

**FIRST BANGLADESH FIXED INCOME FUND**

Fund Manager: RACE Management PCL

Trustee: Investment Corporation Bangladesh

8 D.I.T Rajuk Avenue, Motijheel

Dhaka 1000

**First Bangladesh Fixed Income Fund**

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

**M. J. Abedin & Co**  
Chartered Accountants

এম,জে, আবেদীন এন্ড কোং  
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE  
OF  
FIRST BANGLADESH FIXED INCOME FUND

We have audited the accompanying financial statements of **First Bangladesh Fixed Income 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.

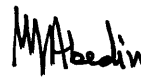
**Opinion**

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

**FIRST BANGLADESH FIXED INCOME FUND**  
**Statement of Financial Position**  
**as at 30 June 2014**

	Notes	Amount in Taka	
		30-Jun-14	30-Jun-13
<b><u>ASSETS</u></b>			
Investments - at cost	3.00	1,682,328,770	1,269,558,884
Corporate Bonds & Non-Listed Securities	4.00	1,535,499,753	1,085,499,753
Cash and Cash Equivalents	5.00	2,516,902,932	3,170,959,134
Preliminary and Issue Expenses	6.00	94,847,983	107,336,138
Other Current Assets	7.00	407,924,385	124,071,672
<b>Total Assets</b>		<b>6,237,503,823</b>	<b>5,757,425,581</b>
<b><u>CAPITAL AND LIABILITIES</u></b>			
<b>Unit Holders Equity</b>			
Unit Capital Fund	8.00	6,161,979,784	5,716,280,534
Unit Premium		5,513,698,630	5,000,000,000
Retained Earnings		86,301,370	-
Current Liabilities and Provisions	9.00	561,979,784	716,280,534
<b>Total Capital and Liabilities</b>		<b>6,237,503,823</b>	<b>5,757,425,581</b>
<b>Net Asset Value (NAV) per unit:</b>			
At Cost	10.00	11.18	11.43
At Market Value	11.00	11.29	11.64

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

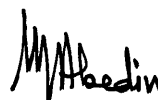


Trustee



Asset Manager

As per our separate report of even date annexed.



M. J. ABEDIN & CO  
Chartered Accountants

Dated, Dhaka  
14 August 2014

**FIRST BANGLADESH FIXED INCOME FUND**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2014**

	Notes	Amount in Taka	
		2014	2013
<b><u>INCOME</u></b>			
Dividend Income		45,173,073	35,521,957
Interest on Bank Deposits and Bonds	12.00	411,218,909	867,273,792
Net Income on Sale of Marketable Securities	13.00	137,032,524	119,181,988
		<b>593,424,506</b>	<b>1,021,977,737</b>
<b><u>EXPENSES</u></b>			
Management Fee		119,559,116	269,835,144
Annual Listing Fee		7,077,570	5,100,000
Trustee Fee		5,948,917	12,142,581
CDBL Expenses		773,343	47,797
Custodian Fee		1,454,259	824,401
Audit Fee Including VAT		46,000	57,500
Bank Charges		182,694	420,690
Other Expenses		393,861	468,060
Amortization of Preliminary & Issue Expenses		12,289,496	16,801,030
		<b>147,725,256</b>	<b>305,697,203</b>
<b>Net Profit for the year</b>		<b>445,699,250</b>	<b>716,280,534</b>
<b>Earnings Per Unit</b>	14.00	<b>0.81</b>	<b>1.30</b>

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



Trustee



Asset Manager

As per our separate report of even date annexed.



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

Dated, Dhaka  
14 August 2014

**FIRST BANGLADESH FIXED INCOME FUND**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2014**

Particular	Amount in Taka				
	Unit Capital Fund	Dividend Equalization Reserve	Unit Premium	Retained Earnings	Total Equity
Balance at 30 June 2013	5,000,000,000	-	-	716,280,534	5,716,280,534
Profit during the year	-	-	-	445,699,250	445,699,250
Dividend for 2013	-	-	-	(600,000,000)	(600,000,000)
Re-investment	513,698,630	-	86,301,370	-	600,000,000
<b>Balance as at 30 June 2014</b>	<b>5,513,698,630</b>	<b>-</b>	<b>86,301,370</b>	<b>561,979,784</b>	<b>6,161,979,784</b>

**FIRST BANGLADESH FIXED INCOME FUND**  
**Statement of Cash Flows**  
**for the year ended 30 June 2014**

	Amount in Taka	
	2014	2013
<b>Cash flows from / (used) in Operating Activities :</b>		
Interest on Bank Deposits and Bonds	375,516,410	879,752,201
Dividend Income	49,511,467	26,418,284
Advances, Deposits and Prepayments	(4,135,048)	(755,590)
Operating Expenses	(101,056,821)	(265,956,676)
<b>Net Cash from Operating Activities</b>	<b>319,836,008</b>	<b>639,458,219</b>
<b>Cash flows from / (used) in Investing Activities :</b>		
Investments	(223,892,210)	(1,206,502,442)
Preliminary and Issue Expenses	-	(176,496,891)
Share Application Money	(300,000,000)	-
Corporate Bonds & Non-Listed Securities	(450,000,000)	(1,085,499,753)
<b>Net Cash outflows from Investing Activities</b>	<b>(973,892,210)</b>	<b>(2,468,499,085)</b>
<b>Cash flows from / (used) in Financing Activities :</b>		
Unit Capital Fund	-	5,000,000,000
Unit Premium	-	-
Dividend Paid	-	-
<b>Net Cash used in Financing Activities</b>	<b>-</b>	<b>5,000,000,000</b>
<b>Net Increase / (Decrease) Cash</b>	<b>(654,056,202)</b>	<b>3,170,959,134</b>
Cash & Cash Equivalents at the Beginning of the year	3,170,959,134	-
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>2,516,902,932</b>	<b>3,170,959,134</b>

**FIRST BANGLADESH FIXED INCOME FUND**  
**Notes to the Financial Statements**  
**as at and for the year ended 30 June 2014**

**1.00 Introduction**

The First Bangladesh Fixed Income Fund (here-in-after referred to the "Fund") was established under a Trust Deed signed on 15 February 2011 between Sonali Bank Ltd. , Janata Bank Ltd., Estern Bank Ltd., ICB Unit Funds as 'Sponsor's and the Investment Corporation 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 02 March 2011 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 01 April 2012 after listing with Dhaka and Chittagong Stock Exchanges fund investment permission from BSEC.

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 First Bangladesh Fixed Income 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 (BFRSs). 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 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 2014 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. However on 30 June 2014, aggregate market value / fair value of investment is upper than cost value, hence no provision is required on that date.

3.00 Investments - at cost  
Listed Securities

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13
1,682,328,770	1,269,558,884
<b>1,682,328,770</b>	<b>1,269,558,884</b>

Sector/Category	Amount in Taka				
	Share	Cost	Market	Difference	Cost-2013
Bank	17,085,893	386,777,803	315,253,678	(71,524,125)	214,791,285
Cement	194,000	68,029,986	73,988,066	5,958,080	10,408,748
Corporate Bond	16,340	15,483,374	16,107,235	623,861	15,279,275
Engineering	216	5,000	9,419	4,418	5,000
Food and Allied	39,809	46,797,129	89,500,496	42,703,368	35,366,952
Fuel and Power	450,761	75,506,253	74,429,628	(1,076,624)	28,844,282
Insurance	317,090	38,052,018	35,335,846	(2,716,171)	66,872,088
Miscellaneous	8,800	6,160,880	9,921,120	3,760,240	6,160,888
Mutual Funds	16,054,832	173,920,186	134,738,470	(39,181,715)	172,863,581
NBFI	949,589	100,036,232	82,390,180	(17,646,053)	93,353,027
Pharma	1,051,030	367,487,638	542,370,035	174,882,397	305,806,114
Tannery	57,600	21,085,798	22,695,900	1,610,102	16,410,046
Telecommunication	368,486	35,967,944	88,146,671	52,178,727	40,696,461
Textile	73,250	5,131,980	4,850,143	(281,837)	959,472
Travel & Leisure	3,813,570	341,886,551	258,178,689	(83,707,862)	261,741,665
<b>Total Value of Securities</b>	<b>40,481,266</b>	<b>1,682,328,770</b>	<b>1,747,915,576</b>	<b>65,586,806</b>	<b>1,269,558,884</b>

4.00 Corporate Bonds and Non-Listed Securities

Bank Asia Subordinate Non-Convertible Zero Coupon Bond	209,944,196	209,944,196
Renata Limited Short Term Bond	470,000,000	370,000,000
SK. Akij Uddin Limited Unsecured Subordinate Short term Bond Bond	250,000,000	250,000,000
Trust Bank Unsecured Subordinate Bond	100,000,000	-
Prime Bank Unsecured Non-Convertible Subordinate Bond	250,000,000	-
Farmers Bank Ltd.	255,555,557	255,555,557
	<b>1,535,499,753</b>	<b>1,085,499,753</b>

5.00 Cash and Cash Equivalents

SND Account	993,650,641	1,796,489,875
Fixed Deposit Receipts	1,523,252,291	1,374,469,259
	<b>2,516,902,932</b>	<b>3,170,959,134</b>

6.00 Preliminary & Issue Expenses

Opening Balance	107,336,138	189,219,754
Interest income from Escrow Account	(198,660)	(65,082,586)
Amortization of Preliminary Expenses	(12,289,496)	(16,801,030)
	<b>94,847,983</b>	<b>107,336,138</b>

7.00 Other Current Assets

Accrued Interest (Note - 7.01)	88,505,334	52,604,175
Dividend Receivables (Note - 7.02)	4,765,278	9,103,673
Advances, Deposits and Prepayments (Note - 7.03)	9,990,638	5,855,591
Receivable for Sale Proceeds of Securities (Note - 7.04)	4,663,134	56,508,233
Share Application Money	300,000,000	-
	<b>407,924,385</b>	<b>124,071,672</b>

7.01 Accrued Interest

on Corporate Bonds	41,023,895	19,974,746
on Short Term Accounts	14,036,787	-
on FDR Accounts	33,444,652	32,629,429
	<b>88,505,334</b>	<b>52,604,175</b>



		Amounts in Taka	
		as at	
		30-Jun-14	30-Jun-13
<b>7.02</b>	<b>Dividend Receivables</b>		
	National Bank Ltd.	-	133,976
	Reckit Benckiser Ltd.	-	9,750
	Renata Ltd.	2,974,845	1,331,022
	Unique Hotel & Resort Ltd.	-	7,628,925
	Standard Bank Ltd.	26,250	-
	Hiedlberg Cement Ltd.	1,341,400	-
	Social Islami Bank Ltd.	387,300	-
	Beximco Pharma Ltd.	35,483	-
		<b>4,765,278</b>	<b>9,103,673</b>
<b>7.03</b>	<b>Advances, Deposits and Prepayments</b>		
	DSI: Annual Fee	50,000	50,000
	CSI: Annual Fee	50,000	50,000
	SFC Annual Fee	5,513,699	5,000,000
	Trustee Fee	3,072,296	(108,809)
	Income Tax	713,218	364,400
	CDBL Annual Fee	91,425	-
	Security Deposits	500,000	500,000
		<b>9,990,638</b>	<b>5,855,591</b>
<b>7.04</b>	<b>Receivable for Sale Proceeds of Securities</b>		
	Trust Bank Securities Limited	4,006,491	-
	PHP Stocks and Securities Limited	656,643	56,508,233
		<b>4,663,134</b>	<b>56,508,233</b>
<b>8.00</b>	<b>Unit Capital Fund</b>		
	<b>Paid up Unit Capital Fund</b>		
	500,000,000 units of Tk. 10 each fully paid in cash	5,000,000,000	5,000,000,000
	51,369,863 units of Tk. 10 each re-investment dividend units	513,698,630	-
		<b>5,513,698,630</b>	<b>5,000,000,000</b>
<b>9.00</b>	<b>Current Liabilities and Provisions</b>		
	Management Fee	55,985,812	74,082
	Custodian Fee	1,308,833	824,401
	Audit Fee	36,000	45,000
	Payable to Sundry Securities	382,741	382,688
	Withholding Taxes (VAT & TAX) Payable	16,265,653	38,323,877
	Publication Expenses	150,000	100,000
	Bankers to the Issue	1,395,000	1,395,000
		<b>75,524,039</b>	<b>41,145,047</b>
<b>10.00</b>	<b>Net Asset Value per Unit at cost</b>		
	Net Asset Value (NAV)	6,161,979,784	5,716,280,534
	Number of Units	551,369,863	500,000,000
	NAV Per Unit - at Cost	<b>11.18</b>	<b>11.43</b>
<b>11.00</b>	<b>Net Asset Value per unit at market value</b>		
	Net Asset Value (NAV)	6,227,566,590	5,822,298,136
	Number of Units	551,369,863	500,000,000
	NAV per Unit at - Market Value	<b>11.29</b>	<b>11.64</b>

	Amount in Taka	
	for the year	
	30-Jun-14	30-Jun-13
<b>12.00 Interest on Bank Deposits and Bonds</b>		
SND Account	121,161,008	461,187,880
Fixed Deposit Receipt	160,871,309	363,971,988
Corporate Bonds	129,186,592	42,113,924
	<b>411,218,909</b>	<b>867,273,792</b>
<b>13.00 Net Income on Sale of Marketable Securities</b>		
Food and Allied	38,942,220	2,377,800
Insurance	22,850,527	11,529,626
Pharma	32,060,372	-
Telecommunication	38,027,476	75,159,868
Textile	5,151,929	2,177,414
Engineering	-	5,435,296
Fuel and Power	-	76,133
Mutual Funds	-	20,236,075
Miscellaneous	-	2,189,775
	<b>137,032,524</b>	<b>119,181,988</b>
<b>14.00 Earnings Per Unit</b>		
Profit for the year	445,699,250	716,280,534
Number of Units	551,369,863	551,369,863
Earnings Per Unit	<b>0.81</b>	<b>1.30</b>

**15.00 Post Closing Events**

Following events have occurred since the Financial Position date:

(a) The Trustee recommended 10% 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.



Trustee



Asset Manager

Dated, Dhaka  
14 August 2014