15%	127,696	80,318	-	208,014	327,441
Office equipment	143,345	-	-	143,345	20%	109,447	28,669	-	138,116	5,229
Computer & accessories	993,783	21,400	-	1,015,183	33%	524,343	335,010	-	859,353	155,830
Total as of 31 December 2018	**41,971,788**	**32,697**	**-**	**42,004,485**		**2,843,778**	**1,072,017**	**-**	**3,915,795**	**38,088,691**
Total as of 31 December 2017	**41,324,715**	**647,073**	**-**	**41,971,788**		**1,930,932**	**912,847**	**-**	**2,843,778**	**39,128,010**
Investment Property										
Building (Investment Property)	176,450,707	-	-	176,450,707	2.5%	19,850,706	4,411,268	-	24,261,974	152,188,733
Total as of 31 December 2018	**176,450,707**	**-**	**-**	**176,450,707**		**19,850,706**	**4,411,268**	**-**	**24,261,974**	**152,188,733**
Total as of 31 December 2017	**176,450,707**	**-**	**-**	**176,450,707**		**15,439,439**	**4,411,268**	**-**	**19,850,706**	**156,600,001**
Intangible Assets										
IT System & Software	-	1,155,000	-	1,155,000	30%	-	144,375	-	144,375	1,010,625
Total as at 31 December 2018	**-**	**1,155,000**	**-**	**1,155,000**			**144,375**	**-**	**144,375**	**1,010,625**
Total as at 31 December 2017	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**

MIDAS Financing Limited
Registered Office: House # 5, Road #16 (New)/27 (Old), Dhanmondi, Dhaka-1209

PROXY FORM

I/We.....of..... ..... being a shareholder of MIDAS Financing Limited and entitled to vote, hereby appoint Mr. /Mrs./Miss ..... as my/ our proxy to attend and vote for me/us and on my/ our behalf at the 23rd Annual General Meeting of the Company to be held on Thursday, 25 July 2019 at 11:00 a.m. at the MIDAS Centre (12th floor), House # 5, Road # 16 (New)/27 (Old), Dhanmondi, Dhaka or at any adjournment thereof or at any ballot to be taken in consequence hereof

Signed this..... Signature of proxy..... day of 2019

Revenue Stamp of Tk. 20/-

Signature of Shareholder

BO ID: | | | | | | | | | | | | | | | | |

No. of Shares held.....

Note:

1) This form of proxy, duly completed and signed must be deposited at least 72 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.

2) Signature of Shareholder must be in accordance with Specimen Signature recorded with the Company

MIDAS Financing Limited
Registered Office: House # 5, Road #16 (New)/27 (Old), Dhanmondi, Dhaka-1209

ATTENDANCE SLIP

I hereby record my attendance at 23rd Annual General Meeting of the Company being held on Thursday 25 July 2019 at 11:00 a.m. at the MIDAS Centre (12th floor), House # 5, Road # 16 (New)/27 (Old), Dhanmondi, Dhaka.

Name of the Member/Proxy.....

BO ID: | | | | | | | | | | | | | | | | |

Signature of Shareholder.....Signature of proxy .....

No. of Shares held ..... Date .....

N.B.: Shareholder attending meeting in person or Proxy are requested to complete the Attendance Slip and deposit same at the entrance of the meeting.

Branches/Booths of MFL

Chattogram
Excel SM Tower (1st Floor)
62, Zakir Hossain Road
East Nasirabad, Khulshi, Chattogram
Phone: 01720 503 897, 031-632417

Khulna
Fatema Tower (2nd Floor)
2-A, KDA Avenue, Khulna-9100
Phone: 721857, 01971 896 844

Bogura
Jamil Shopping Center (3rd Floor), Borogola
Bagura Rangpur Road, Sadar, Bagura
Phone: 051-69927, 01974 096 092

Narayanganj
81/C B.B Road (2nd Floor)
2 No. Rail Gate, Narayanganj
Phone: 01731 928 308, 01971 928 308

Cumilla
Salam Builders Mansion (2nd Floor)
Mogoltuli, Cumilla
Phone: 01973 116 447, 081-69117

Feni
Hazi Latif Tower (3rd Floor)
626, Trunk Road, Cumilla Bus Stand, Feni
Phone: 01678 606 145

Gazipur
K.S Tower (2nd Floor)
Chandana Chowrasta, Gazipur
Phone: 01970 450 482

Sitakunda
Nibir Biponi Bitan (1st Floor)
Sitakunda, Chattogram
Phone: 01978 488 460

Islampur
Nurul Haque Tower (2nd Floor)
21 Patoatuly Road, Dhaka-1100
Phone: 02-9511390, 01973 111 308
01985 551 906

Chandpur
35 Haji Mohsin Road (1st Foor)
Chandpur-3600
Phone: 0841-66059, 01970 451 675

Narsingdi
Bankpatti, Madhabdi Bazar
Madhabdi, Narsingdi
Phone: 9446808, 01979 303 463

Keranigonj
Morhum Shahadat Hossain Mansion (1st Floor)
House # 01, Golam Bazar Road, Kodamtoli
Bus Stand, Keranigonj, Dhaka
Phone: 01979 097 091

Hathazari
S.A Shopping Complex (2nd Floor)
Hathazari, Chattogram
Phone: 01713 279 158, 01973 279 158

Brahmanbaria
144 Court Road (3rd Floor)
Bank Potti, Brahmanbaria
Phone: 01816 109 773, 01973 279 157

Jashore
Sardar Plaza (1st Floor)
135 M. K . Road, Jashore
Phone: 01729 097 092, 01979 097 092



MIDAS FINANCING LIMITED
a real friend of entrepreneurs

MIDAS Centre (10th & 11th Floor)
House: 05, Road: 16 (new), 27(old)
Dhanmondi, Dhaka-1209, Bangladesh
Tel: 02-9102205, 9102208, 09611221055
Fax: 880-2-8142085
e-mail: info@mfl.com.bd
www.mfl.com.bd