

Auditors' Report to the Trustee of Prime Financial First Unit Fund

We have audited the accompanying financial statements of Prime Financial First Unit Fund (the Fund), which comprises the statement of financial position (balance sheet) as at 31 December 2013, statement of comprehensive income (profit and loss statement), statement of cash flows and statement of changes in equity for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with generally accepted accounting principles and 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. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain 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 Accounting Standards/Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs and its group as at 31 December 2013 and of the results of their operations and their 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:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books;
- c. the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission Mutual Fund Bidhimala (Rules) 2001; and
- d. the Statement of Financial Position (balance sheet) and Statement of Comprehensive Income (profit and loss statement) along with the notes thereto dealt with by this report are in agreement with the books of account.

House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 12 February 2014




S. F. AHMED & CO
Chartered Accountants

Prime Financial First Unit Fund

Statement of Financial Position
(Balance Sheet) at 31 December 2013

	Notes	Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
Assets			
Preliminary expenses	4	2,392,669	2,998,309
Investment in securities - Traded (at market price)	5	102,784,784	100,010,179
Investment in marketable securities - IPO		20,000,000	42,493,100
Advances, deposits and prepayments		-	23,462
Other receivable		1,512,867	31,396
Cash and cash equivalents	6	80,558,476	13,119,740
		207,248,796	158,676,186
Less: Liabilities			
Accounts payable	7	2,716,421	2,005,361
Other liabilities	8	88,318	15,399
Total liabilities		2,804,739	2,020,760
Net assets		204,444,057	156,655,426
Equity			
Capital fund	9	185,380,000	192,680,000
Units transaction reserve		92,300	2,075,500
Retained earnings/ (losses)		18,971,757	(38,100,074)
Total equity		204,444,057	156,655,426
Net asset value (NAV) per unit			
	16		
At cost		126.41	104.64
At market value		110.28	81.30

See annexed notes

for Prime Financial First Unit Fund

A. Z. Choudhury

Trustee

Bangladesh General Insurance Company Ltd

[Signature]
Asset Manager
Prime Finance Asset Management Company Ltd

Signed in terms of our report of even date annexed

House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 12 February 2014



[Signature]
S. F. AHMED & CO
Chartered Accountants

Prime Financial First Unit Fund

Statement of Comprehensive Income (Profit and Loss Statement)
for the year ended 31 December 2013

	Notes	Amounts in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
Income			
Capital gains from sale of shares		32,028,377	6,422,591
Dividend from investment in shares		2,130,552	1,529,815
Interest income		9,513,664	808,769
Interest on bonds		351,696	332,010
Other income	10	17,968,577	-
Total income (A)		61,992,866	9,093,185
Expenditure			
Management fee	11	3,629,761	3,328,018
Amortisation of preliminary and unit issue expenses		605,640	607,299
Registration fees	12	185,935	197,640
Trustee fee	13	196,212	154,184
Custodian fee	14	126,187	93,401
CDBL charges	15	31,721	45,359
Audit fee		87,300	62,700
Advertisement		46,000	49,552
Bank charges		12,280	6,436
Loss on sale of investment		-	124
Provision for unrealised loss on listed securities		-	7,721,643
Miscellaneous expenses		-	75
Total expenditure (B)		4,921,036	12,266,431
Net profit/ (loss) for the year (A-B)		57,071,830	(3,173,246)

See annexed notes

for Prime Financial First Unit Fund



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Asset Manager

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House # 51 (3rd Floor), Road # 9, Block # F

Banani, Dhaka 1213, Bangladesh

Dated, 12 February 2014




S. F. AHMED & CO

Chartered Accountants

Prime Financial First Unit Fund

Statement of Changes in Equity
for the year ended 31 December 2013

Particulars	Amounts in Taka			
	Capital fund	Units transaction reserve	Retained profit /(losses)	Total
Balance at 1 January 2012	199,990,000	743,500	(34,926,827)	165,806,673
Refund to unitholders	(7,310,000)	-	-	(7,310,000)
Reserve made during the year	-	1,332,000	-	1,332,000
Net loss for the year	-	-	(3,173,246)	(3,173,246)
Balance at 31 December 2012	192,680,000	2,075,500	(38,100,073)	156,655,427
Refund to unitholders	(7,300,000)	-	-	(7,300,000)
Reserve made during the year	-	916,800	-	916,800
Transferred to revenue during the year	-	(2,900,000)	-	(2,900,000)
Net profit for the year	-	-	57,071,830	57,071,830
Balance at 31 December 2013	185,380,000	92,300	18,971,757	204,444,057

for Prime Financial First Unit Fund

A. Z. Chowdhury
Trustee

Bangladesh General Insurance Company Ltd

[Signature]
Asset Manager

Prime Finance Asset Management Company Ltd

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House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 12 February 2014



[Signature]
S. F. AHMED & CO
Chartered Accountants

Prime Financial First Unit Fund
Statement of Cash Flows
for the year ended 31 December 2013

	Amounts in Taka	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Cash flows from operating activities:		
Capital gains on sale of shares	32,028,377	6,422,591
Interest received	9,865,360	1,146,191
Dividend received	2,130,552	1,529,815
Cash received from transaction of units	916,800	1,332,000
Paid for operating expenses	(3,519,137)	(3,068,528)
Financial expenses	(12,280)	(6,436)
Net cash flows from operating activities (A)	41,409,672	7,355,633
Cash flows from investing activities:		
Cash received from /(used in) investment in securities	10,835,964	7,358,934
Cash received from /(used in) IPO	22,493,100	(42,493,100)
Net cash used in investing activities (B)	33,329,064	(35,134,166)
Cash flows from financing activities:		
Cash refunds to unitholders	(7,300,000)	(7,310,000)
Net cash used in financing activities (C)	(7,300,000)	(7,310,000)
Net increase /(decrease) in cash and cash equivalents (D=A+B+C)	67,438,736	(35,088,533)
Opening cash and cash equivalents (E)	13,119,740	48,208,273
Closing cash and cash equivalents (D+E)	80,558,476	13,119,740

See annexed notes

for Prime Financial First Unit Fund

A. Z. Chowdhury

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House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 12 February 2014



[Signature]
S. F. AHMED & CO
Chartered Accountants

Prime Financial First Unit Fund
Notes to the financial statements
for the year ended 31 December 2013

General

1. The fund and legal status

Prime Financial First Unit Fund (the Fund) is an open-ended fund established as a Trust under the Trust Act 1882 and registered with Sub-Registrar's Office under the Registration Act 1908 on 2 June 2010. Bangladesh Securities and Exchange Commission also approved the Fund on 13 June 2010 vide Registration code no. SEC/Mutual Fund/2010/24. The initial size of the Fund is Taka 200,000,000 (Taka two hundred million only) divided into 2,000,000 units of Taka 100 each, which may be increased from time to time by the Prime Finance Asset Management Company Limited on requisition from the investors with due approvals of the Trustee and notification to Bangladesh Securities and Exchange Commission.

Prime Finance and Investment Limited is the sponsor of the Fund and subscribed an amount of Taka 30,000,000 (Taka thirty million) only.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 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.

2.3 Functional currency and presentation currency

These financial statements are presented in Bangladeshi Taka, which is also the Fund's functional currency. All financial information presented have been rounded off to the nearest Taka.

2.4 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.

2.5 Reporting period

The financial period of the fund covers one (1) year from 1 January to 31 December. These financial statements are prepared for the period from 1 January 2013 to 31 December 2013.



Prime Financial First Unit Fund
Notes to the financial statements
for the year ended 31 December 2013

2.6 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.

3. Significant policies

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

3.1 Investment policy

The investment policy of the Fund is summarised below. All these investments are to be approved by the Securities and Exchange Commission, Bangladesh Bank and any other authorities as required.

- (i) at least 75% 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 is to be 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; and
- (vi) asset management company will make the investment decisions and place orders for securities to be purchased or sold for the Fund's portfolio only, etc.

3.2 Valuation policy

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; and
- (iii) the valuation of non-listed securities is being made by the asset management company with their reasonable value as approved by the trustee of the Fund.



Prime Financial First Unit Fund
Notes to the financial statements
for the year ended 31 December 2013

3.3 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 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.

3.4 Cash and cash equivalents

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

3.5 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.

3.6 Revenue recognition

Capital gains

Capital gains are recognised on being realised.

Dividend income

Dividend income is recognised on being declared by the investee-company if it is made within the reporting period.

Finance income

Finance income comprises of interest income on fund kept at the bank account. Interest income is recognised as it accrues.

3.7 Statement of cash flows

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



Prime Financial First Unit Fund
Notes to the financial statements
for the year ended 31 December 2013

Statement of Financial Position

	Amounts in Taka		
	At 31 Dec 2013	At 31 Dec 2012	
4. Preliminary expenses			
Preliminary expenses will be amortised within seven (7) years from the date of initiation:			
Opening balance	2,998,309	3,605,608	
Less: Amortised during the year	605,640	607,299	
Closing balance	<u>2,392,669</u>	<u>2,998,309</u>	
5. Investment in securities - Traded (at market price)			
Investment at cost price	132,673,521	144,967,493	
Less: Provision for unrealised loss	29,888,737	44,957,314	
Net investment	<u>102,784,784</u>	<u>100,010,179</u>	
Details are given in Annex 1 .			
6. Cash and cash equivalents			
Cash in hand	5	5	
Balance in BO account	47,837,852	3,629,742	
Bank balance with Dutch Bangla Bank Limited, Local Office	32,720,619	9,489,993	
	<u>80,558,476</u>	<u>13,119,740</u>	
7. Accounts payable			
Payable to/for			
Prime Finance Asset Management Company Ltd	2,511,723	1,654,948	
Custodian fee	125,566	237,713	
Audit fee	70,588	112,700	
Trustee fee	8,544	-	
	<u>2,716,421</u>	<u>2,005,361</u>	
8. Other liabilities			
Tax deducted at source	24,407	7,987	
VAT deducted at source	63,911	7,412	
	<u>88,318</u>	<u>15,399</u>	
9. Capital fund			
At 31 December 2013, unit holding position of the Fund was as follows :			
	No. of units	Face value per unit (Taka)	Total capital fund (Taka)
Resident Bangladeshis	1,553,800	100	155,380,000
Prime Finance and Investment Limited	300,000	100	30,000,000
	<u>1,853,800</u>		<u>185,380,000</u>



Prime Financial First Unit Fund

Notes to the financial statements for the year ended 31 December 2013

Statement of Comprehensive Income

Amounts in Taka	
Year ended 31 Dec 2013	Year ended 31 Dec 2012

10. Other income

Adjustment of provision during the year (notes 10.1)
Income from transaction of units

15,068,577	-
2,900,000	-
<u>17,968,577</u>	<u>-</u>

10.1 Adjustment of provision during the year

Opening balance
Add: Provision made during the year
Less: Provision required as on 31 December
Adjustment of provision during the year

44,957,314	37,235,671
-	7,721,643
<u>44,957,314</u>	<u>44,957,314</u>
<u>29,888,737</u>	<u>44,957,314</u>
<u>15,068,577</u>	<u>-</u>

11. Management fee

Prime Finance Assets Management Company Limited, 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 Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and as per Trust Deed at the following rates:

Slab	Rate of fee
On weekly average NAV up to Taka 5 crore	2.5%
On next 20 crore of weekly average NAV	2%
On next 25 crore of weekly average NAV	1.5%
On rest of weekly average NAV	1%

12. Registration fee

Annual fee of Taka 185,935 (at the rate of 0.10% of the fund size) was paid to SEC as per Rules 11(1) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

<u>185,935</u>	<u>197,640</u>
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13. Trustee fee

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.

<u>196,212</u>	<u>154,184</u>
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14. Custodian fee

BRAC Bank Limited, the custodian of the fund is entitled to receive a safekeeping fee @ 0.05% on the balance of securities calculated on average month end value per annum and also received trade settlement fees of Taka 200 per trade as per Trust Deed.

<u>126,187</u>	<u>93,401</u>
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Prime Financial First Unit Fund

Notes to the financial statements for the year ended 31 December 2013

	Amounts in Taka	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
15. CDBL charges	31,721	45,359

CDBL charges of Taka 31,721 was paid to Central Depository Bangladesh Limited (CDBL) as per Annex A1 of CDBL Bye Laws 3.7

16. Net asset value

At cost:		
Value of net asset at cost	234,332,794	201,612,741
Number of units	1,853,800	1,926,800
Net Asset Value per unit	126.41	104.64
At market value:		
Value of net asset at market price	204,444,057	156,655,426
Number of units	1,853,800	1,926,800
Net Asset Value per unit	110.28	85.31

17. Events after the balance sheet date

The Board of Trustees of the Fund has approved cash dividend at the rate of Taka 10 per unit i.e. 10% for the year ended 31 December 2013 at the meeting held on 12 February 2014.

18. Other

These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

for Prime Financial First Unit Fund



Trustee
Bangladesh General Insurance Company Ltd



Asset Manager
Prime Finance Asset Management Company Ltd

Dhaka, Bangladesh
Dated, 12 February 2014

