



মাসিহ মুহিত হায়ে এণ্ড কোম্পানি
MASIH MUHITH HAQUE & CO
Chartered Accountants
Correspondent Firm of RSM International Network

Auditors' Report
Of
AB Bank First Mutual Fund

Trustee: Bangladesh General Insurance
Company Limited.
42 Dilkusha C/A, Dhaka – 1000

For the year ended June 30, 2016

Auditors' Report to the Trustee

We have audited the accompanying financial statements of **AB Bank First Mutual Fund** (the Fund), which comprise the statement of financial position (Balance sheet) as at 30th June 2016, Statement of comprehensive income (Profit and loss statement), Statement of changes in equity and Statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibilities 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) and Bangladesh Accounting Standards (BAS) and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance 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, 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 Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Fund's affairs as of 30th June 2016 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, 2001, Trust Deed and other applicable laws and regulations.

We also report that:

- we have obtained all 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 accounts 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 (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with in this report are in agreement with the books of accounts;
- the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001; and
- the expenditure incurred and payments made were for the purpose of the Fund's business.

Place : Dhaka
August 14, 2016


(Masih Muhith Haque & Co.)
Chartered Accountants

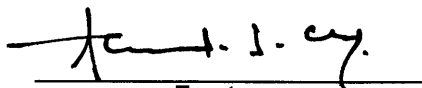
AB Bank First Mutual Fund

Statement of Financial Position (Balance sheet)
As at June 30, 2016

Particulars	Notes	Amount in BDT	
		30.06.2016	30.06.2015
A Assets			
Investment in marketable securities-at Fair Value	5	1,268,288,530	1,152,415,234
Investment in non-listed securities-at Fair Value	6	469,792,515	297,665,592
Cash and cash equivalents	7	482,239,254	644,750,463
Preliminary and issue expenses	8	27,519,741	32,461,952
Other receivables	9	56,246,199	34,505,364
Advance, deposits and prepayments	10	4,791,266	3,685,301
Total asset		2,308,877,505	2,165,483,906
B Liabilities			
Liabilities for expenses	11	13,243,214	12,344,724
Other liabilities	12	624,714	777,818
Total liability		13,867,928	13,122,541
C Net assets (A-B)		2,295,009,577	2,152,361,364
D Equity			
Capital fund	13	1,967,392,510	1,758,687,510
Unit premium		109,026,260	53,928,132
Unrealized Gain	14	66,733,276	36,532,498
Retained earnings		151,857,531	303,213,224
Total equity		2,295,009,577	2,152,361,364
Net asset value (NAV) per unit			
At market (Adjusted)	15	11.67	12.24
At cost		11.33	12.03

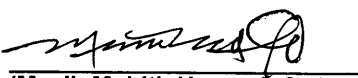
These financial statements should be read in conjunction with annexed notes.


Asset Manager
Bangladesh RACE Management PCL


Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date

Dated: Dhaka
August 14, 2016


(Masih Muhith Haque & Co.)
Chartered Accountants

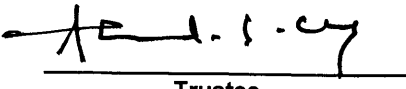
AB Bank First Mutual Fund

Statement of Comprehensive Income (Profit & loss statement)
For the year ended June 30, 2016

	Particulars	Notes	Amount in BDT	
			2015-2016	2014-2015
A	Income			
	Financial income	16	70,924,995	84,225,488
	Net profit on sale of investments	17	38,222,649	205,218,806
	Dividend from investments	18	41,758,096	39,704,500
	Other Income		21,429	-
	Total income		150,927,169	329,148,793
B	Expenditure			
	Management fees	19	26,131,653	24,634,887
	Amortisation of preliminary expenses	8	4,942,211	4,928,707
	Trustee fees	20	2,125,906	1,998,256
	BSEC annual fee	21	1,758,688	1,626,156
	Custodian fees	22	882,831	1,056,966
	CDBL charges	23	395,678	114,489
	DSE annual fee		350,000	100,000
	CSE annual fee		350,000	100,000
	Listing fees expense	24	886,726	597,592
	Bank charges		83,491	72,571
	Audit fee (including VAT)		57,500	57,500
	Printing & publication expenses		506,656	150,000
	Other operating expenses		8,394	123,431
	Total expenditure		38,479,734	35,560,555
C	Profit before provision (A-B)		112,447,435	293,588,239
	(Provision) or written back for unrealised loss		-	36,532,498
D	Net profit for the year		112,447,435	330,120,737
E	Earnings per unit for the year	25	0.57	1.49


These financial statements should be read in conjunction with annexed notes.


Asset Manager
Bangladesh RACE Management PCL


Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date

Dated: Dhaka
August 14, 2016


(Masih Muhith Haque & Co.)
Chartered Accountants

AB Bank First Mutual Fund

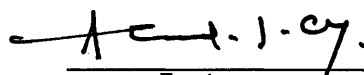
Statement of Changes in Equity
For the year ended June 30, 2016

Amount in BDT

Particulars	Capital fund	Unit premium	Unrealized Gain	Retained Earnings	Total Equity
Balance at 01 July 2015	1,758,687,510	53,928,132	36,532,498	303,213,224	2,152,361,364
Net profit for the year	-	-	-	112,447,435	112,447,435
Dividend for the year 2015	208,705,000	55,098,128	-	(263,803,128)	-
Unrealized gain	-	-	30,200,778	-	30,200,778
Balance at 30 June 2016	1,967,392,510	109,026,260	66,733,276	151,857,531	2,295,009,577



Asset Manager
Bangladesh RACE Management PCL



Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date

Dated: Dhaka
August 14, 2016



(Masih Muhith Haque & Co.)
Chartered Accountants

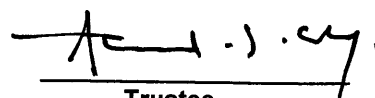
AB Bank First Mutual Fund

Statement of Cash Flows
For the year ended June 30, 2016

Particulars	Amount in BDT	
	2015-2016	2014-2015
A Cash flows from operating activities		
Dividend income	48,753,462	32,260,730
Financial income	58,009,124	90,763,862
Advance deposit & prepayment	(1,105,966)	50,386
Other Income	21,429	-
Operating expense	(32,792,136)	(30,589,280)
Net cash from operating activities	72,885,912	92,485,698
B Cash flows from investing activities		
Listed securities	(93,521,642)	(161,934,483)
Non-listed securities	(141,875,479)	79,552,600
Net cash used in investing activities	(235,397,121)	(82,381,883)
C Cash flows from financing activities		
Capital contribution	-	-
Net cash from financing activities	-	-
D Net decrease in cash and cash equivalents (A+B+C)	(162,511,209)	10,103,815
E Opening cash and cash equivalents	644,750,463	634,646,648
F Closing cash and cash equivalents (D+E)	482,239,254	644,750,463
Net Operating Cash Flow Per Unit (NOCFPU)	0.37	0.47




Asset Manager
Bangladesh RACE Management PCL



Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date

Dated: Dhaka
August 14, 2016


(Masih Muhith Haque & Co.)
Chartered Accountants

AB Bank First Mutual Fund

Notes to the Accounts

For the year ended 30th June 2016

1. The fund and legal status

AB Bank First Mutual Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 04 July 2011 between AB Bank Limited as a 'Sponsor' and the Bangladesh General Insurance Company Limited as a "Trustee". The Fund was registered under the Trust Act 1882 as well as under the Bangladesh Securities and Exchange Commission (BSEC) on 21 July 2011 vide Registration code no. SEC/Mutual Fund/2011/41 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 29 January 2012 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Trust Deed, Bangladesh RACE Management PCL, the asset management company of the fund, is the Fund Manager. Bangladesh RACE Management PCL was incorporated as a private limited company under Companies Act 1994 on March 2008.

AB 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 196,739,251 units of BDT 10 each. The units of the Fund are transferable.

2. Objectives

The objective of AB Bank First Mutual Fund is to provide attractive dividends to its unit-holders by earning superior risk adjusted return from a diversified investment portfolio.

3. Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) and as per requirements of the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

3.2 Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with generally accepted accounting principles.

3.3 Functional and presentational currency

These financial statements are presented in BDT, which is also the Fund's functional and presentational currency.

3.4 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 recognised 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.

3.5 Reporting period

These financial statements are prepared for the period from 01 July 2015 to 30 June 2016.

3.6 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.

4. Significant accounting policies

The accounting policies set out below have been applied throughout the period presented in these financial statements.

4.1 Investment policy

The investment policy of the Fund as summarised below has set in accordance with Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 as amended and any other authorities as required:

- (i) As per Rule 55 (02) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 as amended, at least 60% of total assets of the Fund is to be invested in capital market out of which at least 50% will be in listed securities;
- (ii) Not more than 25% of total asset of the Fund shall be invested in fixed income securities;
- (iii) not more than 15% of total asset of the Fund shall be invested in pre-IPOs at a time.
- (iv) All amounts collected for the Fund then invested only in cashable/transferable instruments, securities either in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitised debts;
- (v) The fund shall get the securities purchased or transferred in the name of the Fund;
- (vi) Asset management company will make the investment decisions and place orders for securities to be purchased for or sale of those formthe Fund's portfolio only, etc.

4.2 Investment Valuation

Valuation of various investments of the Fund is made as under:

- (i) the basis of calculation of net asset value (NAV) of listed securities of portfolio of the Fund is the average quoted market price prevailing on stock exchanges at the date of valuation;
- (ii) for securitised debts, debentures, margin or fixed deposits, accrued interest on such instruments on the date of valuation has taken into account in calculating NAV of such securities in the portfolio of the Fund;
- (iii) the valuation of non-listed securities is being made by the asset management company with their reasonable value as referred by Bangladesh Securities and Exchange Commission.

Investment were valued at Fair Value measurement as per BFRS 13& 17 the technique are as follows

Financial instrument	Methodology
Non-listed equity	Market comparable
Non-listed debt	Yield to maturity (P V. techniques)
Mutual Fund	Fair Value of listed mutual funds are valued at intrinsic value as per BSEC directive No.

4.3 Dividend Policy

As per Rule 66 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 as amended, the Fund is required to distribute its profit in the form of dividend either in cash or reinvestment(bonus share) or both to its unit holders an amount which shall not be less than 70% of annual profit during the year, net provisions.

4.4 Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits.

4.5 Net asset value calculation

NAV per unit is being calculated using the following formula:

Total NAV = VA - LT

NAV per unit = Total NAV / No. of units outstanding.

VA: Value of all securities in vault + Value of all securities placed in lien + Cash in hand and bank balances + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivable, net tax + Interest receivable, net of tax + Issue expenses amortised on that date + Printing, publication and stationery expenses amortised on date.

LT: Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as trustee fee + All other payable related to printing, publication and stationery + Accrued deferred expenses with regard to management fee, annual fee, audit fee and safe keeping fee.

4.6 Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting period.

4.7 Revenue recognition

Gains/losses arising on sale of investment are included in the Profit and Loss Statement 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.

4.8 Statement of cash flows

Cash flows from operating activities have been presented under direct method.

		Amount in BDT	
		2015-2016	2014-2015
5.00	Investment in marketable securities-at Fair Value : Tk.1,268,288,530		
	Investment at market price (Fair Value) Annex A	1,268,288,530	1,152,415,234
		1,268,288,530	1,152,415,234
6.00	Investment in non-listed security-at Fair Value :Tk.469,792,515		
	Bonds (Note 6.1)	335,573,546	233,776,702
	Equity shares of Farmers Bank Limited	63,888,890	63,888,890
	Equity securities of Multi Securities & Services Ltd.	70,330,079	-
		469,792,515	297,665,592
6.1	Bonds : Tk.335,573,546		
	Trust Bank Ltd- unsecured subordinated bonds	73,563,980	92,645,025
	Bank Asia Ltd.-Zero Coupon Bond	24,580,958	33,163,065
	The Premier Bank Non-Convertible Variable Coupon Rated Bond	178,666,366	52,732,316
	Regent Spinning Mills Corporate Bond	58,762,243	55,236,296
		335,573,546	233,776,702
7.00	Cash and cash equivalents :Tk. 482,239,254		
	Fixed deposit receipts		
	Premier bank -010424600028840	326,539,892	302,468,000
	Short term deposits with:		
	Operational accounts:		
	The Premier Bank Ltd (A/C 010413600000005)	-	103,832,157
	One Bank Ltd (A/C 0123000722)	154,064,184	72,006,464
	Southeast Bank Ltd (A/C 00831310001)	1,350,909	166,314,811
	AB Bank Ltd (A/C-4005-776830-430)	18,692	20,599
	EXIM Bank Ltd (A/C 00113100462655)	3,307	59,473
	Eastern Bank Ltd (A/C 1011360215856)	5,961	23,183
	BRAC Bank Ltd (A/C 1503202216121001)	25,614	25,777
	Farmers Bank (0113000082175)	230,554	
	NRB Bank Ltd. (A/C-1021030022251)	-	-
	IPO and dividend account:		
	AB Bank Ltd (IPO-A/C-4005-776833-430)	141	-
	One Bank Ltd (Div-A/C 0123001233)	-	-
	Southeast Bank Ltd (Div-A/C 00831310044)	-	-
	Escrow account- BRAC Bank Ltd (A/C-1501101738427002)	-	-
		482,239,254	644,750,463
8.00	Preliminary and issue expenses : Tk.27,519,741		
	Opening balance	32,461,952	37,390,659
	Less: Amortisation during the year	4,942,211	4,928,707
	Closing balance	27,519,741	32,461,952

	Amount in BDT	
	2015-2016	2014-2015
9.00 Other receivables : Tk.56,246,199		
Interest receivable (9.1)	37,964,080	25,048,209
Receivable from sale of marketable securities	16,471,126	650,796
Dividend receivable	1,810,993	8,806,359
Closing balance	56,246,199	34,505,364
9.1 Interest receivable : Tk.37,964,080		
Fixed Deposit Receipts (FDR) account	18,730,691	19,761,244
Unsecured subordinated bonds	19,233,390	5,082,623
Short term deposit (STD) account	-	204,342
	37,964,080	25,048,209
10.00 Advance deposit and prepayment : Tk.4,791,266		
Advance income tax deducted at source	228,806	203,444
Deposit- Central Depository Bangladesh Limited	500,000	500,000
Prepayments (10.1)	4,062,460	2,981,857
	4,791,266	3,685,301
10.1 Prepayments : Tk.4,062,460		
Annual fee-BSEC	2,262,502	1,758,688
Trustee fee- BGIC	1,129,151	1,031,744
Annual fee - DSE	300,000	50,000
Annual fee - CSE	300,000	50,000
CDBL Annual Fee	70,807	91,425
	4,062,460	2,981,857
11.00 Liability for expenses : Tk.13,243,214		
Management fee	12,511,574	11,818,185
Payable to sundry securities	86,400	150,520
Custodian fee	345,240	331,018
Audit fee	50,000	45,000
Payable for other expenses	100,000	100,000
Payable for publication	150,000	80,943
	13,243,214	12,344,724
12.00 Other liabilities : Tk.624,714		
Other finance	624,714	777,818
	624,714	777,818
13.00 Capital fund : Tk.1,967,392,510		
Size of capital fund		
175,868,751 units of BDT 10 each	1,758,687,510	1,626,156,430
Add: 10% re-investment unit (RIU)	208,705,000	132,531,080
	1,967,392,510	1,758,687,510
13.01 Re-investment Unit		

The Trustee of the Fund approved the audited accounts of the fund for the year ended on 30 June 2015. The Fund has reported net profit of Taka 293,588,229.00 and earnings per unit of Taka 1.49. Accordingly the Trustee declared a dividend of 15% for the year 2015 in the form of re-investment units to be issued at a valuation of the last published NAV per unit before the record date.



Amount in BDT	
2015-2016	2014-2015

20.00 Trustee fees :Tk.2,125,906

2,125,906	1,998,256
------------------	------------------

Bangladesh General Insurance Company Limited (BGIC) the trustee of the fund is entitled to get an annual trusteeship fee @ 0.10% of the net asset value per annum, payable semi-annually in advance basis during the entire life of the Fund as per Trust Deed.

21.00 BSEC annual Fee :Tk.1,758,688

1,758,688	1,626,156
------------------	------------------

Annual fee (at the rate of 0.10% of the fund size) was paid to BSEC as per Rules 11(1) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001

22.00 Custodian fees :Tk.882,831

882,831	1,056,966
----------------	------------------

BRAC Bank Limited, the custodian of the fund is entitled to receive a safekeeping fee @ 0.07% on the balance of securities calculated on average month end value per annum as per Trust Deed.

23.00 CDBL Charges :Tk.395,678

395,678	114,489
----------------	----------------

CDBL charge was paid to Central Depository Bangladesh Limited (CDBL) as per Annex A 1 of CDBL Bye Laws (3.7).

24.00 Listing fees expenses :Tk.886,726

Dhaka Stock Exchange	443,363	298,797
Chittagong Stock Exchange	443,363	298,796
	886,726	597,593


25.00 Earnings per unit for the year


Net profit for the year (numerator)	112,447,435	293,588,239
Number of units (denominator)	196,739,251	196,739,251
Earnings per unit	0.57	1.49

26.00 The Trustee of the Fund has approved dividend at the rate of 7% on the capital fund of Taka 1,967,392,510 in the form of re-investment units to be issued at a valuation of the last published NAV per Unit before the record date for the year ended 30 June 2016 at the meeting held on 14 August 2016

27.00 Others

- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- Figures of previous year have been rearranged wherever considered necessary, to conform with the current year's presentation.


Asset Manager
Bangladesh RACE Management PCL


Trustee
Bangladesh General Insurance Company Limited

Dated: Dhaka
August 14, 2016

Annex A

AB Bank First Mutual Fund

Amount in BDT

List of the total investment and aggregate required provision

<i>Particulars</i>	Cost value	Fair Market value	Required provision / (excess)
Investment in marketable securities (Note-5)	1,257,162,402	1,268,288,530	(11,126,128)
Listed Securities (Annex-A1)	1,257,162,402	1,268,288,530	(11,126,128)
Investment in Non-listed securities (Note-6)	414,185,367	469,792,515	(55,607,148)
Non listed equity Securities	134,218,969	134,218,969	-
Non listed debt Securities	279,966,398	335,573,546	(55,607,148)
Balance as at 30.06.16	1,671,347,769	1,738,081,045	(66,733,276)

Annex- A1

Sector-wise break up of investment in Listed securities

<i>Particulars</i>	Number of shares	Cost value	Fair Market value	Difference
Bank	24,598,097	424,375,174	385,677,692	38,697,482
Cement	293,221	67,434,692	56,639,838	10,794,854
Ceramic	36,000	1,297,160	1,141,950	155,210
Corporate Bond	2,230	2,029,568	2,148,605	(119,037)
Engineering	99,499	5,634,718	4,841,498	793,221
Food and Allied	98,035	68,843,395	69,889,727	(1,046,332)
Fuel and Power	384,874	44,044,475	37,964,900	6,079,575
Insurance	742,640	37,172,604	30,380,454	6,792,150
IT	44,000	1,287,440	818,400	469,040
Miscellaneous	28,233	16,224,560	22,125,524	(5,900,964)
Mutual Funds	8,076,433	72,718,156	63,286,549	9,431,606
NBFI	1,325,693	130,530,435	125,657,137	4,873,299
Pharma	569,095	237,994,035	359,387,823	(121,393,788)
Services and Real Estate	11,500	764,175	583,050	181,125
Tannery	31,214	18,114,010	15,688,058	2,425,952
Telecommunication	286,206	41,728,281	40,581,555	1,146,726
Textile	398,615	10,256,426	8,401,327	1,855,100
Travel & Leisure	922,365	76,713,097	43,074,446	33,638,652
Total value of listed securities	37,947,950	1,257,162,402	1,268,288,530	(11,126,129)