

IFIC BANK 1ST MUTUAL FUND
Fund Manager: RACE Management PCL
Trustee: Investment Corporation Bangladesh
8 D.I.T Rajuk Avenue, Motijheel
Dhaka 1000

IFIC Bank 1st Mutual Fund

**Auditors' Report and Audited Financial
Statements
for the year ended 30 June 2014**

M. J. Abedin & Co
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE
OF

IFIC BANK FIRST MUTUAL FUND

We have audited the accompanying financial statements of **IFIC Bank First Mutual Fund** (the Fund) namely, which comprise the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other explanatory information for the year ended 30 June 2014.

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 (BFRSs), Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws & 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.

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 relevant 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, we 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 prepared in accordance with 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 2014 and of the results of its operations and its cash flows for the year 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 purposes 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 Statement of Financial Position and Statement of Comprehensive Income along with the notes thereto dealt with by the reports 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 year.

Dated, Dhaka
14 August 2014


M. J. ABEDIN & CO
Chartered Accountants

IFIC Bank First Mutual Fund
Statement of Financial Position
as at 30 June 2014

	Notes	Amounts in Taka	
		30-Jun-14	30-Jun-13
<u>ASSETS</u>			
Investments - at Cost	3.00	893,491,147	908,363,022
Cash and Cash Equivalents	4.00	465,737,837	451,936,143
Preliminary and Issue Expenses	5.00	28,312,494	33,231,154
Non-Listed Securities -at cost	6.00	57,500,001	57,500,001
Other Current Assets	7.00	60,769,579	11,145,845
Total Assets		1,505,811,058	1,462,176,165

CAPITAL AND LIABILITIES

Unit Holders' Equity			
Unit Capital Fund	8.00	1,495,639,626	1,428,046,997
Unit Premium		1,304,895,100	1,200,000,000
Market Risk Reserve		15,104,900	-
Dividend Equalization Reserve		53,591,296	79,659,676
Retained Earnings		20,000,000	20,000,000
Current Liabilities and Provisions	9.00	102,048,330	128,387,321
		10,171,432	34,129,168
Total Capital and Liabilities		1,505,811,058	1,462,176,165

Net Asset Value (NAV):

At Cost per unit	11.46	11.90
At Market per unit	11.05	11.24

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



Trustee



Asset Manager

Dated, Dhaka
14 August 2014

As per our separate report of even date annexed




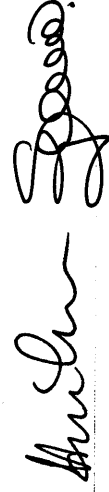
M. J. ABEDIN & CO
Chartered Accountants

IFIC Bank First Mutual Fund
Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Amounts in Taka	
		2014	2013
<u>INCOME:</u>			
Dividend from Investment in Shares	12.00	30,930,437	16,455,921
Profit on Sale of Investments		8,498,901	-
Interest on Bank Deposits and Corporate Bonds	13.00	55,929,986	73,339,421
		95,359,324	89,795,342
<u>EXPENDITURE:</u>			
Amortization of Preliminary Expenses		4,918,639	4,918,642
Management Fees		17,829,052	18,486,814
Annual Listing Fees		2,354,585	1,400,000
Trustee Fees		1,318,983	1,200,000
Custodian Fees		690,841	580,908
CDBL Expenses		20,521	22,757
Audit Fees		46,000	46,000
Bank Charges		73,530	59,004
Other Operating Expenses		514,544	643,091
		(27,766,695)	(27,357,216)
Provision against Investment		26,068,380	46,071,189
Net Profit before Tax		93,661,009	108,509,315
Net Profit after Tax Transferred to Retained Earnings		93,661,009	108,509,315
Earnings per Unit	14.00	0.72	0.83


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


 Trustee


 Asset Manager

As per our separate report of even date annexed

Dated, Dhaka
 14 August 2014


M. J. ABEDIN & CO
 Chartered Accountants

IFIC Bank First Mutual Fund
Statement of Changes in Equity
for the year ended 30 June 2014

Particulars	Amount in Taka					Total Equity
	Unit Capital Fund	Unit Premium	Provision Against Erosion of Marketable Investments	Dividend Equalization Reserve	Retained Earnings	
Balance at 30 June 2013	1,200,000,000	-	79,659,676	20,000,000	128,387,321	1,428,046,997
Dividend for 2013	-	-	-	-	(120,000,000)	(120,000,000)
Profit during the year	-	-	-	-	93,661,009	93,661,009
Market Risk Reserve	-	-	(26,068,380)	-	-	(26,068,380)
Re-investment	104,895,100	15,104,900	-	-	-	120,000,000
Balance at 30 June 2014	1,304,895,100	15,104,900	53,591,296	20,000,000	102,048,330	1,495,639,626

IFIC Bank 1st Mutual Fund
Cash Flow Statements
for the year ended 30 June 2014

	Amounts in Taka	
	2014	2013
Cash Flows from / (used) in Operating Activities:		
Interest on Bank Deposits and Corporate Bonds	55,937,875	70,676,417
Dividend Income	32,068,366	15,144,117
Advance Deposit and Receivable	(491,344)	(821,312)
Operating Expenses	(46,805,771)	8,158,708
Net Cash from Operating Activities	40,709,126	93,157,930
Cash Flows from / (used) in Investing Activities:		
Investments	23,092,569	(19,784,566)
Share Application Money	(50,000,000)	-
Investment in Non Listed Securities	-	(107,500,000)
Net Cash Used in Investing Activities	(26,907,431)	(127,284,566)
Cash Flows from / (used) in Financing Activities:		
Dividend Paid	-	(60,000,000)
Net Cash from Financing Activities	-	(60,000,000)
Net Increase / (Decrease) Cash	13,801,695	(94,126,636)
Cash and Cash Equivalents at the Beginning of the year	451,936,143	546,062,779
Cash and Cash Equivalents at the end of the year	465,737,837	451,936,143

IFIC Bank First Mutual Fund
Notes to the Financial Statements
as at and for the year ended 30 June 2014

1.00 Introduction

IFIC Bank First Mutual Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 01 September 2009 between International Finance Investment and Commerce Bank Limited (IFIC Bank) as a 'Sponsor' and the Bangladesh Investment Corporation of Bangladesh as a "Trustee". The Fund was registered under the Trust Act 1882 and subsequently listed with the Bangladesh Securities and Exchange Commission (BSEC) on 06 September 2009 under the Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 01 April 2010 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Trust Deed, RACE Management PCL is the Manager of the Fund. RACF Management PCL was incorporated as a private limited company under Companies Act 1994 on March 2008 with an authorised and paid-up capital of Taka 5 crore.

IFIC Bank First Mutual Fund is a close end Mutual Fund of ten years' tenure. The objectives of the Fund are to provide regular dividend to the investors by investing the Fund both in capital and money market instruments. The Fund consists of 130,489,510 units of Taka 10 each. The units of the Fund are transferable.

2.00 Significant Accounting Policies

2.01 Basis of Accounting

These financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles as laid down in 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 (BFRs). The disclosures of information made in accordance with the requirements of Trust Deed, Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and other applicable Rules and regulations.

2.02 Presentation of financial statements

The fund was registered on 01 September 2009 under the Trust Act, 1882 and subsequently on 01 April 2010 listed with Stock Exchanges and accordingly transactions started. The financial statements are prepared and presented covering the period from 01 July 2013 to 30 June 2014.

2.03 Investment

All purchases and sales of securities that require delivery within the time-frame established by regulation or market convention are recognised at the date of trading i.e. the date on which the Fund commits to purchase or sell the investment.

Bonus entitlements, if any, are not accounted for as income rather included in the portfolio to reduce the average cost.

2.03.1 Valuation of investment

Listed securities are valued at average closing quoted market prices prevailed as of 30 June 2014 on an aggregate portfolio basis.

Investment is recorded in the Financial position at cost.

2.04 Taxation

The income of the Fund is exempted from Income Tax as per SRO No. 333-Act/Income Tax/2011 dated 10 November 2011, under Section 44(4) clause (b) of Income Tax Ordinance, 1984; hence no provision for tax is required.

2.05 Amortization of 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 after adjusting interest income from escrow accounts as per trust deed and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

2.06 Market Risk Reserve

Investment has been valued on aggregated portfolio basis and provision is required to be made on portfolio value of investments as of 30 June 2014 which comes to Taka 53,591,296 Details are in note 3.00

2.07 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 (re-investment) 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.

2.08 Management fee

RACE Management PCL, the management company of the Fund is to be paid an annual management fees on weekly average Net Asset Value (NAV) as per Rule 65 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and as per Trust Deed @ 2.50% up to 5 crore, 2.00% on next 20 crore, 1.50% on next 25 crore and 1.00% on next remaining balance of the weekly average NAV per annum.

2.09 Trustee fee

The Trustee shall be paid an annual Trusteeship fee @ 0.10% of the Net Asset Value (NAV) of the fund on semi-annual in advance basis during the life of the fund or as may be agreed upon between the parties.

2.10 Custodian fee

Investment Corporation of Bangladesh is entitled to receive a safekeeping fee @ 0.10% on the balance of securities calculated on average month end value per annum as a custodian.

2.11 Annual Fee to BSEC

Annual fee at the rate of 0.10% of the fund size was paid to BSEC as per Rules 10 and 11 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

2.12 Revenue Recognition

Gains/losses arising on sale of investment are included in the Revenue Account on the date at which the transaction takes place. Dividend and interest income are recognised as per BAS-18 and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

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

3.00	Investments - at Cost	893,491,147	908,363,022
3.01	Investment in Listed Securities	833,530,859	733,402,734
3.02	Investment in Bonds	59,960,288	174,960,288

Sector/Category	No. of Share	Amount in Taka		Cost-2013
		Cost	Market	
Investment in Listed Securities				
Bank	4,552,718	127,635,652	93,366,098	86,158,950
Cement	101,682	13,344,347	21,007,827	27,377,093
Ceramic	98,227	3,996,857	4,312,165	3,997,121
Engineering	251,364	33,129,638	21,475,376	33,129,332
Food and Allied	58,800	33,371,352	136,304,280	33,371,434
Fuel and Power	1,492,170	89,886,889	58,340,178	89,811,295
Insurance	86,469	14,604,119	7,215,794	14,603,836
Miscellaneous	61,008	13,344,580	9,855,278	13,344,486
Mutual Funds	16,186,616	207,191,279	164,326,579	207,257,506
NIBF	657,538	146,905,049	122,508,138	146,917,454
Pharma	170,562	36,300,076	35,052,424	13,707,332
Services and Real Estate	30,219	3,919,706	725,256	3,919,711
Tannery	64,900	21,136,537	26,755,350	21,136,412
Telecommunication	28,400	2,650,004	8,528,520	2,649,880
Textile	2,843	158,020	51,642	158,000
Travel & Leisure	942,715	85,956,754	63,821,806	35,862,890
Value of Listed Securities	24,786,231	833,530,859	773,646,711	733,402,734

3.02 Investment in Bonds

Bank Asia Zero Coupon Bond		9,960,288	11,753,140	1,792,852	9,960,288
Sk. Akijuddin Ltd. STB		50,000,000	54,500,000	4,500,000	50,000,000
Prime Bank Bond		-	-	-	65,000,000
Trust bank Bond		-	-	-	50,000,000
Value of Bond Investment		59,960,288	66,253,140	6,292,852	174,960,288
Value of Investments	24,786,231	893,491,147	839,899,851	(53,591,296)	908,363,022

4.00 Cash and Cash Equivalents

SND Account	464,205,236	416,150,740
IPO Account	479,811	-
Dividend Account	1,052,790	35,785,403
	465,737,837	451,936,143

5.00 Preliminary & Issue expenses

Opening Balance	33,231,154	38,149,796
Interest income from Escrow Account	(21)	-
Amortization of Preliminary Expenses	(4,918,639)	4,918,642
	28,312,494	33,231,154

6.00 Non-Listed Securities - at cost

The Farmers Bank Ltd.	57,500,001	57,500,001
	57,500,001	57,500,001

7.00 Other Current Assets

Receivable from Sundry Securities (Note-7.01)	279,133	925
Advance, Deposits and Prepayments (Note-7.02)	3,411,683	2,920,338
Dividend Receivables (Note-7.03)	403,499	1,541,428
Interest Receivable (Note-7.04)	6,675,265	6,683,154
Share Application Money	50,000,000	-
	60,769,579	11,145,845

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

7.01 Receivable from Sundry Securities

EBL Securities Ltd.
ICB Securities Trading Company Limited

-	925
279,133	-
279,133	925

7.02 Advance, Deposits and Prepayments

DSE Annual Fee	50,000	50,000
BSFC Annual Fee	1,304,895	1,200,000
CSE Annual Fee	50,000	50,000
Income Tax	854,340	1,120,338
Trustee Fee	652,448	-
Security Deposit	500,000	500,000
3,411,683	2,920,338	

7.03 Dividend Receivables

ACI Ltd.	45,288	35,520
ACI Formulation Ltd.	51,375	87,375
Active Fine Ltd.	431	-
BGIC Ltd.	7,620	-
Bexinco Pharma Ltd.	75,891	-
Islami Bank Bangladesh Ltd.	-	173,130
MJL BD Ltd.	173	173
KPCL	117,280	52,125
Pragati Insurance Ltd.	8,691	4,851
Pubali Bank Ltd.	-	3,881
Rackitt Benckiser BD Ltd.	-	18,750
Bata Shoe Ltd.	78,750	-
Unique Hotel Ltd.	-	1,165,538
Square Textiles Ltd.	-	86
Lafarge Surma Cement Ltd.	18,000	-
403,499	1,541,428	

7.04 Interest Receivables

on Corporate Bonds	3,019,669	6,683,154
on Sponsor Account	3,655,596	-
6,675,265	6,683,154	

8.00 Unit Capital Fund

120,000,000 units of Taka 10 each fully paid in cash	1,200,000,000	1,200,000,000
10,489,510 units of Taka 10 each re-investment dividend units	104,895,100	-
1,304,895,100	1,200,000,000	

The units are listed with the Dhaka Stock Exchanges and Chittagong Stock Exchange quoted at Tk. 6.30 and Tk. 6.30 respectively on Balance Sheet date.

9.00 Current Liabilities and Provisions

Management Fee	8,366,899	44,637
Payable to Sundry Securities	132,043	132,021
Unclaimed Dividend	-	31,292,584
Custodian Fee	690,841	580,908
Audit Fee	36,000	36,000
Publication of Reports & Periodicals Expenses Payable	150,000	100,000
CDBL Charge Payable	-	11,851
Income Tax Payable	729,241	1,864,759
VAT Payable	66,407	66,407
10,171,432	34,129,168	

10.00 Net Asset Value per unit at Cost

Net Asset Value (NAV)	1,495,639,626	1,428,046,997
Number of Units	130,489,510	120,000,000
NAV per Unit at Cost	11.46	11.90

Amounts in Taka	
for the year	
30-Jun-14	30-Jun-13

11.00 Net Asset Value per Unit at Market Value

Net Asset Value (NAV)	1,442,048,330	1,348,387,321
Number of Units	130,489,510	120,000,000
NAV per Unit at Market Value	11.05	11.24

12.00 Profit on Sale of Investments

Cement	8,498,901	-
	<u>8,498,901</u>	<u>-</u>

13.00 Interest on Bank Deposits and Corporate Bonds

SND Account	44,689,059	54,219,596
Fixed Deposit Receipt	-	2,740,430
IPO Account	1,145,983	-
Dividend Account	2,496,213	-
Corporate Bonds	7,598,730	16,379,395
	<u>55,929,986</u>	<u>73,339,421</u>

14.00 Earnings per Unit

Profit for the year	93,661,009	108,509,315
Number of Units	130,489,510	130,489,510
Earnings per Unit	0.72	0.83

15.00 Post Closing Events

Following events have occurred since the balance sheet date:

- (a) The Trustee recommended 9 % re-investment dividend.
- (b) 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.

16.00 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.

17.00 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

Dated, Dhaka
14 August 2014