

AUDITORS' REPORT  
AND AUDITED FINANCIAL STATEMENTS  
OF  
EBL FIRST MUTUAL FUND  
FOR THE YEAR ENDED 30 JUNE 2013

এম,জে, আবেদীন এন্ড কোং  
চার্টার্ড একাউন্টেন্টস্  
**M.J. ABEDIN & CO**  
CHARTERED ACCOUNTANTS

Telephone Off : +880-2-8629771, 9666508  
Fax : +880-2-9675340  
E-mail : audit@mjabedin.com  
              mjabedinbd@gmail.com  
Web Site : www.mjabedin.com

National Plaza (3rd Floor)  
109, Bir Uttam C.R. Datta Road,  
Dhaka-1205, Bangladesh

**AUDITORS' REPORT  
TO THE TRUSTEE OF  
EBL FIRST MUTUAL FUND**

We have audited the accompanying financial statements of **EBL First Mutual Fund** (the Fund) namely, Balance Sheet at 30 June 2013 and the related Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement and notes thereto for the year ended 30 June 2013.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements prepared in accordance International Accounting Standards/ International Financial Reporting Standards so far adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards give a true and fair view of the state of the Fund's affairs as at 30 June 2013 and of the results of its operations and its cash flows for the period then ended and comply with the requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

**We further report that:**

- 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;
- in our opinion, proper books of account as required by law have been kept by the Fund so far as it appeared from our examination of those books.
- the Balance Sheet and Profit and Loss Account along with the notes thereto dealt with by this report are in agreement with the books of account.
- the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and
- the expenditure incurred and payments made were for the purpose of the Fund's business for the period.

Dated, Dhaka  
13 August 2013

  
**M. J. ABEDIN & CO**  
Chartered Accountants



**EBL FIRST MUTUAL FUND**  
**Statement of Financial Position ( Balance Sheet )**  
**As at 30 June 2013**

	Notes	Amount in Taka	
		30-Jun-13	30-Jun-12
<u>ASSETS</u>			
Listed Securities - at cost	3.00	682,687,834	649,682,522
Non-Listed Securities - at cost	4.00	119,713,637	74,991,414
Other Receivables	5.00	5,655,796	5,006,983
Advances and Deposits	6.00	2,557,605	6,331,106
Cash and Cash Equivalents	7.00	443,935,614	569,219,790
Preliminary and Issue Expenses	8.00	20,599,409	24,035,257
Total Assets		<u>1,275,149,895</u>	<u>1,329,267,072</u>
<u>CAPITAL AND LIABILITIES</u>			
Share Holders Equity		1,216,547,466	1,262,442,093
Capital Fund	9.00	1,000,000,000	1,000,000,000
Dividend Equalization Reserve		50,000,000	50,000,000
Market Risk Reserve		102,721,485	108,419,844
Retained Earnings		63,825,981	104,022,249
Current Liabilities and Provisions	10.00	58,602,429	66,824,979
Total Capital and Liabilities		<u>1,275,149,895</u>	<u>1,329,267,072</u>
Net asset value (NAV) per unit:			
At Cost	11.00	12.17	12.62
At Market Value	12.00	11.14	11.54

The accompanying notes form an integral part of this financial statement.



Trustee



Asset Manager

As per our separate report of even date annexed



**M. J. ABEDIN & CO**  
**Chartered Accountants**

Dated, Dhaka  
13 August 2013

**EBL FIRST MUTUAL FUND**  
**Statement of Comprehensive Income ( Revenue Account)**  
**For the year ended 30 June 2013**

	Notes	Amount in Taka	
		2013	2012
<b><u>INCOME</u></b>			
Dividend Income		13,368,551	12,777,280
Interest on Bank Deposits and Bonds	13.00	63,683,455	60,784,109
Net Income on Sale of Marketable Securities	14.00	158,666	101,822,085
<b>Total Income</b>		<b>77,210,672</b>	<b>175,383,474</b>
<b><u>EXPENSES</u></b>			
Management Fee		16,312,171	20,063,144
Amortization of Preliminary & Issue Expenses		3,356,600	3,376,931
Annual Listing Fee With BSEC and Stock Exchanges		1,190,000	1,190,000
CDBL Expenses		12,117	443,089
Trustee Fee		1,000,000	1,000,000
Custodian Fee		535,745	759,357
Publication Expenses		249,621	228,113
Audit Fee Including Vat		49,150	31,350
Bank Charges		67,544	64,245
Other Expenses		332,351	1,224,248
<b>Total Expenses</b>		<b>(23,105,299)</b>	<b>(28,380,477)</b>
Provision against Investment-adjustment/(expense)		5,698,359	(53,519,844)
<b>Net Profit before Tax</b>		<b>59,803,732</b>	<b>93,483,153</b>
Income Tax expenses		-	5,200,000
<b>Net Profit after Tax Transferred to Retained Earnings</b>		<b>59,803,732</b>	<b>98,683,153</b>
<b>Earnings Per Unit</b>	15.00	<b>0.60</b>	<b>0.99</b>

The accompanying notes form an integral part of this financial statement.



Trustee



Asset Manager

As per our separate report of even date annexed



**M. J. ABEDIN & CO**  
**Chartered Accountants**

Dated, Dhaka  
13 August 2013

**EBL FIRST MUTUAL FUND**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2013**

<u>Amount in Taka</u>					
Particulars	Capital Fund	Retained Earnings	Provision Against Erosion of Marketable Investments	Dividend Equalization Reserve	Total Equity
Balance at 30 June 2012	1,000,000,000	104,022,249	108,419,844	50,000,000	1,262,442,093
Dividend for 2011-12	-	(100,000,000)	-	-	(100,000,000)
Earnings during the year	-	59,803,732	-	-	59,803,732
Dividend Equalization Reserve	-	-	-	-	-
Market Risk Reserve	-	-	(5,698,359)	-	5,698,359
Balance at 30 June 2013	1,000,000,000	63,825,981	102,721,485	50,000,000	1,216,547,466



**EBL FIRST MUTUAL FUND**  
**Statement of cash flows**  
**for the year ended 30 June 2013**

		Amount in Taka	
		2013	2012
<b>A. Cash flows from Operating Activities</b>			
Interest on Bank Deposits		63,461,443	60,700,774
Dividend Income		11,901,941	13,413,637
Advances and Deposits		3,773,502	720,972
Expenses		(27,892,000)	(26,134,241)
<b>Net cash from Operating Activities</b>		<b>51,244,886</b>	<b>48,701,142</b>
<b>B. Cash flows from Investing Activities</b>			
Investment in Shares & Securities		(31,806,839)	127,507,784
Advance for IPO		-	0
Investment in Bond		(44,722,223)	(9,991,414)
<b>Net Cash outflows from Investing Activities</b>		<b>(76,529,062)</b>	<b>117,516,370</b>
<b>C. Cash flows from Financing Activities</b>			
Dividend paid		(100,000,000)	(146,416,250)
<b>Net cash used in Financing Activities</b>		<b>(100,000,000)</b>	<b>(146,416,250)</b>
<b>Net cash flows (A+B+C)</b>		<b>(125,284,176)</b>	<b>19,801,261</b>
Cash & Cash Equivalents at the Beginning of the period		569,219,790	549,418,528
<b>Cash &amp; Cash Equivalents at the end of the period</b>		<b>443,935,614</b>	<b>569,219,790</b>

**EBL FIRST MUTUAL FUND**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2013**

**1.00 Introduction**

EBL First Mutual Fund (here-in-after referred to the "Fund") was constituted through a Trust Deed signed on 05 April 2009 between Eastern Bank Limited (EBL) as 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as "Trustee" under the Trust Act 1882 and Registrstion Act 1908. The Fund was registered with the Bangladesh Securities and Exchange Commission (BSEC) on 19 April 2009 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001. The operations of the Fund was commenced on 19 August 2009 by listing with Dhaka and Chittagong Stock Exchanges.

The Investment Corporation of Bangladesh (ICB) is custodian of the Fund and RACE Management PCL manages the operation of the Fund as Fund Manager.

**1.01 Closure of Books of Account of the Fund**

The Fund has been closing its books of account as at 30 June each year.

**1.02 Objectives**

The objective of EBL First Mutual Fund is to earn superior risk adjusted return by maintaining a diversified investment portfolio and provide attractive dividend payments to the unit holders.

**2.00 Significant Accounting Policies**

**2.01 Basis of Accounting**

These financial statements have been prepared under historical cost convention in accordance with the International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs), applicable to the Fund so far adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards. The disclosures of information made in accordance with the requirements of Trust Deed, Securities and Exchange Rules 1987 and other applicable Rules and regulations.

**2.02 Marketable Investment**

- (a) Investment is recorded in the Balance Sheet at cost.
- (b) Value of listed securities is disclosed at closing quoted market prices prevailed at 30 June 2013 on an aggregate portfolio basis as per requirement of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.



### **2.03 Market Risk Reserve**

The difference between cost of investment and the value of investment on aggregated portfolio basis is shown as Market Risk Reserve. For 2012-2013 Market Risk Reserve stood at Tk. 102,721,485.

### **2.04 Dividend Equalization Reserve**

The fund maintains Dividend Equalization Reserve by appropriating a portion of Retained Earning.

### **2.05 Revenue Recognition**

- a) Gains/losses arising on sale of investment are included in the Profit and Loss Account on the date at which the transaction takes place.
- b) Cash dividend is recognised when the shareholders' right to receive payment is established.
- c) Interest income is recognised on time proportion basis.

### **2.06 Taxation**

As per SRO No. 333/Rule/Income Tax/2011 the income of mutual fund has been exempted from tax.

### **2.07 Preliminary and Issue Expenses**

Preliminary and issue expenses represent expenditure incurred prior to commencement of operations and establishment of the Fund. These costs are amortised within ten years' tenure as per Trust Deed.

### **2.08 Dividend Policy**

Pursuant to the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, the Fund is required to distribute its profit by way of dividend either in cash or bonus units/stock dividend ( reinvestment) or both to the holders of the units after the closing of the annual accounts an amount that shall not be less than seventy percent (70%) of annual profit earned during the year.

### **2.09 Management Fee**

Management fee is charged as per the Trust Deed and under the provisions of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001.



**2.10 Trustee Fee**

The Trustee is entitled to get an annual Trusteeship fee of Taka 1,000,000 only payable semi-annually during the life of the fund.

**2.11 Custodian Fee**

Investment Corporation of Bangladesh (ICB) is entitled to receive custodian fee @ 0.10% on the balance of securities calculated on average month end value each year.

**2.12 Annual Fee to BSEC**

The Fund is required to pay annual fee each year @ 0.10% of the fund size to the Bangladesh Securities and Exchange Commission (BSEC) in terms of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001.

**2.13 Earnings Per Unit**

Earnings per unit has been calculated in accordance with Bangladesh Accounting Standard - 33 "Earnings per Share" and shown on the face of profit & loss account.

**2.14 General**

Figures appearing in these financial statements have been rounded off to nearest Taka.

3.00 Listed Securities - at cost

Ordinary Shares

Amounts in Taka	
as at	
30-Jun-13	30-Jun-12
682,687,834	649,682,522
<b>682,687,834</b>	<b>649,682,522</b>

Sector/Category	Amount in Taka				
	Share	Cost	Market	Difference	Cost-2012
Bank	1,539,453	64,358,695	44,640,229	(19,718,466)	64,358,276
Cement	207,266	36,698,134	41,107,518	4,409,384	36,698,134
Corporate Bond	1,306	977,672	1,090,510	112,838	1,692,589
Engineering	252,285	35,548,825	21,029,747	(14,519,078)	35,548,825
Food and Allied	9,050	4,376,686	9,640,965	5,264,279	4,376,686
Fuel and Power	1,923,880	129,861,805	108,333,650	(21,528,155)	129,861,805
Insurance	54,585	8,567,409	6,529,864	(2,037,545)	9,697,372
Miscellaneous	6,552	2,798,699	2,025,944	(772,755)	2,798,653
IT	9,787	479,657	204,548	(275,109)	479,657
Mutual Funds	15,465,550	196,304,204	164,002,641	(32,301,563)	195,809,858
NBFI	725,116	87,489,665	70,397,007	(17,092,658)	87,486,405
Pharma	706,605	58,300,589	39,714,198	(18,586,391)	57,322,917
Tannery	50,900	18,433,729	16,329,110	(2,104,619)	18,433,729
Telecommunication	34,800	3,097,880	6,225,720	3,127,840	3,097,880
Textile	14,143	723,348	339,072	(384,276)	723,348
Services and Real Estate	9,225	1,296,388	264,758	(1,031,630)	1,296,388
Travel & Leisure	421,480	33,374,449	48,090,868	14,716,419	-
	<b>21,431,983</b>	<b>682,687,834</b>	<b>579,966,349</b>	<b>(102,721,485)</b>	<b>649,682,522</b>

4.00 Non-Listed Securities-at cost

Prime Bank Bond	65,000,000	65,000,000
Bank Asia Zero Coupon Bond	9,991,414	9,991,414
Farmers Bank Ltd.	44,722,223	-
	<b>119,713,637</b>	<b>74,991,414</b>

5.00 Other Receivables

This is made-up as follows :

a) Dividend receivables	2,301,742	835,133
ACI Formulation Ltd.	83,250	55,500
ACI Ltd.	46,320	31,600
Pubali Bank Ltd.	121	-
PRIMETEX	11,000	-
KPCL	34,875	-
Unique Hotel	1,053,700	-
Bata Shoe Co BD Ltd.	-	177,450
BGIC	-	2,116
Confidence Cement	2,760	2,300
MJL BD. LTD.	1,036,840	540,960
Padma Oil Co. Ltd.	12,500	12,500
Pragati Insurance Ltd.	1,295	2,355
Reckitt Benkiser BD Ltd.	17,250	9,200
Renata Ltd	222	-
Square Textile Ltd.	1,609	1,152
b) Accrued Interest	3,254,387	3,032,375
Prime Bank Bond	2,949,041	3,032,375
Bank Aisa Bond	305,346	-



		Amounts in Taka	
		as at	
		30-Jun-13	30-Jun-12
c) Other Receivable for Sale Proceeds of Securities		99,667	1,139,475
EBL Securities		861	1,122,278
PHP Stocks and Securities		98,806	17,196
		<u>5,655,796</u>	<u>5,006,983</u>
6.00 Advances and Deposits			
Advance Security deposit		500,000	500,000
Advance BSEC Annual Fees		1,000,000	-
Advance DSE Annual Fees		47,500	47,500
Advance CSE Annual Fees		47,500	47,500
Advance Income Tax		962,605	5,736,106
		<u>2,557,605</u>	<u>6,331,106</u>
7.00 Cash and Cash Equivalents			
Bank balance with SND account		379,711,427	392,968,881
Bank balance with Dividend account		64,224,187	63,583,750
Fixed Deposit Receipt		-	112,667,159
		<u>443,935,614</u>	<u>569,219,790</u>
8.00 Preliminary & Issue Expenses			
Opening Balance		24,035,257	27,413,412
Interest income from escrow account		(79,248)	(1,224)
Amortization of Preliminary Expenses		(3,356,600)	(3,376,931)
		<u>20,599,409</u>	<u>24,035,257</u>
9.00 Capital Fund			
Paid up capital			
100,000,000 units @ Tk 10 each fully paid in cash		<u>1,000,000,000</u>	<u>1,000,000,000</u>
The units are listed with the Dhaka & Chittagong Stock Exchanges and quoted at Tk.9.50 and Tk.9.50 respectively on balance sheet date.			
10.00 Current Liabilities and Provisions			
Management Fee		17,400	-
Uncleared Dividend		56,085,337	63,583,750
Custodian Fee		535,745	759,357
Audit Fee		36,000	27,000
CDBL Charges		-	9,232
Payable to Sundry securities		142,748	142,748
Withholding Taxes (VAT & TAX) Payable		1,654,965	2,172,657
Publication Expenses		100,000	100,000
Postage & Currier expense		30,234	30,234
		<u>58,602,429</u>	<u>66,824,979</u>
11.00 Net Asset Value per Unit at cost			
Net Asset Value		1,216,547,466	1,262,442,093
Number of Units		100,000,000	100,000,000
NAV Per Unit at Cost		<u>12.17</u>	<u>12.62</u>
12.00 Net Asset Value per unit at market value			
Net asset value		1,113,825,981	1,154,022,295
Number of units		100,000,000	100,000,000
NAV per unit at market value		<u>11.14</u>	<u>11.54</u>

13.00 Interest on Bank Deposits and Bonds

Amount in Taka	
for the year	
2013	2012
Interest Income from SND Account	53,855,000
Interest Income from Fixed Deposit Receipt	2,131,445
Interest Income from Corporate Bond	7,697,010
	8,781,382
	<u>63,683,455</u>
	<u>60,784,109</u>

14.00 Net Income on Sale of Marketable Securities

Bank	-	20,636,956
Ceramic	-	1,002,675
Corporate Bond	158,666	985,200
Food and Allied	-	2,898,023
Fuel and Power	-	9,243,396
Insurance	-	19,669,142
Miscellaneous	-	433,504
Pharma	-	42,022,239
Textile	-	4,930,951
	<u>158,666</u>	<u>101,822,085</u>

15.00 Earnings Per Unit

Net profit for the year	59,803,732	98,683,153
Number of Units	100,000,000	100,000,000
Earnings Per Unit	<u>0.60</u>	<u>0.99</u>

16.00 Post Closing Events

Following events have occurred since the balance sheet date:

- The Trustee recommended 10% dividend in the form of Re-Investment units.
- Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

17.00 Comparative Figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted during the year ended 30 June 2013

18.00 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the Fund's board of Trustee on 13 August, 2013.



Trustee



Asset Manager

Dated, Dhaka  
13 August 2013