IFIL ISLAMIC MUTUAL FUND-1

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 (wgDP¨qvj dvÛ) wewagvjv 2001, the yearly audited accounts of the IFIL ISLAMIC MUTUAL FUND-1 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 securities -at cost	3.00	1,18,23,53,858	1,13,53,59,857
Cash at bank	4.00	2,29,03,445	5,94,64,603
Other current assets	5.00	1,33,39,250	85,62,538
Total Assets		**1,21,85,96,553**	**1,20,33,86,998**
Equity and Liabilities			
Equity:			
Capital	6.00	1,00,00,00,000	1,00,00,00,000
Reserve and surplus	7.00	12,70,86,777	12,09,21,743
Provisions	8.00	6,40,12,209	5,60,82,216
Total Equity		**1,19,10,98,986**	**1,17,70,03,959**
Liabilities:			
Current liabilities	9.00	2,74,97,567	2,63,83,039
Total Equity and Liabilities		**1,21,85,96,553**	**1,20,33,86,998**
Net Asset Value (NAV)			
At cost price		**11.91**	**11.77**
At market price		**9.38**	**10.38**

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		8,53,82,683	8,43,65,898
Dividend from investment in shares		3,25,90,356	2,11,00,242
Profit on Bank deposits and Bond	10.00	76,66,391	67,76,538
Total income		**12,56,39,430**	**11,22,42,678**
EXPENSES			
Management fee		1,38,63,645	1,37,58,007
Trustee fee		10,00,000	10,00,000
Custodian fee		9,59,658	9,62,751
Annual fee		9,23,179	10,37,892
Listing fee		10,00,000	10,00,000
Audit fee		17,250	17,250
Shariah advisory board fee		1,45,600	1,33,400
Other operating expenses	11.00	8,25,670	5,75,064
Total expenses		**1,87,35,002**	**1,84,84,364**
Profit before provision		**10,69,04,428**	**9,37,58,314**
Provision for Interest against dividend		30,06,753	36,73,269
Provision for Marketable Investments	8.00	76,94,990	-
Net profit for the year		**9,62,02,685**	**9,00,85,045**
Earnings Per Unit		**0.96**	**0.90**

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

Particulars	Share Capital	Provisions	Retained Earnings	Dividend equalization reserve	Total Equity
Balance as at July 01, 2017	**1,00,00,00,000**	**5,60,82,216**	**10,66,67,915**	**1,42,53,828**	**1,17,70,03,959**
Last year dividend	**-**	**-**	(9,00,00,000)	-	(9,00,00,000)
Provisions	-	79,29,993	-	-	79,29,993
Prior year adjusted	-	-	(37,651)	-	(37,651)
Net profit after tax	-	-	9,62,02,685	-	9,62,02,685
Balance as at June 30, 2018	**1,00,00,00,000**	**6,40,12,209**	**11,28,32,949**	**1,42,53,828**	**1,19,10,98,986**
Balance as at July 01, 2016	**1,00,00,00,000**	**5,38,20,154**	**13,79,45,668**	**-**	**1,19,17,65,822**
Last year dividend	**-**	**-**	(10,00,00,000)	-	(10,00,00,000)
Dividend equalization reserve	**-**		**(1,42,53,828)**	**1,42,53,828**	-
Provisions	-	22,62,063	-	-	22,62,063
Prior year adjusted		-	(71,08,970)	-	(71,08,970)
Net profit after tax	-	-	9,00,85,045	-	9,00,85,045
Balance as at June 30, 2017	**1,00,00,00,000**	**5,60,82,216**	**10,66,67,915**	**1,42,53,828**	**1,17,70,03,959**

Statement of Cash Flows
for the year ended 30 June 2018

Particulars	Amount in Taka	
	June 30, 2018	June 30, 2017
Cash flow from operating activities		
Dividend from investment in shares	2,89,41,606	2,18,89,349
Profit received	7,38,391	67,76,538
Expenses	(2,14,52,303)	(1,95,52,998)
Net cash inflow/(outflow) from operating activities	**82,27,694**	**91,12,889**
Cash flow from investment activities		
Purchase of shares-marketable investment	(36,45,30,549)	(41,69,58,806)
Sales of shares-marketable investment	40,29,19,269	52,78,40,154
Share application (IPO) money deposited	(1,72,00,000)	(11,77,00,000)
Shares application money refunded	2,30,00,000	10,97,00,000
Net cash inflow/(outflow) from investment activities	**4,41,88,720**	**10,28,81,348**
Cash flow from financing activities		
Other liabilities (Share money deposit and others)	261	44,857
Dividend paid	(8,89,77,833)	(9,88,68,132)
Net cash inflow/(outflow) from financing activities	**(8,89,77,572)**	**(9,88,23,275)**
Increase/(Decrease) in cash	**(3,65,61,158)**	**1,31,70,962**
Cash equivalent at beginning of the year	5,94,64,603	4,62,93,641
Cash equivalent at end of the year	**2,29,03,445**	**5,94,64,603**
Net Operating Cash Flow Per Unit (NOCFPU)	**0.08**	**0.09**

General Information:

Sponsor	Islamic Finance & Investment Limited
Trustee	Investment Corporation of Bangladesh
Custodian	Investment Corporation of Bangladesh
Auditor	Khan Wahab Shafique Rahman & Co.
Banker	Shahjalal Islami Bank Limited, Motijheel Branch, Dhaka

Other Financial Information:	**June 30, 2018**	**June 30, 2017**
Dividend (cash)	9%	9%

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**

IFIL ISLAMIC MUTUAL FUND-1
Notes to financial statements
For the year ended June 30, 2017

1.00 Legal status and nature of business

The IFIL Islamic Mutual Fund-1 was established under a Trust Deed executed on June 26, 2009 between the Islamic Finance & Investment Limited as 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as 'Trustee'. and 'Custodian.' The Fund was registered with the Bangladesh Securities and Exchange Commission (BSEC) on June 16, 2009 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvj dvÛ) wewagvjv 2001. The operation of the Fund commenced on November 10, 2010.

ICB Asset Management Company Ltd. (ICB AMCL) is the Manager of the Fund. The 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 December 05, 2000 with an authorized capital of Tk. 100.00 crore and a paid up capital of Tk. 2.00 lac which was subsequently increased to Tk. 39.37 crore. Registration of the Company with the SEC has been completed on October 14, 2001. The Company became operational from July 01, 2002 as per government gazette notification.

The IFIL Islamic Mutual Fund-1 is a close-end Mutual Fund of 10 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 Significant Accounting Policies

2.01 Basis of preparation of accounts

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¨qvj dvÛ) wewagvjv 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. 25,31,33,508 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 forTk. 5,39,22,297 (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 Provision for Interest against Dividend

To comply Shariah Law as per the guidance of Shariah Advisory Board of IFIL Islamic Mutual Fund-1 provision Tk. 36,73,269 has been made against interest among dividend income during the year cumulative balance as at 30.06.17 is Tk. 98,54,909.

2.05 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.

2.06 Dividend policy

As per Rule 66, of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvj dvÛ) wewagvjv 2001, the Fund is required to distribute in the form of dividend to its unit holders an amount which shall not be less than 70% of annual profit during the year net of provisions.

2.07 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¨qvj 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

2.08 Trusteeship fee

The Trustee is entitled to an annual Trusteeship Fee @0.10% of the scheme size i.e. Tk. 10,00,000.00 (ten lac) on semi-annual basis during the life of the Fund.

2.09 Custodian fee

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

2.10 Registration and other charges/annual fee

As per Rule 10 and 11 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvj dvÛ) wewagvjv 2001, the Fund is required to pay an annual fee to SEC an amount of 0.10% of the Fund size i.e. NAV with VAT. As per listing regulations the Fund is required to pay Tk. 10,00,000.00 to each stock exchanges as annual listing fee.

2.11 Revenue recognization

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	
3.00	**Marketable Securities (At Cost)**	**June 30, 2018**	**June 30, 2017**
	Equity shares (Note 3.1)	1,17,22,33,858	1,12,52,39,857
	Pre-ipo placement	1,01,20,000	1,01,20,000
		1,18,23,53,858	**1,13,53,59,857**

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

Sector/category	No of shares	Total cost price (Tk)	Total market price (Tk)	Difference excess/ (short)
Banks	56,20,000	9,86,08,124	8,05,41,250	(1,80,66,874)
Investment/fund	17,33,240	1,63,28,738	1,36,05,934	(27,22,804)
Engineering	17,73,069	11,40,67,497	8,06,80,346	(3,33,87,152)
Food and Allied products	6,74,000	2,83,98,380	2,56,41,000	(27,57,380)
Fuel & Power	22,52,048	16,83,94,239	12,51,24,818	(4,32,69,422)
Textiles	32,69,162	8,85,94,711	6,69,82,063	(2,16,12,647)
Pharmaceuticals	11,77,000	26,87,41,830	26,61,55,500	(25,86,330)
Services	2,25,000	1,39,99,438	60,97,500	(79,01,938)
Cement	3,37,618	3,47,76,943	3,01,93,088	(45,83,855)
Information technology	90,570	22,29,560	20,51,411	(1,78,149)
Tannery	1,02,500	4,17,42,582	3,90,48,125	(26,94,457)
Ceramic	2,70,102	63,03,206	45,10,703	(17,92,502)
Insurance	7,65,263	7,39,22,549	3,80,73,727	(3,58,48,822)
Telecommunication	58,522	1,25,91,639	1,31,09,159	5,17,520
Finance and leasing	21,00,000	6,58,79,032	3,29,70,000	(3,29,09,032)
Corporate bond	80,000	7,69,35,047	7,64,20,000	(5,15,047)
Miscellaneous	6,83,043	6,07,20,344	1,78,95,727	(4,28,24,617)
Total	**2,12,11,137**	**1,17,22,33,858**	**91,91,00,350**	**(25,31,33,508)**

4.00	**Cash at Bank**		
	Shahjalal Islamic Bank Ltd, Motijheel Br., (MSND account)	48,03,471	4,33,17,183
	Shahjalal Islamic Bank Ltd, Dhaka Main Br., (Escrow account)	39,04,970	38,09,735
	Shahjalal Islamic Bank Ltd., Motijheel Br. MSND (D/A -13-14)	10,00,027	10,18,139
	Shahjalal Islamic Bank Ltd., Motijheel Br. MSND (D/A -14-15)	35,32,225	35,38,057
	Shahjalal Islamic Bank Ltd., Motijheel Br. MSND (D/A -15-16)	15,68,449	15,94,904
	Shahjalal Islamic Bank Ltd., Motijheel Br. MSND (D/A -16-17)	9,94,574	-
	Shahjalal Islamic Bank Ltd, Motijheel Br.,(Interest on dividend account)	70,94,522	61,81,639
	Sub Total	**2,28,98,238**	**5,94,59,657**
	Foreign currency accounts: (4.01)		
	Shahjalal Islamic Bank Ltd, Dhaka Main Branch (USD) (Note 4.01)	1,402	1,350
	Shahjalal Islamic Bank Ltd, Dhaka Main Branch (GBP) (Note 4.01)	1,713	1,627
	Shahjalal Islamic Bank Ltd, Dhaka Main Branch (EUR) (Note 4.01)	2,092	1,969
	Sub Total	**5,207**	**4,946**
	Total Cash at Bank	**2,29,03,445**	**5,94,64,603**

4.01 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 16.75, GBP 15.50 and EUR 21.39 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.

5.00	**Other current assets**		
	Dividend receivables	37,01,250	52,500
	Share application money	22,00,000	80,00,000
	Receivable from ISTCL	-	38
	Profit on Bond	69,28,000	-
	Securities and other deposits **(Note-5.01)**	5,10,000	5,10,000
		1,33,39,250	**85,62,538**

		Amount in Taka	
		June 30, 2018	June 30, 2017
5.01	**Securities and other deposits**		
	Security money Tk.500,000 deposit to CDBL account.	5,00,000	5,00,000
	Security money Tk.10,000 deposited to National Crira Porishad	10,000	10,000
		5,10,000	**5,10,000**
6.00	**Unit capital**		
	10,00,00,000 number of units of Tk 10 each in circulation.	**1,00,00,00,000**	**1,00,00,00,000**
7.00	**Reserve and surplus**		
	Retained earning (Note 7.01)	11,28,32,949	10,66,67,915
	Dividend equalization reserve	1,42,53,828	1,42,53,828
		12,70,86,777	**12,09,21,743**
7.01	Balance as on July 01	**10,66,67,915**	**13,79,45,668**
	Less: Last year dividend	9,00,00,000	10,00,00,000
	Less: Transferred to Dividend equ. Fund	-	1,42,53,828
	Less: Prior year adjusted	37,651	71,08,970
		1,66,30,264	**1,65,82,870**
	Addition during the year	9,62,02,685	9,00,85,045
	Balance as on June 30	**11,28,32,949**	**10,66,67,915**
8.00	**Provision for diminution in value of investments**		
	Opening balance	4,62,27,307	4,62,27,307
	Add: provision for investment in Mutual Fund	1,94,990	-
	Add: provision for other investment	75,00,000	-
	Closing Balance (Note 2.03)	**5,39,22,297**	**4,62,27,307**
	Provision for Interest Against Dividend **(Note 2.04)**	1,00,89,912	98,54,909
	Total provisions	**6,40,12,209**	**5,60,82,216**
9.00	**Current liabilities**		
	Management fee payable to ICB AMCL	1,38,63,645	1,37,58,007
	Custodian fee payable to ICB	9,59,658	9,62,751
	Audit fee	17,250	17,250
	Annual fee payable	12,259	41,704
	Share application money refundable	33,43,430	33,43,169
	Dividend payable (Note- 9.01)	92,67,325	82,45,158
	Others	34,000	15,000
	Total current liabilities	**2,74,97,567**	**2,63,83,039**
10.01	**Dividend payable**		
	Dividend payable 2013-14	20,18,500	20,56,000
	Dividend payable 2014-15	44,63,546	44,95,046
	Dividend payable 2015-16	16,51,237	16,94,112
	Dividend payable 2016-17	11,34,042	-
		92,67,325	**82,45,158**
9.01	**Profit on Bank deposits and Bond**		
	Profit on Short Term Deposit	7,38,391	7,63,315
	Profit on Listed Bond	69,28,000	60,13,223
		76,66,391	**67,76,538**

	Amount in Taka	
	June 30, 2018	June 30, 2017
11.00 Other operating expenses		
Printing and stationary	26,975	44,477
Bank charges and excise duty	66,103	39,563
Advertisement	2,66,533	2,67,134
CDBL Transection charges	98,530	1,04,946
CDBL Fee & Connection charge	2,12,000	-
Postage and telegram	-	2,891
Dividend distribution expenses	58,540	68,034
IPO Expenses	40,000	-
Others	56,989	48,019
	8,25,670	**5,75,064**