



Mahfel Huq & Co.
Chartered Accountants



IFIC Bank 1st Mutual Fund
8, RajUK Avenue, BDBL Bhaban
Dhaka-1000

Auditors' Report
and
Financial Statements

As at and for the year ended 30 June 2015

MAHFEL HUQ & CO.

মাহফেল হুক এন্ড কোং

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Independent Auditors' Report To the Trustee of IFIC Bank 1st Mutual Fund

We have audited the accompanying Financial Statements of **IFIC Bank 1st Mutual Fund** which comprises the statement of Financial Position as at 30 June 2015, statement of Profit & Loss and other comprehensive Income, statement of changes in equity, statement of cash flows and other explanatory notes for the year then ended.

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 (BFRS)/ Bangladesh Accounting Standards, Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations. This responsibility includes designing, implementing internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that reasonable in the circumstances.

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 (BSA). 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 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 the Bangladesh Accounting Standards (BAS) / Bangladesh Financial Standards present fairly, in all material respects, the financial position of **the Fund** as at 30 June 2015 and of the results of its operations and its cash flows for the year then ended and comply with the requirements Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

We further 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 these books;
- c) the Fund financial statements dealt with by the report are in agreement with the books of account;
- d) the investment was made as per rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001;and
- e) the expenditure incurred was for the purposes of the Fund business.

Dated, Dhaka;
13 August 2015


MAHFEL HUQ & Co.
Chartered Accountants



**IFIC Bank 1st Mutual Fund
Statement of Financial Position
as at 30 June 2015**

	Notes	Amounts in Taka	
		30-Jun-15	30-Jun-14
<u>ASSETS</u>			
Investments - Listed Securities at cost	3.00	1,027,534,997	833,530,859
Investments-Non-Listed Securities at cost	4.00	114,954,689	117,460,289
Cash and Cash Equivalents	5.00	437,215,555	465,737,837
Other Current Assets	6.00	9,747,344	60,769,579
Preliminary and Issue Expenses	7.00	23,393,855	28,312,494
Total Assets		1,612,846,440	1,505,811,058
<u>CAPITAL AND LIABILITIES</u>			
Unit Holders' Equity		1,602,239,655	1,495,639,626
Unit Capital Fund	8.00	1,410,792,800	1,304,895,100
Unit Premium		26,647,759	15,104,900
Market Risk Reserve	2.05	20,940,093	53,591,296
Dividend Equalization Reserve		-	20,000,000
Retained Earnings		143,859,003	102,048,330
Current Liabilities and Provisions	9.00	10,606,785	10,171,432
Total Capital and Liabilities		1,612,846,440	1,505,811,058
Net Asset Value (NAV) per unit			
At Cost	10.00	11.36	11.46
At Market (Adjusted)	11.00	11.21	11.05

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

Trustee

Asset Manager

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
August 13, 2015



Mahfel Huq & Co.
Chartered Accountants



IFIC Bank 1st Mutual Fund
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2015

	Notes	Amounts in Taka	
		2015	2014
<u>INCOME</u>			
Dividend from Investment in Shares		34,896,151	30,930,437
Net Income on Sale of Marketable Securities	12.00	55,128,451	8,498,901
Interest on Bank Deposits and Corporate Bonds	13.00	45,147,960	55,929,986
Other Income		150,000	-
		135,322,562	95,359,324
<u>EXPENDITURE</u>			
Amortization of Preliminary Expenses		4,918,639	4,918,639
Management Fees		18,903,344	17,829,052
Annual Listing Fees		2,022,588	2,354,585
Trustee Fees		1,357,845	1,318,983
Custodian Fees		848,226	690,841
CDBL Expenses		94,006	20,521
Audit Fees		46,000	46,000
Bank Charges		62,093	73,530
Other Operating Expenses		469,792	514,544
		28,722,533	27,766,695
Net Profit before Provision		106,600,029	67,592,629
Provision against Investment-adjustment/(expense)		32,651,203	26,068,380
Net Profit after Provision		139,251,232	93,661,009
Earnings per Unit	14.00	0.99	0.66

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

Trustee

Asset Manager

Signed in terms of our separate report of even date annexed.

Dated, Dhaka
August 13, 2015



Mahfel Huq & Co
Chartered Accountants



IFIC Bank 1st Mutual Fund
Statement of Changes in Equity
For the year ended 30 June 2015

Particulars	Amount in Taka					
	Unit Capital Fund	Unit Premium	Provision Against Erosion of Marketable Investments	Dividend Equalization Reserve	Retained Earnings	Total Equity
Balance at 30 June 2013	1,200,000,000		79,659,676	20,000,000	128,387,321	1,428,046,997
Dividend for 2012-13					(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
Dividend Equalization Reserve				(20,000,000)	20,000,000	-
Dividend for 2014	-	-	-	-	(117,440,559)	(117,440,559)
Profit during the year	-	-	-	-	139,251,232	139,251,232
Market Risk Reserve	-	-	(32,651,203)	-	-	(32,651,203)
Re-investment	105,897,700	11,542,859				117,440,559
Balance at 30 June 2015	1,410,792,800	26,647,759	20,940,093	-	143,859,003	1,602,239,655





**IFIC Bank 1st Mutual Fund
Statement of Cash Flows
For the year ended 30 June 2015**

	Amounts in Taka	
	2015	2014
Cash Flows from / (used) in Operating Activities:		
Interest on Bank Deposits and Corporate Bonds	50,347,582	55,937,875
Dividend Income	30,907,699	32,068,366
Advance Deposit and Receivable	(394,137)	(491,344)
Other Income	150,000	-
Operating Expenses	(23,368,540)	(46,805,771)
Net Cash from Operating Activities	57,642,604	40,709,126
Cash Flows from / (used) in Investing Activities:		
Investment in Listed Securities	(88,670,485)	23,092,569
Share Application Money	-	(50,000,000)
Investment in Non Listed Securities	2,505,600	-
Net Cash Used in Investing Activities	(86,164,885)	(26,907,431)
Cash Flows from / (used) in Financing Activities :		
	-	-
Net Cash from Financing Activities	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(28,522,282)	13,801,695
Cash and Cash Equivalents at the Beginning of the year	465,737,837	451,936,143
Cash and Cash Equivalents at the end of the year	437,215,555	465,737,837
Net Operating Cash Flow Per Unit	0.41	0.29





IFIC Bank 1st Mutual Fund
Notes to the Financial Statements
as at and for the year ended 30 June 2015

1.00 Introduction

IFIC Bank 1st 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 vide registration no.-এসইসি/সিউচুয়াল ফান্ড/২০০৯/১৩ 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.

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

1.01 Objectives

The objective of IFIC Bank 1st Mutual Fund is to earn superior risk adjusted return by maintaining a diversified investment portfolio and provided 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 generally accepted accounting principles as laid down in the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), applicable to the Fund so far adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards(BFRS). The disclosures of information made in accordance with the requirements of Trust Deed, Securities and Exchange Rules 1987, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউচুয়াল ফান্ড) বিধিমালা ২০০১ and other applicable Rules and regulations.

2.02 Use of estimates and judgments

The preparation of 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.03 Presentation of financial statements

The financial statements are prepared and presented covering the year from 01 July 2014 to 30 June 2015.





2.04 Investment

All purchases and sales of securities that require delivery within the time-frame established by regulation or market convention are recognized 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 after being confirmed on respective AGM date.

- a) Investment is recorded in the Balance Sheet at cost.
- b) Fair value of listed securities (other than mutual fund) are disclosed at closing quoted market prices prevailed as at 30 June 2015.
- c) Fair value of listed mutual funds are valued at intrinsic value as per BSEC directive (No. SEC/CMRRCD/2009-193/172).

2.05 Market Risk Reserve

The difference between cost of investment and the fair market value of investment on aggregated portfolio basis (Notes 3 & 4) is shown Tk. 20,940,093 as Market Risk Reserve.

2.06 Revenue Recognition

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

2.07 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.

2.08 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 সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

2.09 Dividend Policy

Pursuant to rules 66 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১, the Fund is required to distribute its profit by way of dividend either in cash or re -investment units dividend 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.

2.10 Dividend Equalization Reserve

In accordance with rule 67(2) of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১, last year the amount of Dividend Equalization Reserve was Tk. 20,000,000.00. During this year the entire amount has been transferred to retained earnings for payment of dividend.

2.11 Management Fee

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

2.12 Trustee Fee

The Trustee is entitled to get an annual Trusteeship fee of @ 0.10% of the size of the Fund, payable semi-annually during the entire life of the Fund as per Trust Deed.



2.13 Custodian Fee

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

2.14 Annual Fee to BSEC

Annual fee at the rate of 0.10% of the fund size was paid to Bangladesh Securities and Exchange Commission (BSEC) as per Rules 11 (1) of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১.

2.15 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 statement of profit or loss and other comprehensive income.

2.16 General

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





Amounts in Taka	
as at	
30-Jun-15	30-Jun-14
1,027,534,997	833,530,859
1,027,534,997	833,530,859

3.00 Investments - Listed Securities at cost

Sector/Category	Amount in Taka				
	Share	Cost	Market value	Required Provision	Cost-2014
Bank	11,477,299	209,568,505	160,245,084	(49,323,421)	127,635,652
Cement	207,832	29,730,517	40,545,480	10,814,963	13,344,347
Ceramic	107,227	4,820,926	7,942,304	3,121,378	3,996,857
Corporate Bond	130	115,421	121,429	6,009	-
Engineering	298,056	35,219,255	21,758,496	(13,460,759)	33,129,638
Food and Allied	85,397	25,877,607	131,887,653	106,010,046	33,371,352
Fuel and Power	1,603,741	97,104,888	82,733,644	(14,371,244)	89,886,889
Insurance	92,539	15,501,889	6,023,699	(9,478,190)	14,604,119
IT	40,000	1,288,800	1,126,800	(162,000)	-
Miscellaneous	70,329	12,893,580	14,331,816	1,438,235	13,344,580
Mutual Funds	16,816,955	206,587,629	194,559,040	(12,028,589)	207,191,279
NBFI	1,493,742	160,248,043	125,153,081	(35,094,962)	146,905,049
Pharma	243,432	106,315,646	117,223,025	10,907,379	36,300,076
Services and Real Estate	31,729	3,653,912	1,918,335	(1,735,576)	3,919,706
Tannery	47,450	18,398,683	24,164,372	5,765,690	21,136,537
Telecommunication	51,330	13,415,609	16,926,581	3,510,972	2,650,004
Textile	38,270	799,626	899,892	100,265	158,020
Travel & Leisure	942,715	85,994,462	51,340,259	(34,654,203)	85,956,754
Total	33,648,173	1,027,534,997	998,900,990	(28,634,006)	833,530,859

4.00 Investments-Non-Listed Securities at cost

Particular	Amount in Taka			
	Cost	Fair Market Value	Required Provision	Cost-2014
Sk. Akijuddin Limited Short Term Bond	-	-	-	50,000,000
Bank Asia zero coupon bond	7,454,688	8,698,509	1,243,821	9,960,288
Farmers Bank Ltd	57,500,001	61,217,778	3,717,777	57,500,001
The Premier Bank Non-Convertible Variable Coupon Rated Bond	50,000,000	52,732,316	2,732,316	-
Total	114,954,689	122,648,602	7,693,913	117,460,289

Total Required Provision: Note (3+4)	(20,940,093)
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5.00 Cash and Cash Equivalents

Bank balance with Operational Account:

One Bank-(A/C0123000000675)	69,711,978	6,707,672
EBL-(A/C-01011320000056)	2,701,455	6,670,390
IFIC Bank-(A/C-1001-294443-041)	2,627	2,579
Permier Bank- (A/C-10413600000010)	280,342,049	329,938,792
Southeast Bank-(A/C-0013100000008)	83,077,061	120,885,803

Bank balance with IPO Account

IPO A/C: EBL-(A/C-01011320000069)	428,903	479,811
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Bank balance with Dividend Account

EBL-(A/C-1141360096325)	332,937	369,334
EBL-(A/C-1011360198473)	617,725	682,388
One Bank-(A/C-0013000001288)	0	-
Southeast Bank-(A/C-008313100000041)	820	1,069

437,215,555	465,737,837
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6.00 Other Current Assets

Amounts in Taka		
as at		
	30-Jun-15	30-Jun-14
Receivable from Sundry Securities (Note-6.01)	73,931	279,133
Advance, Deposits and Prepayments (Note-6.02)	3,805,819	3,411,683
Dividend Receivables (Note-6.03)	4,391,950	403,499
Interest Receivable (Note-6.04)	1,475,643	6,675,265
Share Application Money	-	50,000,000
	9,747,344	60,769,579

6.01 Receivable from Sundry Securities

PHP Securities Ltd	73,392	-
ICB Securities Trading Company Limited	539	279,133
	73,931	279,133

6.02 Advance, Deposits and Prepayments

DSE Annual Fee	50,000	50,000
BSEC Annual Fee	1,410,793	1,304,895
CSE Annual Fee	50,000	50,000
Income Tax	988,379	854,340
Trustee Fee	705,397	652,448
Security Deposit	500,000	500,000
CDBL Annual Fee	101,250	-
	3,805,819	3,411,683

6.03 Dividend Receivables

ACI Ltd.	-	45,288
Summit Power Ltd.	1,197,595	-
Summit Purbachol Power Co. Ltd	2,500	-
ACI Formulation Ltd.	61,650	51,375
Active Fine Ltd.	4,220	431
BGIC Ltd.	7,620	7,620
Beximco Pharma Ltd.	79,685	75,891
BSRM STEEL	342,090	-
BSRM	300	-
City Bank Ltd	199,890	-
MJL BD Ltd.	-	173
KPCL	197,028	117,280
BD Finance Ltd	2,662	-
Pragati Insurance Ltd.	7,300	8,691
United Power Generation & Distribution Co. Ltd	1,200	-
Rackitt Benckiser BD Ltd.	13,510	-
RENATA (Renata Ltd.)	220,800	-
GLAXOSMITH (Glaxo SmithKline)	77,700	-
Bata Shoe Ltd.	89,250	78,750
Unique Hotel Ltd.	1,885,430	-
Square Textiles Ltd.	1,520	-
Lafarge Surma Cement Ltd.	-	18,000
	4,391,950	403,499

6.04 Interest Receivables

Corporate Bonds	990,001	3,019,669
Operational Account	485,642	3,655,596
	1,475,643	6,675,265

7.00 Preliminary & Issue expenses

Opening Balance	28,312,494	33,231,154
Interest income from Escrow Account	-	(21)
Amortization of Preliminary Expenses	(4,918,639)	(4,918,639)
	23,393,855	28,312,494





Amounts in Taka	
as at	
30-Jun-15	30-Jun-14
1,304,895,100	1,200,000,000
105,897,700	104,895,100
1,410,792,800	1,304,895,100

8.00 Unit Capital Fund

130,489,510 units of Tk 10 each re-investment units
10,589,770 units re-investment dividend units

The units are listed with the Dhaka & Chittagong Stock Exchange quoted at Taka 5.00 & Tk. 4.70 both on balance sheet date.

9.00 Current Liabilities and Provisions

Management Fee	9,040,730	8,366,899
Payable to Sundry Securities	95,132	132,043
Custodian Fee	848,226	690,841
Audit Fee	36,000	36,000
Publication of Reports & Periodicals Expenses Payable	100,000	150,000
Income Tax Payable	380,697	729,241
VAT Payable	6,000	66,407
Other Liabilities	100,000	-
	10,606,785	10,171,431

10.00 Net Asset Value per unit at Cost

Net Asset Value (NAV)	1,602,239,654	1,495,639,626
Number of Units	141,079,280	130,489,510
NAV per Unit at Cost	11.36	11.46

11.00 Net Asset Value per Unit at Market

Net Asset Value (NAV)	1,581,299,561	1,442,048,330
Number of Units	141,079,280	130,489,510
NAV per Unit at Market (Adjusted)	11.21	11.05

12.00 Profit on Sale of Investments

Bank	3,474,827	-
Cement	(415,935)	8,498,901
Ceramic	198,150	-
Engineering	5,077,246	-
Food & Allied	34,078,347	-
Fuel & Power	7,288	-
Miscellaneous	1,597,732	-
Mutual Fund	(62,895)	-
Pharma & Chemical	5,570,957	-
Service & Real Estate	(144,519)	-
Tannery	665,122	-
Telecommunication	2,108,854	-
Textile	2,953,628	-
Travel & Leisure	19,649	-
	55,128,451	8,498,901

13.00 Interest on Bank Deposits and Corporate Bonds

Operational Account	36,375,737	44,689,059
IPO Account	855,143	1,145,983
Dividend Account	1,897,554	2,496,213
Corporate Bonds	6,019,526	7,598,730
	45,147,960	55,929,986





Amounts in Taka	
as at	
30-Jun-15	30-Jun-14
139,251,232	93,661,009
141,079,280	141,079,280
0.99	0.66

14.00 Earnings Per Unit

Profit for the year
Number of Units
Earnings per Unit

15.00 Post Closing Events

Following events have occurred since the balance sheet date:

- (a) The Trustee committee of the fund recommended dividend at 10% in the form of re-investment at the meeting held on August 13, 2015 for the year ended June 30, 2015. The dividend will be issued at a valuation of the last published NAV per unit before the record date on September 03, 2015.
- (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 2015.

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 August 13, 2015.

Trustee

Asset Manager

Dated, Dhaka
August 13, 2015

