PHOENIX FINANCE 1st MUTUAL FUND

Asset Manager: ICB Asset Management Company Limited

Green City Edge (4th Floor), 89 Kakrail, Dhaka-1000.

In terms of the Rule 69 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (ïgDP¨qv‡j dvÛ) wewagvjv 2001, the yearly audited accounts of the PHOENIX FINANCE 1st MUTUAL FUND for the period ended 30 June 2018 are appended below:

Statement of Financial Position
as at June 30, 2018

Particulars	Notes	Amount in Taka	
		June 30, 2018	June 30, 2017
Assets			
Marketable investment - at cost	3.00	71,69,63,903	70,30,47,137
Other current assets	4.00	48,71,234	98,29,468
Cash at bank	5.00	3,23,84,449	3,40,82,691
Total Assets		**75,42,19,586**	**74,69,59,296**
Equity and Liabilities			
Equity:			
Unit capital	6.00	60,00,00,000	60,00,00,000
Retained earning	7.00	6,58,85,136	6,43,31,581
Provision for Marketable Investments	8.00	5,96,97,255	5,46,97,255
Total Equity		**72,55,82,391**	**71,90,28,836**
Liabilities:			
Current liabilities	9.00	2,86,37,195	2,79,30,460
Total Equity and Liabilities		**75,42,19,586**	**74,69,59,296**
Net Asset Value (NAV)			
At cost price		**12.09**	**11.98**
At market price		**8.38**	**9.47**

Statement of Profit or Loss and Other Comprehensive Income
for the year ended June 30, 2018

Particulars	Notes	Amount in Taka	
		June 30, 2018	June 30, 2017
Income			
Profit on sale of investments		2,94,27,393	4,09,17,318
Sale of unit certificate		-	4,77,128
Dividend from investment in share		1,86,17,326	1,41,68,968
Interest on bank deposits and bonds	10.00	8,51,430	7,99,860
Total income		**4,88,96,149**	**5,63,63,274**
Expenses			
Management fee		94,47,725	91,54,260
Trustee fee		6,00,000	6,00,000
Custodian fee		5,28,307	5,06,581
Annual fee to SEC		5,01,722	5,67,915
Listing fee		6,00,000	6,00,000
Audit fee		17,250	17,250
Other operating expenses	11.00	7,08,958	4,81,613
Total expenses		**1,24,03,962**	**1,19,27,619**
Profit before provision		**3,64,92,187**	**4,44,35,655**
Provision for Marketable Investments		50,00,000	75,00,000
Net profit for the year		**3,14,92,187**	**3,69,35,655**
Earnings Per Unit		**0.52**	**0.62**

Statement of Changes in Equity
for the year ended 30 June 2018

Particulars	Share Capital	Dividend equalization Reserve	Provision for Marketable investment	Retained Earnings	Total Equity
Balance as at July 01, 2017	**60,00,00,000**	**5,46,97,255**	**35,64,736**	**6,07,66,845**	**71,90,28,836**
Provision for Marketable Investments	-	50,00,000		-	50,00,000
Last year dividend	-	-		(3,00,00,000)	(3,00,00,000)
Last year adjustment	-	-		61,368	61,368
Net profit for the year	-	-		3,14,92,187	3,14,92,187
Balance as at June 30, 2018	**60,00,00,000**	**5,96,97,255**	**35,64,736**	**6,23,20,400**	**72,55,82,391**
Balance as at July 01, 2016	**60,00,00,000**	**4,71,97,255**	**-**	**5,74,75,246**	**70,46,72,501**
Provision for Marketable Investments	**-**	75,00,000		**-**	75,00,000
Dividend Equliztion Reserve			35,64,736	(35,64,736)	-
Last year dividend	**-**	**-**		(3,00,00,000)	(3,00,00,000)
Last year adjustment	-	-		(79,320)	(79,320)
Net profit for the year	-	-		3,69,35,655	3,69,35,655
Balance as at June 30, 2017	**60,00,00,000**	**5,46,97,255**	**35,64,736**	**6,07,66,845**	**71,90,28,836**

Statement of Cash Flows
for the year ended 30 June 2018

Particulars	Amount in Taka	
	June 30, 2018	June 30, 2017
Cash flows from operating activities		
Dividend from investment in shares	1,79,48,766	1,41,36,046
Interest on bank deposits and bonds	6,78,230	7,99,860
Expenses	(1,21,03,015)	(1,09,85,211)
Net cash inflow/(outflow) from operating activities	**65,23,981**	**39,50,695**
Cash flows from investing activities		
Sale of shares-marketable investment	20,48,08,549	40,61,39,593
Purchase of shares-marketable investments	(18,92,97,928)	(36,98,44,749)
Share application money deposit	(1,62,00,000)	(6,37,00,000)
Share application money refunded	2,20,00,000	5,57,00,000
Net cash inflow/(outflow) from investment activities	**2,13,10,621**	**2,82,94,844**
Cash flow from financing activities		
Dividend paid	(2,95,32,844)	(2,94,17,739)
Net cash inflow/(outflow) from financing activities	**(2,95,32,844)**	**(2,94,17,739)**
Net cash flow increase/(decrease)	**(16,98,242)**	**28,27,800**
Cash equivalent at beginning of the year	3,40,82,691	3,12,54,891
Cash equivalent at end of the year	**3,23,84,449**	**3,40,82,691**
Net Operating Cash Flow Per Unit (NOCFPU)	**0.11**	**0.07**

General Information:

Sponsor	Phoenix Finance & Investment Ltd.
Trustee	Investment Corporation of Bangladesh
Custodian	Investment Corporation of Bangladesh
Auditor	Khan Wahab Shafique Rahman & Co.
Banker	Mutual Trust Bank Limited, Dilkusha Branch, Dhaka

Other Financial Information:	June 30, 2018	June 30, 2017
Dividend (cash)	5%	5%

The detailed annual report is available for inspection at the Head Office of ICB Asset Management Company Ltd. Interested Investors can collect a copy of annual report on payment of Tk. 20.00 only.

Sd/-	Sd/-	Sd/-
Asset Manager	**Trustee**	**Khan Wahab Shafique Rahman & Co.**
ICB Asset Management Company Ltd.	**Investment Corporation of Bangladesh**	**Chartered Accountants**

DMR STOCK

PHOENIX FINANCE 1st MUTUAL FUND
Notes to the financial statements
For the year ended June 30, 2018

1.00 Legal status and nature of business

The Phoenix Finance 1st Mutual Fund was established under a Trust Deed executed between the Phoenix Finance & Investment Limited (PFIL) as 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as "Trustee". The Trust Deed was executed on September 07,2009. The Fund was registered with the Bangladesh Securities and Exchange Commission (BSEC) on September 16,2009 under the wmwKDwiwUR I এক্সচেঞ্জ কমিশন (wgDP¨qvwj dvÛ) we‡agvjv 2001. The operation of the Fund commenced on April 20,2010.

ICB Asset Management Company Ltd. (ICB AMCL) is the Manager of the Fund. ICB AMCL was created as part of the restructuring programme of ICB under Capital Market Development Programme (CMDP) initiated by the Government of the Peoples' Republic of Bangladesh and the Asian Development Bank (ADB). The Company was incorporated as a public limited company under the Companies Act, 1994 with the Registrar of Joint Stock Companies and Firms on 5 December 2000 with an authorized capital of Tk. 100 crore and a paid up capital of Tk. 2 lac which was subsequently increased to Tk. 39.37 crore. Registration of the Company with the Securities and Exchange Commission was completed on 14 October 2001. The Company became operational on 1 July 2002 as per Government Gazette Notification.

Phoenix Finance 1st Mutual Fund is a closed-ended Mutual Fund of ten years tenure.The objectives of the Fund are to provide attractive dividend to the unit holders by investing the proceeds in the Capital Market and Money Market. The Fund is listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The units of the Fund are transferable.

2.00 Summary of 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 (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. The disclosures of information made in accordance with the requirements of Trust Deed, Securities and Exchange Rules 1987 and other applicable Rules and regulations.

2.02 Investment

a) All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Fund commits to purchase or sell the investments.

b) Bonus entitlements, if any, are not accounted for as income rather included in the portfolio to reduce the average cost.

2.02.01 Valuation of investments

The listed securities are valued at average closing quoted market price on the stock exchanges on the date of valuation ie, on June 30, 2018.

As per requirement of IAS 32 (BAS 32) the financial assets must be classified whether it is debt instrument or equity instrument and the subsequent measurement of financial assets will be based on this classification as per IAS 39 (BAS 39). Debt instruments would normally be measured at fair value through profit and loss, but could be measured at amortised cost if they have been shown to do so, provided the passing of "business model test" and "contractual cash flow characteristics test". Equity instruments would be measured at "fair value through profit and loss" or "fair value through comprehensive income", provided that the equity instrument cannot be held for trading and there must be an irrevocable choice for this designation up on initial recognition.

Considering the volatility of the stock markets in Bangladesh, the fund measures and recognize the investment in financial assets at cost. If the fund measures and recognize the financial assets at fair value through the recognition of fair value gain in the profit and loss account and distributes the 70% of this gain among unit holders (Rule 66 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvwj dvÛ) we‡agvjv 2001), there would not be any option open to the fund to adjust the fair value losses in case of unlikely circumstances in the subsequent period.

2.03 Provision for Marketable Investments

The investments have been valued on aggregate portfolio basis and a provision is required to be made considering overall decrease in the value of the investments. As stated in Note 3.01 there is a deficit of Tk. 22,28,09,910 in the market value of shares as on June 30, 2018 in comparison to the cost price. To meet any future unforeseen diminution in the value of the investment portfolio over the cost, the management has established a policy of making a general provision out of its profit and has set up an accumulated general provision for Tk. 5,96,97,255 (see Note 8.00).

Provision against unrealized losses arising from investment in mutual fund units are maintained as per Bangladesh Securities and Exchange Commission directive no. SEC/CMRRCD/2009-193/172 as on 30 June 2015. Provision is calculated as, Required Provision (RP)= Average cost price (CP) - NAVcmp*85%.

2.04 Taxation

No provision for income tax is required to be made in this accounts since income of this Fund is exempted from income tax as per SRO no. 333 Dated 27.10.2011.

2.05 Dividend policy

Pursuant to the Trust Deed, the Fund shall distribute by way of dividend to the holders of the units after the closing of the annual accounts an amount which shall not be less than 70% of the annual income during the year in Bangladesh Taka only, net of provisions.

2.06 Management fee

ICB Asset Management Company Ltd, the management company of the Fund is to be paid an annual management fees on weekly average net asset value (NAV) as per Rule 65 of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qv j dvÛ) wewagvjv 2001 and Trust Deed at the following rates:

NAV (Taka)	Rate (%)
Not exceeding Taka 5 crore	2.50%
Exceeding Taka 5 crore and up to Taka 25 crore	2.00% on additional amount
Exceeding Taka 25 crore and up to Taka 50 crore	1.50% on additional amount
Exceeding Taka 50 crore	1.00% on additional amount

2.07 Trusteeship fee

The Trustee is entitled to an annual Trusteeship Fee @ 0.10% of the scheme size i.e. Tk. 6,00,000.00 (six lac) on sami-annual basis during the life of the Fund.

2.08 Custodian fee

The Custodian is entitled to receive a safekeeping fee @ Tk 0.10% on the balance of securities calculated on the average month end value per annum.

2.09 Registration and other charges/annual fee

As per Rule 11 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qv j dvÛ) wewagvjv 2001, Fund is required to pay an annual fee to SEC an amount equal to @ 0.10% of the Net Asset value of the Fund. As per listing regulations the Fund is required to pay amount equal to @ 0.05% of the Fund to each stock exchanges as annual listing fee.

2.10 Revenue recognition

Gains/losses arising on sale of investment are included in the Revenue Account on the date at which the transaction takes place. Cash dividend and interest income are recognised on accrual basis.

		Amount in Taka	
		June 30, 2018	June 30, 2017
3.00	**Marketable Investment - at cost**		
	Equity Shares **(Note 3.01)**	71,69,63,903	70,30,47,137
		71,69,63,903	**70,30,47,137**

3.01 Sector wise break up of investments in shares are as follows:

Sector/category	Number of Securities	Total cost price Taka	Total market price Taka	Difference Taka
Banks	27,69,674	5,46,19,546	4,25,54,431	(1,20,65,115)
Funds	32,73,539	3,47,11,318	3,43,14,114	(3,97,204)
Engineering	12,79,196	7,55,32,862	4,64,42,957	(2,90,89,905)
Food and allied products	3,97,754	1,00,64,846	76,27,980	(24,36,867)
Fuel & Power	13,49,052	10,17,42,320	7,70,33,358	(2,47,08,963)
Textiles	11,74,492	2,58,61,787	1,80,19,925	(78,41,862)
Chemical and Pharmaceuticals	9,69,126	11,45,60,212	12,02,36,165	56,75,953
Service and real estate	2,85,422	2,58,30,412	86,66,136	(1,71,64,276)
Cement	2,69,677	3,67,98,983	2,43,56,054	(1,24,42,930)
Information technology	1,35,682	60,18,311	50,19,987	(9,98,324)
Tannery	18,000	70,77,268	65,24,100	(5,53,168)
Ceramic	2,82,153	1,17,81,087	84,83,753	(32,97,334)
Insurance	14,66,651	6,25,08,072	3,92,39,871	(2,32,68,201)
Travel & Leisure	2,99,473	57,41,637	23,61,721	(33,79,916)
Finance and leasing	22,52,478	7,24,02,028	3,24,70,856	(3,99,31,172)
Corporate bond	2,000	18,23,947	19,10,500	86,553
Miscellaneous	7,21,072	6,98,89,267	1,88,92,086	(5,09,97,181)
	1,69,45,441	**71,69,63,903**	**49,41,53,993**	**(22,28,09,910)**

4.00	**Other current assets**		
	Dividend receivables	19,01,108	12,32,548
	Interest receivable	1,73,200	-
	IPO application	22,00,000	80,00,000
	Security deposit	5,00,000	5,00,000
	Receivable from ISTCL	96,926	96,920
		48,71,234	**98,29,468**
5.00	**Cash at bank**		
a)	**Short term deposits with:**		
	Mutual Trust Bank Ltd. Dilkusha Branch, STD account	97,76,525	1,26,53,653
	Mutual Trust Bank Ltd. Dilkusha Branch, Escrow account	1,25,20,752	1,21,03,860
	Shahjalal Islamic, Motijheel Br. (D/A- 2010-11)	40,33,085	39,27,544
	Shahjalal Islamic, Motijheel Br. (D/A- 2011-12)	18,21,993	17,76,057
	IFIC Bank Ltd Motijheel Branch (D/A -13-14)	7,69,226	7,21,790
	IFIC Bank Ltd Motijheel Branch (D/A -14-15)	4,50,027	4,43,548
	IFIC Bank Ltd Motijheel Branch (D/A -15-16)	6,15,667	6,08,459
	IFIC Bank Ltd Motijheel Branch (D/A -16-17)	4,76,606	-
	Sub Total	**3,04,63,881**	**3,22,34,911**
b)	**Foreign currency accounts: (5.01)**		
	Mutual Trust Bank Ltd. Dilkusha Branch (USD)	18,35,682	17,67,475
	Mutual Trust Bank Ltd. Dilkusha Branch (GBP)	48,052	45,629
	Mutual Trust Bank Ltd. Dilkusha Branch (EUR)	36,834	34,676
	Sub Total	**19,20,568**	**18,47,780**
	Total Cash at bank	**3,23,84,449**	**3,40,82,691**

5.01 The above foreign currency accounts were opened/maintained for collection/refund of share application money (unit capital) from non-resident Bangladeshis, as per bank statements their closing balances were USD 21,931.69, GBP 434.69 and EUR 376.68 respectively at 30 June 2018, awaiting for clearance and the conversion rate of BDT with foreign currency are as follows USD 83.7000 GBP 110.5426 and EUR 97.7867.

6.00	**Unit Capital**		
		60,00,00,000	**60,00,00,000**

60,000,000 number of units of Tk 10 each fully paid and in circulation.

		Amount in Taka	
		June 30, 2018	June 30, 2017
7.00	**Reserve and surplus**		
	Dividend equalization reserve (Note 8.01)	35,64,736	35,64,736
	Retained earning (Note 8.02)	6,23,20,400	6,07,66,845
		6,58,85,136	**6,43,31,581**
7.01	**Dividend equalization reserve**		
	Balance as at July 01	35,64,736	-
	Addition during the year	-	35,64,736
	Balance as at June 30	**35,64,736**	**35,64,736**
7.02	**Retained earning**		
	Balance as at July 01	6,07,66,845	5,74,75,246
	Less: Last year dividend	3,00,00,000	3,00,00,000
	Less: Dividend equalization reserve	-	35,64,736
	Add: Last year adjustment	61,368	79,320
		3,08,28,213	**2,38,31,190**
	Addition during the year	3,14,92,187	3,69,35,655
	Balance as at June 30	**6,23,20,400**	**6,07,66,845**
8.00	**Provision for Marketable Investments**		
	Opening balance	5,46,97,255	4,71,97,255
	Add: provision for other investment	50,00,000	75,00,000
	Total provisions (Note 2.03)	**5,96,97,255**	**5,46,97,255**
9.00	**Current liabilities**		
	Management fee payable to ICB AMCL	94,47,725	91,54,260
	Custodian fee payable to ICB	5,28,307	5,06,581
	Audit fee	17,250	17,250
	Annual Fee (SEC) Payable	7,917	1,52,317
	Share application money refundable	1,07,26,818	1,06,54,030
	Dividend payable (Note- 9.01)	79,04,178	74,37,022
	Others	5,000	9,000
	Total current liabilities	**2,86,37,195**	**2,79,30,460**
9.01	**Dividend payable**		
	Dividend payable 2010-11	39,03,846	39,04,346
	Dividend payable 2011-12	16,47,314	16,47,314
	Dividend payable 2013-14	7,90,940	7,92,190
	Dividend payable 2014-15	4,82,361	4,83,611
	Dividend payable 2015-16	6,06,061	6,09,561
	Dividend payable 2016-17	4,73,656	-
		79,04,178	**74,37,022**
10.00	**Interest income**		
	Interest on Short Term Deposits	6,78,230	6,21,060
	Interest income on Listed Bond	1,73,200	1,78,800
		8,51,430	**7,99,860**
11.00	**Other operating expenses**		
	Printing and stationary	26,975	27,197
	Postage and Telegram	-	2,709
	Bank charges & Excise duty	66,006	36,258
	Advertisement	2,66,533	2,64,882
	Central Depository Bangladesh Ltd.(CDBL) charges	49,353	98,686
	Connection fee	2,12,000	-
	Dividend distribution expenses	24,709	27,030
	IPO application expenses	43,000	-
	Others	20,382	24,851
		7,08,958	**4,81,613**