

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

The First Janata Bank 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
FIRST JANATA BANK MUTUAL FUND

We have audited the accompanying financial statements of **First Janata Bank 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

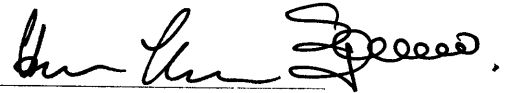
FIRST JANATA BANK MUTUAL FUND
Statement of Financial Position
as at 30 June 2014

	Notes	Amount in Taka	
		2014	2013
<u>ASSETS</u>			
Investments - at Cost	3.00	1,682,194,294	1,629,219,776
Non-Listed Securities	4.00	63,888,890	63,888,890
Other Receivables	5.00	67,510,475	29,382,437
Advances and Deposits	6.00	5,468,226	4,802,328
Cash and Cash Equivalents	7.00	516,519,283	476,339,432
Preliminary and Issue Expenses	8.00	41,036,987	47,636,021
Total Assets		<u>2,376,618,155</u>	<u>2,251,268,884</u>
<u>CAPITAL AND LIABILITIES</u>			
Unit Holders' Equity		2,362,625,391	2,228,666,755
Unit Capital Fund	9.00	2,000,000,000	2,000,000,000
Dividend Equalization Reserve		1,000,000	1,000,000
Market Risk Reserve		76,837,456	294,468,180
Retained Earnings		284,787,935	(66,801,425)
Current Liabilities and Provisions	10.00	13,992,764	22,602,129
Total Capital and Liabilities		<u>2,376,618,155</u>	<u>2,251,268,884</u>
Net Asset Value (NAV) per unit:			
At Cost	11.00	11.81	11.14
At Market Value	12.00	11.43	9.67

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



Trustee



Asset Manager

As per our separate report of even date annexed



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
14 August 2014

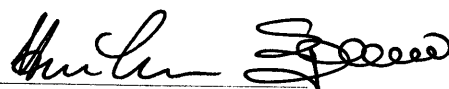
FIRST JANATA BANK MUTUAL FUND
Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Amount in Taka	
		2014	2013
<u>INCOME</u>			
Dividend Income		42,004,276	25,997,728
Interest on Bank Deposits and Bonds	13.00	85,112,855	89,087,989
Net Income on Sale of Marketable Securities	14.00	43,251,776	12,108,070
		170,368,907	127,193,787
<u>EXPENSES</u>			
Management Fee		23,430,252	22,270,054
Amortization of Preliminary & Issue Expenses		6,589,749	6,591,034
Annual Listing Fee With BSEC and Stock Exchanges		2,503,425	2,200,000
CDBL Expenses		92,025	32,641
Trustee Fee		2,101,979	2,000,000
Custodian Fee		1,141,856	929,924
Publication Expenses		267,349	207,867
Audit Fee		46,000	46,000
Bank Charges		96,537	122,986
Other Expenses		141,099	253,005
		36,410,271	34,653,511
Provision against Investment-adjustment/(expense)		217,630,724	64,048,822
Net Profit		351,589,360	156,589,098
Net Profit Transferred to Retained Earnings		351,589,360	156,589,098
Earnings Per Unit	15.00	1.76	0.78

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



Trustee



Asset Manager

As per our separate report of even date annexed



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
14 August 2014

FIRST JANATA BANK MUTUAL FUND
Statement of Changes in Equity
for the year ended 30 June 2014

Particulars	Amount in Taka				
	Unit Capital Fund	Dividend Equalization Reserve	Provision Against Erosion of Marketable Investments	Retained Earnings	Total Equity
Balance at 30 June 2013	2,000,000,000	1,000,000	294,468,180	(66,801,425)	2,228,666,755
Profit during the year	-	-	-	351,589,360	351,589,360
Market Risk Reserve	-	-	(217,630,724)	-	(217,630,724)
Balance as at 30 June 2014	2,000,000,000	1,000,000	76,837,456	284,787,935	2,362,625,391

FIRST JANATA BANK MUTUAL FUND
Statement of Cash Flows
for the year ended 30 June 2014

	Amount in Taka	
	2014	2013
Cash Flows from / (used) in Operating Activities:		
Interest on Bank Deposits	84,334,060	82,926,977
Dividend Income	41,020,863	24,399,938
Advances and Deposits	(665,898)	(1,066,573)
Operating Expenses	(38,420,602)	(10,102,102)
Net Cash from Operating Activities	86,268,423	96,158,240
Cash Flows from / (used) in Investing Activities:		
Investments	3,911,428	(140,540,396)
Share Application Money	(50,000,000)	-
Non-Listed Securities	-	(63,888,890)
Net Cash Out Flows from Investing Activities	(46,088,572)	(204,429,286)
Net Increase / (Decrease) Cash	40,179,851	(108,271,047)
Cash & Cash Equivalents at the Beginning of the year	476,339,432	584,610,479
Cash and Cash Equivalents at the end of the year	516,519,283	476,339,432

FIRST JANATA BANK MUTUAL FUND
Notes to the Financial Statements
as at and for the year ended 30 June 2014

1.00 Introduction

The First Janata Bank Mutual Fund (here-in-after referred to the "Fund") was constituted through a Trust Deed signed on 28 January 2010 between Janata Bank Limited (JBL) 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 09 February 2010 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001. The operations of the Fund was commenced on 20 September 2010 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.

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 Janata Bank Mutual 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. For 2013-2014 Market Risk Reserve stood at Tk. 76,837,456.

2.04 Dividend Equalization Reserve

The fund maintains Dividend Equalization Reserve by appropriating a portion of Retained Earning.

2.05 Revenue Recognition

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

2.06 Taxation

As per SRO No. 333/Rule/Income Tax/2011 the income of mutual fund has been exempted from tax.

2.07 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 as per Trust Deed.

2.08 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.

2.09 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.

2.10 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.

2.11 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 each year.

2.12 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) in terms of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001.

2.13 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 Comprehensive Income.

2.14 General

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	Investments - at Cost		
3.01	Investment in Listed Securities	1,462,194,294	1,359,219,776
3.02	Investment in Bonds	220,000,000	270,000,000
		1,682,194,294	1,629,219,776

Sector/Category	Amount in Taka				Cost-2013
	Share	Cost	Market	Difference	
3.01 Investment in Listed Securities					
Bank	5,476,849	197,498,802	131,562,267	(65,936,535)	157,661,086
Cement	140,900	38,612,761	59,316,850	20,704,089	38,613,333
Ceramic	45,972	2,444,791	2,018,171	(426,620)	2,444,805
Corporate Bond	30,190	30,176,977	29,887,293	(289,685)	30,176,977
Engineering	90,932	15,340,952	8,617,351	(6,723,600)	15,340,772
Food and Allied	59,600	39,558,904	138,158,760	98,599,856	48,851,129
Fuel and Power	2,663,125	235,577,805	155,533,319	(80,044,486)	235,573,241
Insurance	452,335	65,919,441	40,396,749	(25,522,693)	65,917,625
Miscellaneous	216,141	63,105,383	61,885,959	(1,219,425)	63,733,781
Mutual Funds	12,306,767	175,125,567	98,479,924	(76,645,644)	175,120,839
NBFI	394,794	194,217,980	128,098,417	(66,119,564)	180,288,323
Pharma	835,371	208,111,195	283,849,207	75,738,013	184,449,736
Services and Real Estate	16,214	1,572,596	389,136	(1,183,460)	1,572,523
Tannery	83,800	42,051,524	52,647,420	10,595,896	43,879,359
Telecommunication	377,657	83,383,223	113,403,985	30,020,762	86,035,156
Textile	71,429	6,599,902	6,135,772	(464,129)	6,599,607
Travel & Leisure	659,915	62,896,491	44,676,260	(18,220,231)	22,961,484
Total Value of Securities	23,921,991	1,462,194,294	1,355,056,838	(107,137,456)	1,359,219,776
3.02 Investment in Bonds					
Prime Bank Bond		100,000,000	116,000,000	16,000,000	100,000,000
Trust Bank Ltd. Bond		50,000,000	58,000,000	8,000,000	50,000,000
Sk. Akijuddin Ltd. Bond		70,000,000	76,300,000	6,300,000	120,000,000
Value of Investment in Bonds		220,000,000	250,300,000	30,300,000	270,000,000
Value of Investment	23,921,991	1,682,194,294	1,605,356,838	(76,837,456)	1,629,219,776

4.00 Non-Listed Securities

The Farmer's Bank Ltd.	63,888,890	63,888,890
	63,888,890	63,888,890

5.00 Other Receivables

This is made-up as follows :

	3,075,191	2,091,778
a) Dividend Receivables		
ACI Ltd.	24,480	19,200
Bangladesh Lamps Ltd.	13,000	-
Meghna Petroleum Ltd.	-	1,837
Beximco Pharma Ltd.	210,060	-
Unique Hotel Ltd.	-	671,038
Bata Shoe Co BD Ltd.	417,900	-
Islami Bank BD. Ltd.	-	538,380
National Bank Ltd.	-	69
KPCL	160,312	71,250
Renata Ltd.	1,024,920	655,950
Gloxco Smith Kline	213,000	-
National Housing Fin. & Inv. Ltd.	6,930	-
Reckitt Benkiser BD Ltd.	-	32,250
Southeast Bank Ltd.	-	500
BRAC Bank Bond	875,145	-
Square Textile Ltd.	129,444	101,304
b) Accrued Interest	14,411,034	13,632,239
on Corporate Bonds	8,840,959	12,318,532
on FDR Accounts	1,084,429	1,313,707
on Sponsor Account	4,485,646	-

Amounts in Taka		
as at		
	30-Jun-14	30-Jun-13
c) Other Receivable for Sale Proceeds of Securities	24,250	13,658,420
EBL Securities Limited	-	582
ICB Securities Trading Company Limited	21,798	-
PHP Stocks and Securities Limited	2,452	13,657,838
d) Share Application Money	50,000,000	-
	67,510,475	29,382,437
6.00 Advances and Deposits		
Security Deposit	500,000	500,000
DSE Annual Fee	50,000	50,000
CSE Annual Fee	50,000	50,000
SEC Annual Fee	2,000,000	2,000,000
Trustee Fee	1,096,730	-
CDBL Annual Fee	30,475	-
Income Tax	1,741,021	2,202,328
	5,468,226	4,802,328
7.00 Cash and Cash Equivalents		
SND Account	382,982,127	338,235,446
Dividend Account	862,293	19,762,174
Fixed Deposit Receipt	132,674,863	118,341,812
	516,519,283	476,339,432
8.00 Preliminary & Issue Expenses		
Opening Balance	47,636,021	54,239,877
Interest income from Escrow Account	(9,285)	(12,822)
Amortization of Preliminary Expenses	(6,589,749)	(6,591,034)
	41,036,987	47,636,021
9.00 Unit Capital Fund		
Paid up Unit Capital Fund		
200,000,000 units of Tk. 10 each fully paid in cash	2,000,000,000	2,000,000,000
	2,000,000,000	2,000,000,000
The units are listed with the Dhaka & Chittagong Stock Exchanges and quoted at Tk. 6.30 and Tk. 6.30 respectively on Balance Sheet date.		
10.00 Current Liabilities and Provisions		
Management Fee	11,304,960	117,336
Uncleared Dividend	-	18,753,510
Custodian Fee	1,027,670	929,924
Audit Fee	36,000	36,000
CDBL Charges	-	15,613
Other Expenses Payable	207,743	207,741
Withholding Taxes (VAT & TAX) Payable	1,266,391	2,442,005
Publication Expenses	150,000	100,000
	13,992,764	22,602,129
11.00 Net Asset Value per Unit at Cost		
Net Asset Value (NAV)	2,362,625,391	2,228,666,755
Number of Units	200,000,000	200,000,000
NAV Per Unit at Cost	11.81	11.14
12.00 Net Asset Value per unit at Market Value		
Net Asset Value (NAV)	2,285,787,936	1,934,198,575
Number of Units	200,000,000	200,000,000
NAV per unit at Market Value	11.43	9.67

Amount in Taka	
for the year	
2014	2013

13.00 Interest on Bank Deposits and Bonds

SND Account	36,536,291	42,246,490
Fixed Deposit Receipt	14,123,772	17,857,417
Corporate Bonds	34,452,792	28,984,082
	<u>85,112,855</u>	<u>89,087,989</u>

14.00 Net Income on Sale of Marketable Securities

Food and Allied	19,782,796	-
Pharma	4,200,435	-
Insurance	-	5,966,098
Miscellaneous	448,479	-
Tannery	200,584	-
Telecommunication	18,099,150	6,141,972
Textile	520,332	-
	<u>43,251,776</u>	<u>12,108,070</u>

15.00 Earnings Per Unit

Profit for the year	351,589,360	156,589,098
Number of Units	200,000,000	200,000,000
Earnings Per Unit	<u>1.76</u>	<u>0.78</u>

16.00 Post Closing Events

Following events have occurred since the Balance Sheet date:

- (a) The Trustee recommended 12.5 % 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.

17.00 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.

18.00 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