



Mahfel Huq & Co.
Chartered Accountants



First Bangladesh Fixed Income Fund

Asset Manager- Bangladesh RACE Management PCL, Dhaka

Auditors' Report

and

Financial Statements

As at and for the year ended 30 June 2016

MAHFEL HUQ & CO.

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Mahfel Huq & Co.

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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** which comprises the statement of Financial Position as at 30 June 2016, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes thereto 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.



Basis of Opinion

We have conducted audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

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 Reporting Standards present fairly, in all material respects, the financial position of **the Fund** as at 30 June 2016 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;
14 August 2016

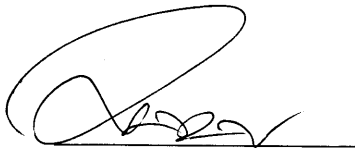

MAHFEL HUQ & Co.
Chartered Accountants



FIRST BANGLADESH FIXED INCOME FUND
Statement of Financial Position
as at 30 June 2016

	Notes	Amount in Taka	
		30-Jun-16	30-Jun-15
ASSETS			
Listed Securities - at Fair Value	3.00	3,261,386,641	2,708,253,667
Non-Listed Securities - at Fair Value	4.00	1,663,448,263	1,640,542,798
Cash and Cash Equivalents	5.00	2,121,667,710	2,149,572,949
Other Current Assets	6.00	214,850,363	283,220,263
Preliminary and Issue Expenses	7.00	70,235,319	82,558,487
Total Assets		7,331,588,297	6,864,148,164
CAPITAL AND LIABILITIES			
Unit Holders' Equity		7,253,629,819	6,795,339,304
Unit Capital Fund	8.00	6,459,738,040	5,999,059,420
Unit Premium		231,547,171	152,310,442
Unrealized Gain	2.05	154,814,187	96,988,076
Retained Earnings		407,530,421	546,981,366
Current Liabilities and Provisions	9.00	77,958,478	68,808,860
Total Capital and Liabilities		7,331,588,297	6,864,148,164
Net Asset Value (NAV) per unit:			
At Cost	10.00	10.99	11.17
At Market (Adjusted)	11.00	11.23	11.33

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 14, 2016



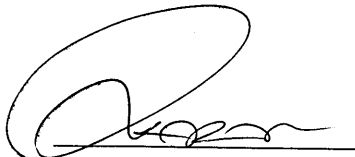

Mahfel Huq & Co.
Chartered Accountants

FIRST BANGLADESH FIXED INCOME FUND
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Notes	Amount in Taka	
		2016	2015
<u>INCOME</u>			
Dividend Income		110,401,679	98,066,938
Interest on Bank Deposits and Bonds	12.00	296,183,710	322,055,367
Net Income on Sale of Marketable Securities	13.00	169,527,945	274,398,409
Other income		28,698	-
		576,142,032	694,520,714
<u>EXPENSES</u>			
Management Fee		140,505,468	128,610,621
Amortization of Preliminary & Issue Expenses		12,323,167	12,289,497
Annual Listing Fee		8,414,881	7,369,781
CDBL Expenses		519,642	523,703
Trustee Fee		6,702,542	6,262,358
Custodian Fee		6,418,487	2,500,179
Audit Fee		46,000	46,000
Bank Charges		188,041	159,802
Other Expenses		559,401	387,329
		175,677,629	158,149,270
Net Profit for the year		400,464,403	536,371,444
Other Comprehensive Income			
Unrealized Gain		57,826,111	31,401,270
Total Comprehensive income		458,290,514	567,772,714

Earnings Per Unit 14.00 0.62 0.83

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



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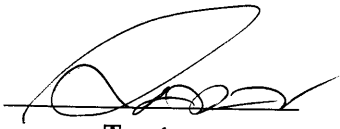


FIRST BANGLADESH FIXED INCOME FUND

Statement of Changes in Equity for the year ended 30 June 2016

Particular	Amount in Taka				
	Unit Capital Fund	Unit Premium	Unrealized Gain	Retained Earnings	Total Equity
Balance as on 30 June 2015	5,999,059,420	152,310,442	96,988,076	546,981,366	6,795,339,304
Profit during the year	-	-	-	400,464,404	400,464,404
Unrealized gain	-	-	57,826,111	-	57,826,111
Dividend for the 2015	460,678,620	79,236,729	-	(539,915,349)	-
Balance as on 30 June 2016	6,459,738,040	231,547,171	154,814,187	407,530,421	7,253,629,819

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



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.. August 2016



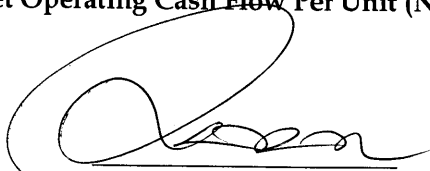
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FIRST BANGLADESH FIXED INCOME FUND
Statement of Cash Flows
for the year ended 30 June 2016

	Amount in Taka	
	2016	2015
Cash flows from/ (used) in Operating Activities :		
Interest on Bank Deposits and Bonds	255,676,340	351,487,409
Dividend Income	122,395,548	85,259,620
Other Income	28,698	-
Advances, Deposits and Prepayments	(2,662,984)	(344,198)
Operating Expenses	(154,204,843)	(152,574,952)
Net Cash from Operating Activities	221,232,759	283,827,878
Cash flows from/ (used) in Investing Activities :		
Investment in Listed Securities	(267,749,738)	(693,971,211)
Investment in Non-Listed Securities	18,611,740	42,813,350
Net Cash outflows from Investing Activities	(249,137,998)	(651,157,861)
Cash flows from/ (used) in Financing Activities :		
Unit Capital Fund	-	-
Net Cash used in Financing Activities	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(27,905,239)	(367,329,983)
Cash & Cash Equivalents at the Beginning of the year	2,149,572,949	2,516,902,932
Cash & Cash Equivalents at the end of the year	2,121,667,710	2,149,572,949
Net Operating Cash Flow Per Unit (NOCFPU)	0.34	0.44


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Dated, Dhaka
August 14, 2016




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FIRST BANGLADESH FIXED INCOME FUND

Notes to the Financial Statements

as at and for the year ended 30 June 2016

1.00 Introduction

The First Bangladesh Fixed Income Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 15 February 2011 between Sonali Bank Ltd. Janata Bank Ltd. Eastern Bank Ltd. ICB Unit Funds as a 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as a "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 vide registration no. SEC/Mutual fund/2011/37 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১. The operations of the Fund were commenced on 01 April 2012 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 First Bangladesh Fixed Income 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 (মিউচুয়াল 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 2015 to 30 June 2016.

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 fair value.
- b) Fair value of listed securities (other than mutual fund) is disclosed at closing quoted market prices prevailed as at 30 June 2016.
- c) Fair value of listed mutual funds is valued at intrinsic value as per BSEC directive (No. SEC/CMRRCD/2009-193/172).

2.05 Revenue Recognition

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





2.06 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.

2.07 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 after adjusting interest income from escrow accounts as per trust deed and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

2.08 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.

2.09 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.

2.10 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, 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.

2.12 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.





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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 profit & loss account.

2.14 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.





3.00 Listed Securities - at Fair Value
Listed Securities

Amounts in Taka	
as at	
30-Jun-16	30-Jun-15
3,261,386,641	2,708,253,666
3,261,386,641	2,708,253,666

Sector/Category	Amount in Taka				
	Share	Cost	Fair Value	Required (Provision)/Excess	Fair Value-2015
Bank	61,164,675	1,065,514,235	996,753,590	(68,760,645)	758,672,821
Cement	873,972	157,908,069	156,093,652	(1,814,417)	189,108,579
Ceramic	44,650	2,363,560	1,958,731	(404,829)	591,680
Corporate Bond	18,020	17,112,830	17,362,047	249,217	16,829,959
Engineering	286,520	19,770,297	14,323,452	(5,446,844)	32,382,730
Food and Allied	329,308	53,659,088	101,655,474	47,996,386	47,201,534
Fuel and Power	1,414,647	219,140,939	204,963,439	(14,177,500)	194,576,420
Insurance	1,136,784	56,290,915	39,727,533	(16,563,383)	29,275,703
IT	44,000	1,288,320	818,400	(469,920)	1,122,400
Miscellaneous	19,825	1,080,550	1,171,040	90,490	506,661
Mutual Funds	16,308,853	165,705,122	143,113,624	(22,591,498)	152,136,892
NBFI	2,334,802	246,006,109	203,505,678	(42,500,431)	98,768,938
Pharma	2,103,813	662,662,391	937,204,279	274,541,888	691,812,428
Services and Real Estate	11,000	729,384	557,564	(171,820)	-
Tannery	95,793	51,785,491	51,959,069	173,579	28,092,901
Telecommunication	658,888	177,679,621	167,575,068	(10,104,553)	253,413,781
Textile	2,863,228	55,362,582	44,550,282	(10,812,299)	6,454,575
Travel & Leisure	3,813,570	341,886,551	178,093,719	(163,792,832)	207,305,665
Total Value of Securities	93,522,348	3,295,946,053	3,261,386,641	(34,559,412)	2,708,253,666

4.00 Corporate Bonds and Non-Listed Securities

Particular	Amount in Taka			
	Cost	Fair Value	Required (Provision)/Excess	Fair Value-2015
Delisted Shares/units -1STICB	1,621,664	3,002,590	1,380,926	-
Delisted Shares/units -2NDICB	3,213,847	3,137,950	(75,897)	-
Delisted Shares/units -3RDICB	1,275,568	2,426,870	1,151,302	-
Delisted Shares/units -4THICB	1,339,856	1,746,800	406,944	-
Delisted Shares/units -5THICB	2,099,790	3,198,400	1,098,610	-
Non listed Sec.-In Equity share (Licenced Commercial	255,555,557	255,555,557	0	272,079,012
Non listed Sec. -In Equity share (Multi Securites & Ser	123,580,387	123,580,387	0	-
Prime Bank Bonds	125,000,000	155,713,963	30,713,963	288,965,874
Trust Bank Bonds	60,000,000	73,563,980	13,563,980	92,645,025
Bank Asia Bonds	110,387,996	135,900,458	25,512,463	183,348,255
Regent Spinning Mills Bond	190,000,000	223,296,523	33,296,523	276,181,475
Premier Bank Ltd. Non-Convertible Subordinated Bond	300,000,000	357,332,731	57,332,731	-
Premier Bank Ltd. Non-Convertible Coup. Bond -2015	300,000,000	324,992,054	24,992,054	527,323,157
Total Value of Bond	1,474,074,664	1,663,448,263	189,373,599	1,640,542,798
Total Required (Provision)/Excess: Note (3+4)			154,814,187	

5.00 Cash and Cash Equivalents

Fixed Deposit Receipts	844,586,980	1,076,489,506
SND Account:		
BBL- 15262022363003	72,976	71,119
EBL-1011320165124	26,903,538	11,246,877
EXIM- 0011310464648	1,221	108,570
JBL-004001452	7,158	55,489
OBL-0123000000744	971,405,411	579,080,909
One Bank 0013000001255	18	-
PBL- 104136000000009	189,012,279	415,350,842
SEBL- 0083-13100000007	89,611,415	64,419,562
SEBL-8313100000140	1,176	-
SEBL 0083 13100000045	8	-
EBL-1011360200575	581	592
NRB -1021030021838	64,951	2,749,482
	2,121,667,710	2,149,572,949





6.00 Other Current Assets

Accrued Interest (Note - 6.01)
Dividend Receivables (Note - 6.02)
Advances, Deposits and Prepayments (Note - 6.03)
Receivable for Sale Proceeds of Securities (Note - 6.04)

6.01 Accrued Interest

on Corporate Bonds
on Short Term Accounts
on FDR Accounts

6.02 Dividend Receivables

Reckitt benckiser (bd) limited
Renata Ltd.,
Unique Hotel & Resort Ltd.
Meghna Petroleum ltd
Asin Insurance Limited
Aftab Automobiles Limited
GlaxoSmithKline(GSK) Bangladesh Limited
Active Fine Chemicals Limited
Bangladesh Steel Re-Rolling Mills Limited
Square Textile Ltd.
ALHAJ
Lafarge Surma Cement Limited
Bangladesh General Insurance Company
East Land Insurance Limited
Rangpur Foundry Ltd
Cintinental Insurance Limited
Delta Life Insurance Company Ltd.
Bata Shoe Company (Bangladesh) Limited
United Power Generation & Distribution Company Ltd.
Rupali Insurance Company Ltd
BSRM Steels Limited
City Bank Ltd
Mercantile Insurance Limited
Summit Power Ltd.
Summit Purabanchol Power Company Ltd.
Orion Pharmaceuticals Ltd.
Karnafuli Insurance Limited
Beximco Pharma Ltd.

6.03 Advances, Deposits and Prepayments

DSE Annual Fee
CSE Annual Fee
SEC Annual Fee
Trustee Fee
Income Tax
CDBL Annual Fee
Security Deposits

6.C Receivable for Sale Proceeds of Securities

Trust Bank Securities Limited
PHP Stocks and Securities Limited
Multi Securities & Services Ltd.

7.00 Preliminary & Issue Expenses

Opening Balance
Interest income from Escrow Account
Amortization of Preliminary Expenses

Amounts in Taka		
as at		
30-Jun-16	30-Jun-15	
	99,580,662	59,073,293
	5,578,727	17,572,596
	12,997,820	10,334,837
	96,693,154	196,239,538
	214,850,363	283,220,263
	79,844,440	32,645,527
	-	1,749,544
	19,736,222	24,678,222
	99,580,662	59,073,293
	16,815	11,210
	4,201,465	3,400,456
	-	7,627,140
	202,540	202,540
	10,647	-
	299,840	-
	-	228,060
	-	3,000
	-	282,000
	-	118,700
	150	-
	338,822	-
	285,464	-
	148,470	-
	1,955	-
	7,216	-
	-	269,374
	-	71,715
	-	1,500
	34,104	-
	-	2,000
	-	4,857,318
	9,976	-
	-	234,826
	-	2,500
	-	75,000
	21,263	-
	-	185,257
	5,578,727	17,572,596
	300,000	50,000
	300,000	50,000
	7,428,699	5,999,059
	3,592,090	3,215,266
	798,214	449,404
	78,818	71,108
	500,000	500,000
	12,997,820	10,334,837
	3,012	-
	656,643	656,643
	96,033,499	195,582,895
	96,693,154	196,239,538
	82,558,486	94,847,983
	-	-
	(12,323,167)	(12,289,497)
	70,235,319	82,558,486





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15.00 Post Closing Events

Following events have occurred since the Financial Position date:

(a) The Trustee committee of the fund recommended dividend at 6% in the form of re-investment at the meeting held on August 14, 2016 for the year ended June 30, 2016. The dividend will be issued at a valuation of the last published NAV per unit before the record date on September 06, 2016 .

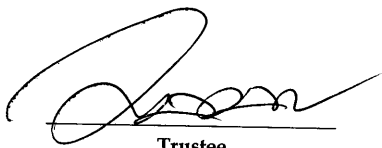
(b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

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 2016

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 14, 2016.



Trustee



Asset Manager

Dated, Dhaka
August 14, 2016

