



মাসিহ মুহিত হাফে এন্ড কোং
MASIH MUHITH HAQUE & CO
Chartered Accountants
In Practice Since 1985

Correspondent Firm of RSM International Network

Auditors' Report
Of
PHP First Mutual Fund
42, Dilkusha Commercial Area
Dhaka-1000
For the year ended 30th June, 2015

Auditors' Report to the Trustee

We have audited the accompanying financial statements of PHP First Mutual Fund (the Fund), which comprise the statement of financial position (balance sheet) as at 30th June 2015, 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' judgement, 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 2015 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:

- a. 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;
- b. 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;
- c. 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;
- d. the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001; and
- e. the expenditure incurred and payments made were for the purpose of the Fund's business.

Place : Dhaka
August 14, 2015


(Masih Muhith Haque & Co.)
Chartered Accountants

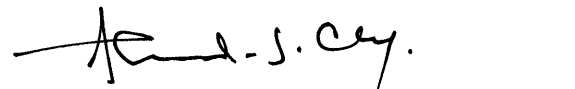
PHP First Mutual Fund

**Statement of Financial Position (Balance sheet)
As at June 30, 2015**

Particulars	Notes	Amount in BDT	
		30.06.2015	30.06.2014
A Assets			
Investment in marketable securities-at cost	5	1,721,879,663	1,633,258,960
Investment in non-listed securities-at cost	6	202,047,816	265,555,556
Cash and cash equivalents	7	583,040,532	444,623,728
Preliminary and issue expenses	8	35,754,678	42,352,482
Other receivables	9	11,487,392	20,769,074
Advance, deposit and prepayment	10	4,607,053	4,707,177
Total asset		2,558,817,135	2,411,266,977
B Liabilities			
Liabilities for expenses	11	13,212,151	11,869,578
Other liabilities	12	4,021,660	4,607,364
Total liability		17,233,811	16,476,942
C Net assets (A-B)		2,541,583,324	2,394,790,035
D Equity			
Capital fund	13	2,187,441,420	2,000,000,000
Unit premium		12,558,580	-
Retained earnings		172,319,658	223,033,390
Market risk reserve	14	169,263,666	171,756,645
Total equity		2,541,583,324	2,394,790,035
Net asset value (NAV) per unit			
At cost		11.62	11.97
At market price (Adjusted)	15	10.85	11.12

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, 2015


(Masih Muhith Haque & Co.)
Chartered Accountants

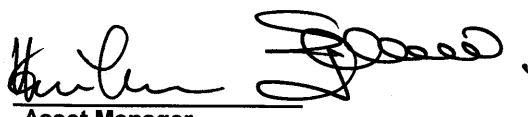
Correspondent Firm of RSM International Network

PHP First Mutual Fund

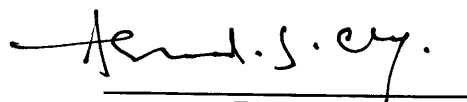
Statement of comprehensive income (Profit & loss statement)
For the year ended June 30, 2015

Particulars	Notes	Amount in BDT	
		2014-2015	2013-2014
A Income			
Financial income	16	71,957,182	74,123,272
Profit on sale of investment	17	69,193,316	53,811,355
Dividend from investment	18	45,739,728	44,254,422
Total income		186,890,226	172,189,049
B Expenditure			
Management fees	19	26,157,376	24,186,705
Amortisation of preliminary expenses	8	6,597,804	6,597,805
Trustee fees	20	2,139,226	2,188,083
BSEC annual fee	21	2,000,000	2,000,000
Custodian fees	22	1,182,189	405,348
CDBL charges	23	247,355	356,894
DSE annual fee		100,000	100,000
CSE annual fee		100,000	100,000
Listing fees expense	24	778,069	-
Bank charges		54,603	86,778
Printing & publication expenses		560,989	-
Audit fee		57,500	57,500
Other operating expenses		121,827	424,039
Total expenditure		40,096,937	36,503,152
C Profit before provision (A-B)		146,793,289	135,685,897
Provision or write back		2,492,978	192,249,382
D Net profit for the year		149,286,268	327,935,279
E Earnings per unit for the year	25	0.68	1.64

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



Asset Manager
Bangladesh RACE Management PCL



Trustee
Bangladesh General Insurance Company Limited

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August 14, 2015


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Correspondent Firm of RSM International Network

PHP First Mutual Fund

**Statement of changes in equity
For the year ended June 30, 2015**

Amount in BDT

Particulars	Capital fund	Unit premium	Market risk reserve	Retained Earnings	Total Equity
Balance at 01 July 2014	2,000,000,000	-	171,756,645	223,033,390	2,394,790,035
Dividend paid	-	-	-	(200,000,000)	(200,000,000)
Net profit for the year	-	-	-	149,286,268	149,286,268
Unit premium	-	12,558,580	-	-	12,558,580
Re-investment unit	187,441,420	-	-	-	187,441,420
Market risk reserve	-	-	(2,492,978)	-	(2,492,978)
Balance at 30 June 2015	2,187,441,420	12,558,580	169,263,667	172,319,658	2,541,583,324

Asset Manager
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Bangladesh General Insurance Company Limited

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Dated: Dhaka
August 14, 2015

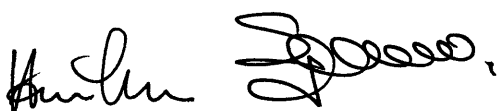
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Correspondent Firm of RSM International Network

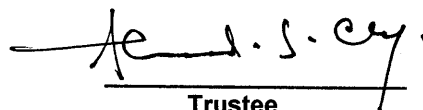
PHP First Mutual Fund

Statement of Cash Flows
For the year ended June 30, 2015

Particulars	Amount in BDT	
	2014-2015	2013-2014
A Cash flows from operating activities		
Dividend income	43,145,390	40,932,515
Financial income	83,331,835	67,146,778
Advance, deposit and prepayment	100,124	(914,725)
Other operating expense	(32,742,264)	(21,332,185)
Net cash from operating activities	93,835,085	85,832,382
B Cash flows from investing activities		
Listed securities	(19,427,387)	(245,133,479)
Received from sundry securities	501,367	139,634,157
Non-listed securities	63,507,740	-
Net cash used in investing activities	44,581,720	(105,499,322)
C Cash flows from financing activities		
Capital contribution	-	-
Net cash from financing activities	-	-
D Net decrease in cash and cash equivalents (A+B+C)	138,416,805	(19,666,940)
E Opening cash and cash equivalents	444,623,728	464,290,668
F Closing cash and cash equivalents (D+E)	583,040,532	444,623,728



Asset Manager
Bangladesh RACE Management PCL



Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date

Dated: Dhaka
August 14, 2015


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Correspondent Firm of RSM International Network

3.5 Reporting period

These financial statements are prepared for the period from 01 July 2014 to 30 June 2015.

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 summarized below has been set in accordance with Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001 as amended and any other authorities as required:

- (i) As per Rule 55 (02) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 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 securitized debts;
- (v) The fund shall have 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 from 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 securities 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 has been made by the asset management company with their reasonable value as referred by Bangladesh Securities and Exchange Commission.

Investments were valued at fair value measurement as per BFRS 13 and 7 the techniques are as follows:

Financial instrument	Methodology
Non-listed equity	Market comparable
Non-listed debt	Yield to maturity (Present value techniques)
Mutual Fund	Fair value of listed mutual funds are valued at intrinsic value as per BSEC directive No. SEC/CMRRCD/2009-193/172 dated: June 30, 2015

Correspondent Firm of RSM International Network

4.3 Market risk reserve

Investment has been valued using on aggregated portfolio basis and provision is required to be made on portfolio value of investment as on 30th June 2015 which amounts to BDT 169,263,667. Balance of this reserve was BDT 171,756,645 on 30 June 2014. As the current year's provision is less than the prior year by BDT 2,492,978 this has been transferred to the profit and loss statement as a reversal of expense.

4.4 Dividend policy

As per Rule 66 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001 as amended on 18th August 2013, the Fund is required to distribute its profit in the form of dividend either in cash or reinvestment (bonus unit) or both to its unit holders an amount which shall not be less than 70% of annual profit during the year.

4.5 Cash and cash equivalents

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

4.6 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 of tax) + interest receivable (net of tax) + issue expense has been amortized on that date + printing, publication and stationery expense has been amortized on that 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.

4.7 Provisions

A provision is recognized 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.

4.8 Revenue recognition

Gains/losses arising on sale of investment are included in the Profit and Loss Statement on the date on which the transaction takes place. Dividend and interest income are recognized as per BAS-18 and Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala, 2001.

4.9 Statement of cash flows

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

Correspondent Firm of RSM International Network

		Amount in BDT	
		2014-2015	2013-2014
5.00	Investment in marketable securities-at cost : Tk.1,721,879,663		
	Investment at cost price	1,721,879,663	1,583,258,960
	Investment in IPO	-	50,000,000
		1,721,879,663	1,633,258,960
6.00	Investment in non listed security-at cost :Tk.202,047,816		
	Bonds	172,000,000	240,000,000
	Shares of Farmers Bank Limited	25,555,556	25,555,556
	Units of ICBAMCL1ST	4,492,260	-
		202,047,816	265,555,556
6.01	Bonds : Tk.172,000,000		
	SK. Akijuddin Ltd- short term bonds	-	120,000,000
	Trust Bank Ltd- unsecured subordinated bonds	72,000,000	90,000,000
	Renata Ltd- short term bonds	-	30,000,000
	The Premier Bank Non-Convertible Variable Coupon Rated Bond	100,000,000	-
		172,000,000	240,000,000
7.00	Cash and cash equivalents :Tk. 583,040,532		
	Fixed deposit receipts	164,571,137	10,000,000
	Short term deposits with:		
	Operational accounts:		
	The Premier Bank (A/C-1041360000008)	72,639,177	175,280,954
	ONE Bank Ltd (A/C-0123000000700)	148,003,950	160,377,403
	Southeast Bank Ltd (A/C-008313100000006)	197,761,136	87,608,045
	BRAC Bank Ltd (A/C-1501101738427001)	30,430	5,831,360
	Eastern Bank Ltd (A/C-1011220139908)	26,866	5,521,191
	<i>IPO and dividend account:</i>		
	One Bank Ltd (A/C-0013000001302)	3,044	-
	BRAC Bank Ltd (A/C-1501101738427003)	4,793	4,773
		583,040,532	444,623,728
8.00	Preliminary and issue expenses : Tk.35,754,678		
	Opening balance	42,352,482	48,955,362
	Less: Interest income from escrow account	-	5,075
		42,352,482	48,950,287
	Less: Amortisation during the year	6,597,804	6,597,805
	Closing balance	35,754,678	42,352,482
9.00	Other receivables : Tk.11,487,392		
	Interest receivable	4,116,157	15,490,810
	Dividend receivable	7,342,863	4,748,525
	Receivable from sale of marketable securities	28,372	529,739
	Closing balance	11,487,392	20,769,074

Correspondent Firm of RSM International Network

		Amount in BDT	
		2014-2015	2013-2014
10.00	Advance deposit and prepayment : Tk.4,607,053		
	Advance income tax deducted at source	711,743	1,063,405
	Security Deposit- CDBL	500,000	500,000
	Prepayments 10.01	3,395,310	3,143,772
		4,607,053	4,707,177
10.01	Prepayments : Tk.3,395,310		
	Annual fee-BSEC	2,187,441	2,000,000
	Trustee fee- BGIC	1,107,869	1,043,772
	Annual fee - DSE	50,000	50,000
	Annual fee - CSE	50,000	50,000
		3,395,310	3,143,772
11.00	Liability for expenses : Tk.13,212,151		
	Management fee	12,572,499	11,519,347
	Custodian fee	489,652	305,232
	Audit fee	50,000	45,000
	Other payable	100,000	-
		13,212,151	11,869,578
12.00	Other liabilities : Tk.4,021,660		
	Tax deducted at source	2,472,361	2,954,896
	VAT deducted at source	1,046,374	1,099,543
	Preliminary expenses	402,925	402,925
	Publication expenses	100,000	150,000
		4,021,660	4,607,364
13.00	Capital fund : Tk.2,187,441,420		
	Size of capital fund		
	200,000,000 units of Taka 10 each	2,000,000,000	2,000,000,000
	Add: 10.00% re-investment unit 13.01	187,441,420	-
		2,187,441,420	2,000,000,000

Calculation of capital fund:

Fund size as at 30.06. 2014	Face value	NAV at 28th August 2014	RIU distributed as per NAV @ 10%	Total capital fund
2,000,000,000	10	10.67	187,441,420	2,187,441,420

13.01 Re-investment Unit

The Trustee of the Fund approved the audited accounts of the fund for the year ended on 30 June 2014. The Fund has reported net profit of Taka 327,935,279.00 and earnings per unit of Taka 1.64. Accordingly the Trustee declared a dividend of 10% for the year 2014 in the form of re-investment units to be issued at a valuation of the last published NAV per unit before the record date was at 01 September 2014.

Correspondent Firm of RSM International Network

	Amount in BDT	
	2014-2015	2013-2014
14.00 Market risk reserve : Tk.169,263,666		
Opening balance	171,756,645	364,006,027
Less: Appreciation of Comparative Securities Value	2,492,978	192,249,383
Closing balance	169,263,666	171,756,645
15.00 Net asset value (NAV) per unit at cost		
At cost : 11.62		
Total Asset	2,558,817,135	2,411,266,977
Less: Accounts Payable	13,212,151	11,869,578
Other liabilities and provisions	4,021,660	4,607,364
Total net asset value at cost (numerator)	2,541,583,324	2,394,790,035
Number of units (denominator)	218,744,142	200,000,000
NAV per unit at cost	11.62	11.97
At market value (Adjusted) : 10.85		
Total net asset value at cost price	2,541,583,324	2,394,790,035
Less: Unrealised loss on securities	169,263,666	171,756,645
Total net asset at market value (numerator)	2,372,319,658	2,223,033,390
Number of units (denominator)	218,744,142	200,000,000
NAV per unit at market value	10.85	11.12
16.00 Financial income :Tk.71,957,182		
Short term deposit (STD) account	43,086,697	44,489,064
Corporate bonds	22,564,795	29,203,652
Fixed deposit account	6,305,690	430,556
	71,957,182	74,123,272
17.00 Profit on sale of investment :Tk.69,193,316		
Profit on sale of Investment	71,034,732	53,811,355
Less: Loss on sale of Investment	1,841,417	-
Total	69,193,316	53,811,355
18.00 Dividend from investment :Tk.45,739,728		
Listed securities	42,485,979	40,731,123
Listed bond (BRAC Bank Limited)	3,153,750	3,523,299
Non-listed securities (The Farmers Bank Limited)	100,000	-
	45,739,728	44,254,422
19.00 Management fees :Tk.26,157,376	26,157,376	24,186,705

Bangladesh RACE Management PCL the Fund Manager, is to be paid an annual management fees on weekly average net asset value (NAV) as per Rule 65 of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and as per Trust Deed at the following rates

Correspondent Firm of RSM International Network

Amount in BDT

2014-2015	2013-2014
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Slab	Rate of fee
On weekly average NAV up to BDT 5 crore	2.50%
On next 20 crore of weekly average NAV	2.00%
On next 25 crore of weekly average NAV	1.50%
On rest of weekly average NAV	1.00%

20.00 Trustee fees :Tk.2,139,226 2,139,226 2,188,083

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.2,000,000 2,000,000 2,000,000

Annual fee of Taka 2,000,000 (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.1,182,189 1,182,189 405,348

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.247,355 247,355 356,894

CDBL charge of Taka 247,355 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.778,069

Dhaka Stock Exchange Ltd.	381,162	-
Chittagong Stock Exchange Ltd.	381,162	-
Central Depository Bangladesh Limited	15,745	-
	<u>778,069</u>	<u>-</u>

25.00 Earnings per unit for the year

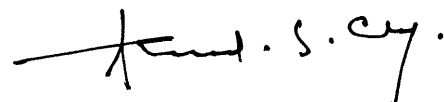
Net profit for the year (numerator)	149,286,268	327,935,279
Number of units (denominator)	<u>218,744,142</u>	<u>200,000,000</u>
Earnings per unit	<u>0.68</u>	<u>1.64</u>

26.00 The Trustee of the Fund has approved dividend at the rate of 7.5% on the capital fund of Taka 2,187,441,420 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 June 30, 2015 at the meeting held on 14 August 2015.

27.00 Others

- (i) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (ii) Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- (iii) 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, 2015

Correspondent Firm of RSM International Network

Annex A

PHP First Mutual Fund

Amount in BDT

List of the total investment and aggregate required provision

<i>Particulars</i>	Cost value	Market value	Required provision /(excess)
Investment in marketable securities (Note-5)	1,721,879,663	1,538,828,010	183,051,653
Listed Securities (Annex-A1)	1,721,879,663	1,538,828,010	183,051,653
Investment in Non-listed securities (Note-7)	202,047,816	215,835,802	(13,787,986)
Non listed equity Securities	30,047,816	26,990,648	3,057,168
Non listed debt Securities	172,000,000	188,845,154	(16,845,154)
Total	1,923,927,479	1,754,663,812	169,263,667

Annex- A1

Sector-wise break up of investment in Listed securities

<i>Particulars</i>	Number of shares	Cost value	Market value	Difference
Bank	15,384,491	406,818,603	261,100,797	(145,717,806)
Cement	203,400	43,759,769	65,736,990	21,977,222
Ceramic	14,856	1,191,600	1,099,344	(92,256)
Corporate Bond	23,055	23,014,646	23,693,370	678,724
Engineering	163,317	17,496,820	9,845,867	(7,650,953)
Food and Allied	61,625	32,308,628	87,047,580	54,738,952
Fuel and Power	3,263,056	245,609,060	175,660,165	(69,948,895)
Insurance	310,253	40,567,149	16,864,834	(23,702,314)
IT	40,000	1,287,600	1,124,000	(163,600)
Miscellaneous	46,463	26,183,968	52,759,536	26,575,568
Mutual Funds	17,514,117	234,471,206	176,501,372	(57,969,834)
NBFI	1,510,762	267,079,462	171,041,660	(96,037,802)
Pharma	565,936	190,805,232	310,750,470	119,945,238
Services and Real Estate	16,271	1,541,026	982,931	(558,095)
Tannery	257,430	83,210,647	100,724,558	17,513,912
Telecommunication	115,119	32,763,547	37,941,128	5,177,580
Textile	265,712	16,727,453	12,180,575	(4,546,878)
Travel & Leisure	620,710	57,043,249	33,772,831	(23,270,418)
Total value of listed securities	40,376,573	1,721,879,663	1,538,828,010	(183,051,653)