



SEML Lecture Equity Management Fund

Auditors' report and financial statements
for the period ended 30 June 2016

S. F. AHMED & CO.
Chartered Accountants

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Bangladesh General Insurance Company Limited
Trustee of SEML Lecture Equity Management Fund
42 Dilkusha Commercial Area
Dhaka 1000

SEML Lecture Equity Management Fund

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for the period ended 30 June 2016

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SEML Lecture Equity Management Fund

Auditors' Report to the Trustee
For the period ended 30 June 2016

We have audited the accompanying financial statements of SEML Lecture Equity Management Fund (the Fund), which comprise the statement of financial position (balance sheet) as at 30 June 2016, statement of profit or loss statement and other 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 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.

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 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' 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, 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 give a true and fair view of the state of the Fund's affairs as of 30 June 2016 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 (Rules) 2001, Trust Deed and other applicable laws and regulations.

We also 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 those books;
- c. the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by this 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 and payments made were for the purpose of the Fund's business.

Dhaka, Bangladesh
Dated, 11 August 2016




S. F. AHMED & CO
Chartered Accountants

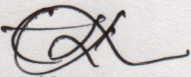
SEML Lecture Equity Management Fund

Statement of Financial Position (Balance Sheet)
As at 30 June 2016

	Notes	2016 BDT
Assets		
Investment in listed securities	5	315,748,267
Dividend receivables	6	980,122
Advances, deposits and prepayments	7	2,974,074
Preliminary and issue expenses	8	14,415,159
Cash and cash equivalents	9	188,017,042
Total asset		522,134,664
Less: Liabilities		
Liability for expenses	10	4,849,609
Other liabilities	11	1,239,835
Total liability		6,089,444
Net assets		516,045,219
Equity		
Capital fund	12	500,000,000
Retained earnings		15,918,344
Investment diminution reserve		126,875
Total equity		516,045,219
Net asset value (NAV) per unit	13	
At market price (adjusted)		10.32
At cost price		10.32

These financial statements should be read in conjunction with annexed notes

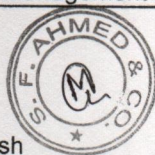
for SEML Lecture Equity Management Fund



Asset Manager
Strategic Equity Management Ltd.

Trustee
Bangladesh General Insurance Company Limited

See annexed report of the date



Dhaka, Bangladesh
Dated, 11 August 2016



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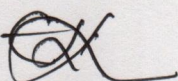
SEML Lecture Equity Management Fund

Statement of profit or loss and other comprehensive income (profit and loss statement)
For the period from 14 January 2016 to 30 June 2016

	Notes	2016 BDT
Income		
Capital gain on sale of securities		3,340,849
Financial income	14	10,923,767
Dividend from investment		6,957,977
Total income (A)		<u>21,222,592</u>
Expenditure		
Management fee	15	4,803,657
Amortisation of preliminary expenses		699,621
Trustee fee	16	265,508
BSEC annual fee	17	575,000
Custodian fee	18	49,817
DSE & CSE annual fee		265,505
CDBL charges	19	27,249
Bank charges		1,718
Printing and publication expense		175,900
Audit fee		46,000
Other operating expenses	20	530
Total expenditure (B)		<u>6,910,505</u>
Net profit for the year (A-B)		<u>14,312,087</u>
Other comprehensive income		
Investment diminution reserve / unrealised gain		-
Total comprehensive income		<u>14,312,087</u>
Earnings per unit for the period	21	0.29

These financial statements should be read in conjunction with annexed notes

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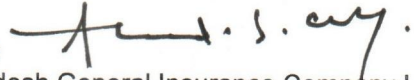
Statement of Changes in Equity

For the period from 14 January 2016 to 30 June 2016

Particulars	Capital fund	Dividend equalisation reserve	Retained earnings	Investment diminution reserve	Total equity
	BDT	BDT	BDT	BDT	BDT
Balance at 14 January 2016	500,000,000	-	1,606,257	-	501,606,257
Net profit for the year	-	-	14,312,087	-	14,312,087
Unrealised gains/ (loss) on investment	-	-	-	126,875	126,875
Balance at 30 June 2016	<u>500,000,000</u>	<u>-</u>	<u>15,918,344</u>	<u>126,875</u>	<u>516,045,219</u>

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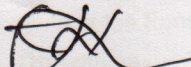
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Statement of Cash Flows

For the period from 14 January 2016 to 30 June 2016

	2016 BDT
A. Cash flows from operating activities	
Financial income	11,092,626
Dividend income	5,977,855
Advances, deposits and prepayments	(2,474,074)
Payment made for expenses	(6,979,813)
Net cash from operating activities	7,616,594
B. Cash flows from investing activities	
Investment in marketable securities, net	(315,621,392)
Proceeds from sale of marketable securities	3,340,849
Net cash used in investing activities	(312,280,543)
C. Net change in cash and cash equivalents (A+B+C)	(304,663,949)
D. Opening cash and cash equivalents	492,680,991
E. Closing cash and cash equivalents (C+D)	188,017,042
Net operating cash flow per unit for the period	0.15

for SEML Lecture Equity Management Fund



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Dated, 11 August 2016



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SEML Lecture Equity Management Fund

Notes to Financial Statements

For the period from 14 January 2016 to 30 June 2016

3.6 Presentation of financial statements

Since the Fund was registered under BSEC on 27 July 2015 and subsequently listed with Stock Exchanges on 14 January 2016, therefore, these financial statements are prepared and presented covering the period from 14 January 2016 to 30 June 2016 and the transactions before that date are duly accounted for as net income of BDT 1,606,257. The fund generated interest income of BDT 1,631,787 and incurred expenses amounting to BDT 25,530 before enlisted with Stock Exchanges. All income and expenses were recorded in the financial statements under appropriate head of account.

3.6 Taxation

The income of the Fund is exempt 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 to be made in the account.

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

- (i) as per Rule 55 (02) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 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 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 or sale for the Fund's portfolio only, etc.

4.2 Valuation policy

Valuation of various investments of the Fund is made as under:

- (i) listed securities (other than mutual fund) are valued at market value as per IAS 39. Mutual fund securities are valued at lower of 85% of NAV, cost price or market price as per the BSEC directive.
- (ii) investment in non-listed securities(if any) is valued at NAV based on the immediate past audited financial statements of the investee, in case of non-availability of the audited financial statements, this was valued at cost.
- (iii) listed bonds(if any), not traded within previous one month prior to yearend have been valued based on average quoted closing price of the last twelve months from the date of valuation. Non-listed bonds have been considered as Held to Maturity (HTM) and measured at amortized cost using the effective interest method.



SEML Lecture Equity Management Fund

Notes to Financial Statements

For the period from 14 January 2016 to 30 June 2016

4.3 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 of tax + Issue expenses amortized on that date + Printing, publication and stationery expenses amortized 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.

4.4 Dividend policy

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

4.5 Cash and cash equivalents

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

4.6 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

4.7 Revenue recognition

Capital gains

Capital gains are recognized on being realised net off brokerage commission.

Dividend income

Dividend income was recognised upon declared record date of the investee company considering the immediate market price adjustment.

Finance income

Finance income comprises of interest income on fund kept at bank accounts, unsecured subordinated bond and preference shares. Interest income is recognised on an accrual basis.

4.8 Statement of cash flows

Cash flows from operating activities have been presented under direct method as per BAS-7. "Statement of Cash Flows"



SEML Lecture Equity Management Fund

Notes to Financial Statements

For the period from 14 January 2016 to 30 June 2016

	2016 BDT
5. Investment in listed securities at market price	
Investment in listed shares	315,654,988
Investment in mutual funds	93,279
	<u>315,748,267</u>
Details are in <u>Annex A</u>	
6. Dividend receivable	
Lafarge Surma Cement Limited	32,250
The City Bank Limited	901,930
Delta Life Insurance Company Limited	45,942
	<u>980,122</u>
7. Advances, deposits and prepayments	
Advance income tax deducted at source	1,639,720
Advance trustee fee	299,465
Advance to brokerage house	18,927
Advance VAT paid on management fees	15,963
Deposit to Central Depository Bangladesh Limited (CDBL)	500,000
Prepayment to BSEC as annual fee	500,000
	<u>2,974,074</u>
8. Preliminary and issue expenses	
Total preliminary expense	23,197,163
<u>Less:</u> Interest income from escrow account	8,082,383
	15,114,780
<u>Less:</u> Amortisation during the period	699,621
Closing balance	<u>14,415,159</u>
9. Cash and cash equivalents	
Fixed deposit account	
Short term deposit (STD) with (operational accounts) :	
The Premier Bank Limited	187,646,884
The City Bank Limited	370,158
	<u>188,017,042</u>
10. Liability for expenses	
Management fee	3,759,384
Custodian fee	38,987
Trustee fee	234,364
BSEC fee	450,000
Annual fee to DSE & CSE	230,874
Publication expenses	100,000
Audit fee	36,000
	<u>4,849,609</u>
11. Other liabilities	
Tax deducted at source	452,082
VAT deducted at source	787,754
	<u>1,239,835</u>



SEML Lecture Equity Management Fund

Notes to Financial Statements

For the period from 14 January 2016 to 30 June 2016

	2016 BDT
12. Capital fund	
Size of capital fund	
50,000,000 units @ BDT 10 each	500,000,000
13. Net asset value (NAV) per unit	
At market price (adjusted)	
Total asset (*)	522,134,664
Less: Accounts payable	4,849,609
Other liabilities and provisions	1,239,835
Net asset value at market value	516,045,219
Number of units	50,000,000
NAV per unit at market price	10.32
(*) Total assets include investment in the listed securities & mutual fund. The basis of the calculation of investment in listed securities was taken at market value, the investment in mutual funds was taken at cost (if 85% of NAV is greater than acquisition cost)	
At cost price	
Net asset value at market value	516,045,219
Less: Unrealised gains on securities	(126,875)
Net asset value at cost	515,918,344
Number of units	50,000,000
NAV per unit at cost price	10.32
14. Financial income	
STD account	10,923,767
	10,923,767
15. Management fee	4,803,657
Strategic Equity Management Ltd., the Fund Manager, is to be paid an annual management fee on weekly average net asset value (NAV) as per Rule 65 of BSEC (Mutual Fund) Bidhimala (Rules) 2001 and as per Trust Deed at the following rates:	
Slab	
On weekly average NAV up to BDT 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%
16. Trustee fee	265,508
Bangladesh General Insurance Company Limited, 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.	
17. BSEC annual fee	575,000
Annual fee of BDT 575,000 (at the rate of 0.01% of the fund size) was paid to BSEC as per Rules 11(1) of Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.	



SEML Lecture Equity Management Fund

Notes to Financial Statements

For the period from 14 January 2016 to 30 June 2016


	2016 BDT
18. Custodian fee	<u>49,817</u>
As per Trust Deed the Fund shall pay to the Custodian a safe keeping fee @ 0.05% of balance securities held by the Fund calculated on the basis of average month end value per annum and trade settlement fees of Taka 200 per trade. In any case total custodian fee shall not exceed 0.07% of the initial fund size annually. Any out of pocket expenses may be applicable to the Fund operation from time to time.	
19. CDBL charges	<u>27,249</u>
CDBL charge of BDT 27,249 was paid to CDBL as per CDBL Bye Laws (3.7).	
20. Other operating expenses	
BO account opening fee	500
IPO application fees	30
	<u>530</u>
21. Earnings per unit for the year	
Net profit for the period	14,312,087
Number of units	50,000,000
Earnings per unit	<u>0.29</u>
22. Profit and earnings per unit available for distribution	
Retained earnings brought forward	1,606,257
Add: Net profit for the period	14,312,087
Dividend equalisation reserve	-
Profit available for distribution	<u>15,918,344</u>
Number of units	50,000,000
Earnings per unit available for distribution	<u>0.32</u>
23. Events after the reporting period	
The Trustee of the Fund has approved dividend at the rate of 2.50% on the capital fund of Taka 0.25 in the form of cash/re-investment units to be issued on face value of the units/at a valuation of the last published NAV per Unit before the record date for the year ended 30 June 2016 at the meeting held on 10 August 2016.	
24. Others	
24.1 Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.	
24.2 This notes form an integral part of the said financial statement and accordingly, are to be read in conjunction therewith.	


Asset Manager
Strategic Equity Management Ltd.

Dhaka, Bangladesh
Dated, 11 August 2016

for SEML Lecture Equity Management Fund




Trustee
Bangladesh General Insurance Company Limited

SEML Lecture Equity Management Fund

Annex A

Details of investment in shares/units
As at 30 June 2016

List of the total investment and aggregate required provision

Particulars	Cost Value BDT	Market Value BDT	Fair Market Value BDT	Required (provision) /excess BDT
Investment in listed securities				
Investment in listed shares	315,528,113	315,654,988	315,654,988	126,875
Investment in mutual funds	93,279	108,000	93,279	-
Total (Annex A1)	315,621,392	315,762,988	315,748,267	126,875

Annex A1

Share Name/Ref.	Number of shares	Acquisition Cost BDT	Market value BDT	Fair Market Value BDT	(Provision)/Excess BDT
Investment in listed shares/units					
ACI	26,920	12,440,446	12,251,292	12,251,292	(189,154)
ACTIVEFINE	133,937	7,032,647	6,415,582	6,415,582	(617,065)
BANKASIA	158,230	2,597,451	2,531,680	2,531,680	(65,771)
BATASHOE	8,071	9,692,520	9,728,783	9,728,783	36,264
BATBC	5,886	15,939,108	15,892,200	15,892,200	(46,908)
BSRMSTEEL	108,234	10,200,938	9,989,998	9,989,998	(210,940)
CITYBANK	639,697	14,455,279	15,352,728	15,352,728	897,449
DELTALIFE	67,863	6,655,250	6,494,489	6,494,489	(160,761)
EBL	506,771	13,009,792	14,797,713	14,797,713	1,787,921
GLAXOSMITH	4,006	7,056,310	6,906,745	6,906,745	(149,566)
GP	47,850	12,093,163	12,187,395	12,187,395	94,232
GREENDELT	157,882	7,719,302	7,152,055	7,152,055	(567,248)
HEIDELBCEM	58,135	31,073,511	30,352,284	30,352,284	(721,228)
ICB	57,249	5,750,454	6,457,687	6,457,687	707,233
IDLC	223,085	12,457,104	13,095,090	13,095,090	637,985
ISLAMICFIN	10,000	142,447	126,000	126,000	(16,447)
JAMUNAOIL	24,005	4,356,325	4,364,109	4,364,109	7,784
KPCL	209,192	14,948,737	13,576,561	13,576,561	(1,372,176)
LAFSURCEML	134,500	10,071,275	10,638,950	10,638,950	567,675
LINDEBD	3,638	5,148,522	5,227,806	5,227,806	79,284
MPETROLEUM	23,104	3,979,260	3,980,819	3,980,819	1,559
OLYMPIC	23,102	7,549,599	7,977,121	7,977,121	427,522
ONEBANKLTD	551,974	7,619,603	7,175,662	7,175,662	(443,941)
RAKCERAMIC	82,800	5,032,136	5,042,520	5,042,520	10,384
RENATA	13,431	15,201,520	15,918,421	15,918,421	716,901
SOUTHEASTB	362,500	6,138,613	5,763,750	5,763,750	(374,863)
SQURPHARMA	152,140	39,519,624	40,423,598	40,423,598	903,974
TRUSTBANK	166,506	3,469,372	3,080,361	3,080,361	(389,011)
UCB	614,250	12,094,933	10,319,400	10,319,400	(1,775,533)
UPGDCL	64,600	10,036,740	9,560,800	9,560,800	(475,940)
ACMELAB	21,429	1,825,751	2,494,336	2,494,336	668,585
ETL	22,038	220,380	379,054	379,054	158,674
Investment in Mutul Funds					
SEBL1STMF	10,000	93,279	108,000	93,279	-
Total	4,693,025	315,621,392	315,762,988	315,748,267	126,875

