

**Auditors' Report and
Audited Financial Statements
of
EBL First Mutual Fund
For the year ended 30 June 2014**

Independent Auditors' Report
To the Trustee of
EBL FIRST MUTUAL FUND

Report on the Financial Statements

We have audited the accompanying financial statements of EBL FIRST MUTUAL FUND, which comprise the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, financial position and results of operation of EBL First Mutual Fund as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001, Trust Deed And other applicable laws and regulations.

We also report that

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Fund so far as it appeared from our examination of those books;
- c. the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.
- d. the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001; and
- e. the expenditure incurred and payments made were for the purpose of the Fund's business for the year ended 30 June 2014.

Dated, Dhaka
14 August 2014


(Nurul Faruk Hasan & Co)
Chartered Accountants

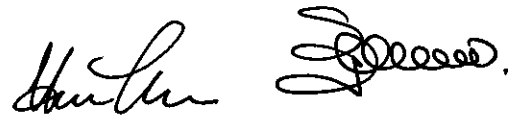
EBL FIRST MUTUAL FUND
Statement of Financial Position
As at 30 June 2014

	Notes	Amount in Taka	
		30-Jun-14	30-Jun-13
ASSETS			
Listed Securities - at cost	3.00	863,055,405	682,687,834
Non-Listed Securities - at cost	4.00	54,713,637	119,713,637
Other Receivables	5.00	6,986,544	5,655,796
Advances and Deposits	6.00	3,359,483	2,557,605
Cash and Cash Equivalents	7.00	407,602,851	443,935,614
Preliminary and Issue Expenses	8.00	17,209,744	20,599,409
		1,352,927,665	1,275,149,895
CAPITAL AND LIABILITIES			
Share Holders Equity		1,278,542,381	1,216,547,466
Capital Fund	9.00	1,091,575,090	1,000,000,000
Unit Premium		8,424,910	-
Dividend Equalization Reserve		-	50,000,000
Market Risk Reserve	10.00	93,344,475	102,721,485
Retained Earnings		85,197,906	63,825,981
Current Liabilities and Provisions	11.00	74,385,284	58,602,429
		1,352,927,665	1,275,149,895
Net asset value (NAV) per unit:			
At Cost	12.00	11.71	12.17
At Market Value	13.00	10.28	11.14

The accompanying notes 1-20 form an integral part of these financial statements.



Trustee



Asset Manager

As per our annexed report of same date.

Dated, Dhaka
 14 August 2014



(Nurul Faruk Hasan & Co)
 Chartered Accountants


EBL FIRST MUTUAL FUND
Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	Amount in Taka	
		2014	2013
<u>INCOME</u>			
Dividend Income	14.00	28,307,381	13,368,551
Interest on Bank Deposits and Bonds	15.00	43,985,768	63,683,455
Net Income on Sale of Marketable Securities	16.00	12,487,693	158,666
		84,780,842	77,210,672
<u>EXPENSES</u>			
Management Fee		15,006,960	16,312,171
Amortization of Preliminary & Issue Expenses		3,350,166	3,356,600
Annual Listing Fee With SEC and Stock Exchanges		2,058,746	1,190,000
CDBL Expenses		40,053	12,117
Trustee Fee		1,101,447	1,000,000
Custodian Fee		598,966	535,745
Publication Expenses		288,310	249,621
Audit Fee Including Vat		46,000	49,150
Bank Charges		103,283	67,544
Other Expenses		191,996	332,351
		(22,785,927)	(23,105,299)
Provision against Investment-adjustment/(expense)		9,377,010	5,698,359
Net Profit before Tax		71,371,925	59,803,732
Net Profit after Tax Transferred to Retained Earnings		71,371,925	59,803,732
Diluted Earnings per unit (EPS)	17.00	0.65	0.55

The accompanying notes 1-20 form an integral part of these financial statements.



 Trustee



 Asset Manager

As per our annexed report of same date.

Dated, Dhaka
 14 August 2014


 (Nurul Faruk Hasan & Co)
 Chartered Accountants

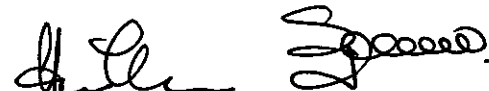
EBL FIRST MUTUAL FUND
Statement of Changes in Equity
For the year ended 30 June 2014

Amount in Taka

Particulars	Capital Fund	Unit Premium	Retained Earnings	Provision Against Erosion of Marketable Investments	Dividend Equalization Reserve	Total Equity
Balance at 30 June 2013	1,000,000,000		63,825,981	102,721,485	50,000,000	1,216,547,466
Dividend for 2012-13	-	-	(100,000,000)	-		(100,000,000)
Earnings during the year	-	-	71,371,925	-	-	71,371,925
Dividend Equalization Reserve	-	-	50,000,000	-	(50,000,000)	-
Market Risk Reserve	-	-	-	(9,377,010)	-	(9,377,010)
Re-investment units	91,575,090	-	-	-	-	91,575,090
Unit Premium	-	8,424,910	-	-	-	8,424,910
Balance at 30 June 2014	1,091,575,090	8,424,910	85,197,906	93,344,475	-	1,278,542,381



Trustee



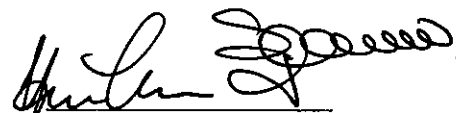
Asset Manager

EBL FIRST MUTUAL FUND
Statement of Cash Flow
For the year ended 30 June 2014

	Amount in Taka	
	2014	2013
A. Cash flows from Operating Activities		
Interest on Bank Deposits	42,573,217	63,461,443
Dividend Income	28,468,042	11,901,941
Advances and Deposits	(801,879)	3,773,502
Expenses	(3,652,908)	(27,892,000)
Net cash from / (used) Operating Activities	66,586,473	51,244,886
B. Cash flows from Investing Activities		
Investment in Shares & Securities	(117,919,235)	(31,806,839)
Advance for IPO	(50,000,000)	-
Investment in Bond	65,000,000	(44,722,223)
Net Cash outflows from / (used) Investing Activities	(102,919,235)	(76,529,062)
C. Cash flows from Financing Activities		
Dividend paid	-	(100,000,000)
Net cash from / (used) in Financing Activities	-	(100,000,000)
D. Net cash flows (A+B+C)	(36,332,763)	(125,284,176)
E. Cash & Cash Equivalents at the Beginning of the year	443,935,614	569,219,790
F. Cash & Cash Equivalents at the end of the year (D+E)	407,602,851	443,935,614



Trustee



Asset Manager

EBL FIRST MUTUAL FUND
Notes to the Financial Statements
For the year ended 30 June 2014

1.00 The Fund and Legal Status

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 Registration 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 operation 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.

EBL First Mutual Fund is a close ended Mutual Fund of ten years' tenure. The Fund consists of 109,157,509 units of Taka 10 each. The units of the Fund are transferable.

1.01 Objectives

The objectives of the Fund are to provide regular dividend to the investors by investing the fund both in capital and money market instruments.

1.02 Reporting Period

The financial statements of the Fund cover 12 months starting from 01 July 2013 to 30 June 2014 consistently.

2.00 Summary of Significant Accounting Policies

2.01 Basis of Preparation of Accounts

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 are 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 at historical cost.
- (b) Value of listed securities is disclosed at closing quoted market prices prevailed at 30 June 2014 on an aggregate portfolio. Investments were valued at Fair Value measurement as per BFRS 13 for measuring market risk provision. Investments are valued as under:

Financial Instrument	Methodology
Non-listed Equity	Market Comparable
Non-listed Debt	Yield to maturity(Present value techniques)
Thinly traded/illiquid security	Intrinsic Value

2.03 Market Risk Reserve

The difference between cost of investment and the Market value of investment on aggregated portfolio basis (Note 10) is shown as Market Risk Reserve. For 2013-2014 Market Risk Reserve stood at Tk. 93,344,475 as confirmed by Trustee (ICB).

2.04 Dividend Equalization Reserve

The fund maintained Dividend Equalization Reserve. For current year's dividend, the entire amount was transferred to retained earnings.

2.05 Revenue Recognition

- a) Gains/losses arising on sale of investment are recorded on the date at which the transaction takes place.
- b) Dividend is recognized when the shareholders' right to receive payment is established.
- c) Interest income is recognized on time proportion basis.

2.06 Taxation

As per SRO No. 333/Rule/Income Tax/2011 the income of mutual fund is exempted from payment of 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 amortized within-ten years tenure as per Trust Deed.

2.08 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.

2.09 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.

2.10 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 per annum.

2.11 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) as per the Securities and Exchange Commission (Mutual Fund) Rules 2001.

2.12 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.

2.13 General

- a) Previous year's figures have been rearranged wherever necessary to conform to current year's presentation.
- b) Figures appearing in these financial statements have been rounded off to nearest Taka.

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13

3.00 Listed Securities - at cost

Ordinary Shares	813,055,405	682,687,834
Advance in IPO	50,000,000	-
	863,055,405	682,687,834
Bank	132,433,096	64,358,695
Cement	19,169,605	36,698,134
Corporate Bond	488,838	977,672
Engineering	35,551,528	35,548,825
Food and Allied	4,376,707	4,376,686
Fuel and Power	129,874,682	129,861,805
Insurance	8,567,841	8,567,409
IT	479,731	2,798,699
Miscellaneous	2,798,721	479,657
Mutual Funds	195,880,878	196,304,204
NBFI	87,489,363	87,489,665
Pharma	88,921,784	58,300,589
Services and Real Estate	1,296,426	18,433,729
Tannery	18,433,966	3,097,880
Telecommunication	3,098,035	723,348
Textile	723,370	1,296,388
Travel & Leisure	83,470,833	33,374,449
	813,055,405	682,687,834

4.00 Non-Listed Securities-at cost

Prime Bank Bond	-	65,000,000
Bank Asla Zero Coupon Bond	9,991,414	9,991,414
Farmers Bank Ltd.	44,722,223	44,722,223
	54,713,637	119,713,637

5.00 Other Receivables

This is made-up as follows :

Dividend receivables (Note-a)	2,141,082	2,301,742
Accrued Interest (Note- b)	4,706,438	3,254,387
Other Receivable for Sale Proceeds of Securities (Note- c)	139,024	99,667
	6,986,544	5,655,796

a) Dividend receivables

	2,141,082	2,301,742
ACI Formulation Ltd.	83,250	83,250
ACI Ltd.	51,000	46,320
Pubali Bank Ltd.	121	121
PRIMETEX	11,000	11,000
KPCL	78,468	34,875
Unique Hotel	-	1,053,700
Bata Shoe Co BD Ltd.	177,450	-
BGIC	2,665	-
Confidence Cement	3,795	2,760
MJL BD. LTD.	1,036,840	1,036,840
Padma Oil Co. Ltd.	12,500	12,500
Pragati Insurance Ltd.	2,320	1,295
Beximco Pharma	663,822	-
Reckitt Benkiser BD Ltd.	-	17,250
Delta Life Insurance	14,520	-
Lafarge Surma Cement	1,000	-
Renata Ltd	345	222
Square Textile Ltd.	1,986	1,609

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13

b) Accrued Interest	4,706,438	3,254,387
Sponsor Account	4,053,892	2,949,041
Bank Asia Bond	652,546	305,346

c) Other Receivable for Sale Proceeds of Securities	139,024	99,667
ICB Securities Trading Company Limited	40,219	861
PHP Stocks and Securities	98,805	98,806

6.00 Advances and Deposits

Advance Security deposit	500,000	500,000
Advance BSEC Annual Fees	1,091,575	1,000,000
Advance DSE Annual Fees	50,000	47,500
Advance CSE Annual Fees	50,000	47,500
Advance Income Tax	1,167,908	962,605
Advance Trustee Fee	500,000	-
	3,359,483	2,557,605

7.00 Cash and Cash Equivalents

Bank balance with SND account	339,132,502	376,912,831
Eastern Bank Limited-(A/C-01011320000017)	5,469,588	4,689,112
Premier Bank Limited-(A/C-014913500000004)	-	961,380
Premier Bank Limited-(A/C-0110000000001)	195,912,866	202,070,596
South East Bank Limited-(A/C-008313100000004)	85,618,813	138,070,529
One Bank Limited-(A/C-0123000000482)	-	29,798,073
One Bank Limited-(A/C-01230000642)	52,131,234	1,323,141
Bank balance with Dividend account	68,360,612	64,224,187
Eastern Bank Limited-(A/C-1011360198462)	32,906,413	36,986,374.40
Bangladesh Bank Limited-(A/C-1513101851339001)	11,980,120	-
Eastern Bank Limited-(A/C-1141360096303)	23,409,397	27,237,812.79
South East Bank Limited-(A/C-13100000039)	64,682	-
Bank balance with IPO account	109,738	2,798,595.82
	407,602,851	443,935,614

8.00 Preliminary & Issue Expenses

Opening Balance	20,599,409	24,035,257
Interest income from escrow account	(39,500)	(79,248)
Amortization of Preliminary Expenses	(3,350,166)	(3,356,600)
	17,209,744	20,599,409

9.00 Capital Fund

Size of Capital Fund		
100,000,000 units @ Tk 10 each.	1,000,000,000	1,000,000,000
Add: Re-investment (9,157,509 units @ Tk 10 each)	91,575,090	-
	1,091,575,090	1,000,000,000

As per 59th Trustee Meeting held on 13 August 2013, the capital fund has been increased by using the NAV as of 25th August 2013. The NAV as designed was Tk 10.92 per unit and the Face Value was Tk 10; the difference was considered as Unit Premium. The breakdown is as follows:

Description	Number of Unit	Face Value	Total Amount
Last Year Capital	10,00,00,000	10	1,000,000,000
Capital Increased by Re-investment	9,157,509	10	91,575,090
Total Capital	109,157,509	10	1,091,575,090
Unit Premium	[9,157,509*(10.92-10)]		8,424,910

The units are listed with the Dhaka Stock Exchange quoted at Tk.6.40 on balance sheet date.

10.00 Market Risk and Reserve

The difference between cost of investment and the value of investment on aggregated portfolio basis is shown as Market Risk Reserve. For 2013-2014 Market Risk Reserve stood at Tk. 93,344,475 (after valuation of market price of investment) as of 30 June 2014. The valuation method and quantum has been approved by the Trustee (ICB), vide letter no- 42.207/793, dated 12 August, 2014. The break down of the above amount is shown as follows:

Particulars	As at 30 June 2014				As at 30 June 2013			
	Number of Shares	Cost Value	Mkt. Value	Required Provision	Number of Shares	Cost Value	Mkt. Value	Required Provision
Bank	5,004,397	132,433,096	110,328,835	(22,104,261)	1,539,453	64,358,695	44,640,229	(19,718,466)
Cement	149,266	19,169,605	27,942,354	8,772,749	207,266	36,698,134	41,107,518	4,409,384
Corporate Bond	653	488,838	613,823	124,984	1,306	977,672	1,090,510	112,838
Engineering	255,265	35,551,528	22,279,018	(13,272,510)	252,285	35,548,825	21,029,747	(14,519,078)
Food and Allied	9,050	4,376,707	20,978,841	16,602,135	9,050	4,376,686	9,640,965	5,264,279
Fuel and Power	2,073,871	129,874,682	99,770,094	(30,104,588)	1,923,880	129,861,805	108,333,650	(21,528,155)
Insurance	75,459	8,567,841	6,755,287	(1,812,554)	54,585	8,567,409	6,529,864	(2,037,545)
IT	10,765	479,731	247,638	(232,093)	9,787	479,657	204,548	(275,109)
Miscellaneous	6,774	2,798,721	3,174,246	375,525	6,552	2,798,699	2,025,944	(772,755)
Mutual Funds	16,022,029	195,880,878	177,805,168	(18,075,711)	15,465,550	196,304,204	164,002,641	(32,301,563)
NBFI	791,705	87,489,363	59,958,734	(27,530,629)	725,116	87,489,665	70,397,007	(17,092,658)
Pharma	809,816	88,921,784	70,540,321	(18,381,464)	706,605	58,300,589	39,714,198	(18,586,391)
Services and Real Estate	9,225	1,296,426	221,437	(1,074,989)	9,225	1,296,388	264,758	(1,031,630)
Tannery	50,900	18,433,966	25,988,214	7,554,248	50,900	18,433,729	16,329,110	(2,104,619)
Telecommunication	34,800	3,098,035	10,450,579	7,352,544	34,800	3,097,880	6,225,720	3,127,840
Textile	14,457	723,370	383,275	(340,095)	14,143	723,348	339,072	(384,276)
Travel & Leisure	897,980	83,470,833	60,796,838	(22,673,995)	421,480	33,374,449	48,090,868	14,716,419
IPO	5,000,000	50,000,000	50,000,000	-	-	-	-	-
Non-listed	N/A	54,713,637	76,189,868	21,476,232	N/A	119,713,637	119,713,637	-
Total	31,216,412	917,769,042	824,424,568	(93,344,475)	21,431,983	802,401,471	699,679,986	(102,721,485)

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13

11.00 Current Liabilities and Provisions

Management Fee	6,966,769	17,400
Uncleared Dividend	65,836,199	56,085,337
Custodian Fee	598,966	535,745
Audit Fee	36,000	36,000
Payable to Sundry securities	143,090	142,748
Withholding Taxes (VAT & TAX) Payable	624,027	1,654,965
Publication Expenses	150,000	100,000
Postage & Currier expense	30,234	30,234
	74,385,284	58,602,429

12.00 Net Asset Value per Unit at cost

Net Asset Value	1,278,542,381	1,216,547,466
Number of Units	109,157,509	100,000,000
NAV Per Unit at Cost	11.71	12.17

13.00 Net Asset Value per unit at market value

Net asset value	1,121,653,913	1,113,826,027
Number of units	109,157,509	100,000,000
NAV per unit at market value	10.28	11.14

Amounts in Taka		
as at		
	30-Jun-14	30-Jun-13
14.00 Dividend Income		
Bank	10,175,304	601,418
Cement	4,012,639	770,263
Engineering	-	314,400
Food and Allied	561,100	452,500
Fuel and Power	1,027,635	1,729,976
Insurance	94,065	75,209
Miscellaneous	1,653,137	49,793
Mutual Funds	5,556,313	6,620,989
NBFI	788,673	326,651
Pharma	782,211	168,744
Tannery	856,450	442,300
Telecommunication	541,920	487,200
Textile	12,986	12,609
Travel & Leisure	2,244,950	1,316,500
	28,307,381	13,368,551
15.00 Interest on Bank Deposits and Bonds		
Interest Income from SND Account	36,349,730	53,855,000
Interest Income from Fixed Deposit Receipt	-	2,131,445
Interest Income from Corporate Bond	1,104,940	7,697,010
Interest Income from IPO Account	342,978	-
Interest Income from Dividend Account	6,188,120	-
	43,985,768	63,683,455
16.00 Net Income on Sale of Marketable Securities		
Cement	12,323,840	-
Corporate Bond	-	158,666
Bond	163,853	-
	12,487,693	158,666
17.00 Earnings Per Unit		
Net profit for the year	71,371,925	59,803,732
Number of Units	109,157,509	109,157,509
Earnings Per Unit	0.65	0.55

18.00 Post Closing Events

Following events have occurred since the balance sheet date:

- The Trustee recommended 7% Cash dividend for the year 2013-2014
- 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.

19.00 Comparative Figures

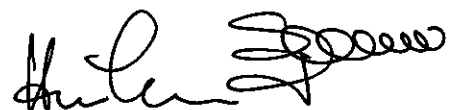
Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted during the year ended 30 June 2014

20.00 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 14 August 2014.



Trustee



Asset Manager