

**Trust Bank 1<sup>st</sup> Mutual Fund**

Trustee: Investment Corporation of Bangladesh  
Akram Tower, Suite 3 (7th Floor)  
199 Shaheed Syed Nazrul Islam Sarani  
Dhaka 1000

**Trust Bank 1<sup>st</sup> Mutual Fund**

Auditors' report and financial statements  
for the period from 27 January 2010 to 30 June 2010

**S. F. AHMED & CO**

Chartered Accountants

House 25, Road 13A, Block D, Banani, Dhaka 1213, Bangladesh

Telephones (880-2): PABX 989-4346 & 989-4258 Others 881-6467 & 881-5101

Fax (880-2): 882-5135

Emails : (i) [sfaco@citechco.net](mailto:sfaco@citechco.net) (ii) [sfaco@sfahmedco.org](mailto:sfaco@sfahmedco.org)

Website : [www.sfahmedco.org](http://www.sfahmedco.org)

---



Auditors' Report to the Trustee of Trust Bank 1<sup>st</sup> Mutual Fund

We have audited the accompanying financial statements of Trust Bank 1<sup>st</sup> Mutual Fund (the Fund) namely, Statement of Financial Position (Balance Sheet) at 30 June 2010 and the related Statement of Comprehensive Income (Revenue Account), Statement of Cash Flows and notes thereto for the period from 27 January 2010 to 30 June 2010.

Respective responsibilities of management and auditors

The preparation of these financial statements is the responsibility of the management of the Fund 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.

Basis of our audit opinion

We conducted our audit in accordance with International Standards on Auditing as applicable in Bangladesh. Those standards require that we plan and perform the audit to obtain a reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a 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 presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion


In our opinion, the financial statements prepared 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 give a true and fair view of the state of the Fund's affairs as at 30 June 2010 and of the results of its operations and its cash flows for the period then ended and comply with the requirements of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, Trust Deed and other applicable laws and regulations.

We further report that:

- 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;
- 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.
- the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Revenue Account) along with the notes thereto dealt with by this report are in agreement with the books of account.
- the investment was made as per Rule 56 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001; and
- the expenditure incurred and payments made were for the purpose of the Fund's business for the period.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 18 August 2010



  
S. F. AHMED & CO  
Chartered Accountants



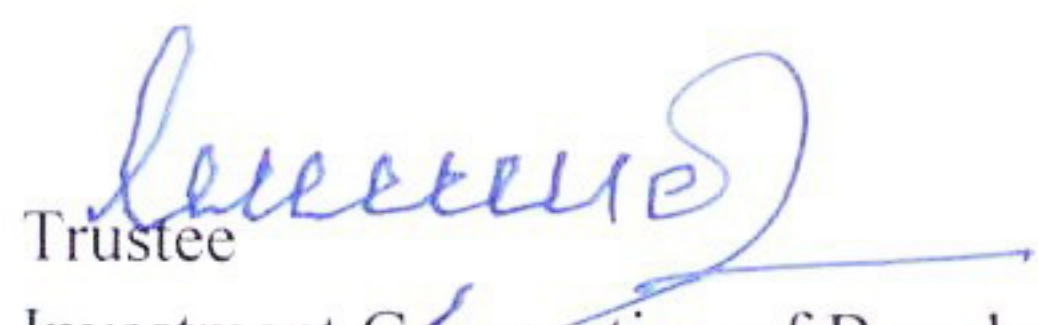
Trust Bank 1<sup>st</sup> Mutual Fund

Statement of Financial Position (Balance Sheet) at 30 June 2010

	Notes	Amount (Taka)
<b>ASSETS</b>		
Marketable securities (at cost)	3	1,332,502,165
Cash and bank balances	4	150,545,972
Preliminary and issue expenses	5	40,850,449
Investment in bonds	6	120,000,000
Other current assets	7	489,308,191
Total Assets		<u>2,133,206,777</u>
<b>CAPITAL AND LIABILITIES</b>		
Capital	8	2,000,000,000
Retained earnings		107,051,019
Current liabilities and provisions	9	<u>26,155,758</u>
Total Capital and Liabilities		<u>2,133,206,777</u>
<b>Net Asset Value (NAV) per unit</b>		
At Cost		10.54
At Market		12.40

See annexed notes

for Trust Bank 1<sup>st</sup> Mutual Fund

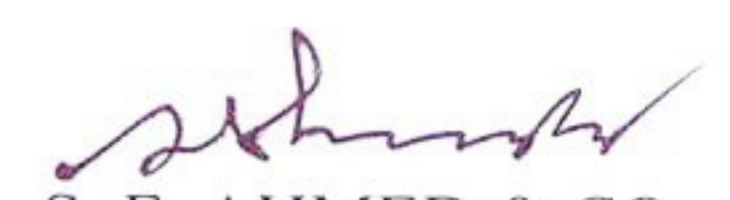
  
Trustee  
Investment Corporation of Bangladesh

  
Assets Manager  
RACE Management PCL



Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 18 August 2010

  
S. F. AHMED & CO  
Chartered Accountants



Trust Bank 1<sup>st</sup> Mutual Fund

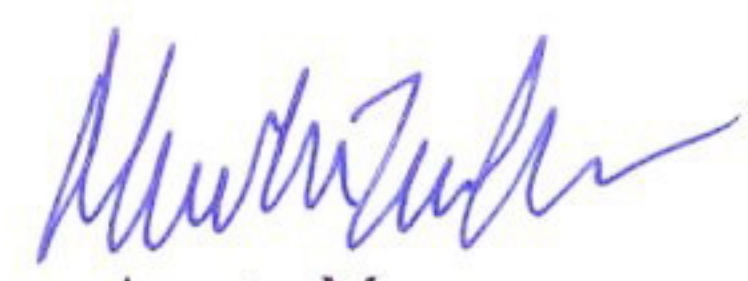
Statement of Comprehensive Income (Revenue Account) for the period from 27 January 2010 to 30 June 2010

INCOME	Notes	Amount (Taka)
Profit on sale of investment		48,829,031
Interest on bank deposits and bonds	10	61,432,064
Dividend from investment in shares		11,023,730
Total Income (A)		<u>121,284,825</u>
EXPENDITURE		
Amortisation of preliminary and issue expenses	2.4	1,799,476
Management fee	2.6	10,575,452
Annual listing fee		100,000
Trustee fee	2.7	849,315
Custodian fee	2.8	588,574
Audit fee		30,196
Other operating expenses	11	290,793
Total Expenditure (B)		<u>14,233,806</u>
Profit for the Period (C=A-B) transferred to Balance Sheet		<u><u>107,051,019</u></u>
Earnings per share (EPS) for the period		0.54

See annexed notes

for Trust Bank 1<sup>st</sup> Mutual Fund

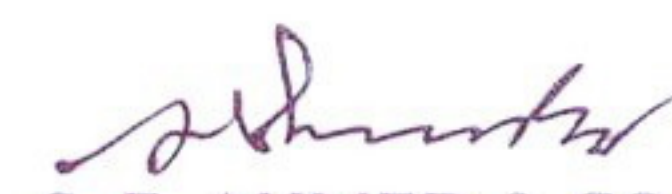
  
Trustee  
Investment Corporation of Bangladesh

  
Assets Manager  
RACE Management PCL



Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 18 August 2010

  
S. F. AHMED & CO  
Chartered Accountants



Trust Bank 1<sup>st</sup> Mutual Fund

Cash Flow Statements for the period from 27 January 2010 to 30 June 2010

Amount (Taka)

Cash Flows from Operating Activities:

Interest on bank deposits	55,949,873
Dividend income	7,697,730
Advances and deposits	(28,928,497)
Expenses	(500,000)
Net cash from operating activities (A)	34,219,106

Cash Flows from Investing Activities:

Investment in marketable securities	(1,367,466,272)
Investment in bonds and other securities	(600,000,000)
Sales of marketable securities	83,793,138
Net cash used in investing activities (B)	(1,883,673,134)

Cash Flows from Financial Activities

Capital fund	2,000,000,000
Net cash from financing activities (C)	2,000,000,000
Net increase in cash (D=A+B+C)	150,545,972
Opening cash and bank balances (E)	-
Closing cash and bank balances (F=D+E)	150,545,972

for Trust Bank 1<sup>st</sup> Mutual Fund

  
Trustee  
Investment Corporation of Bangladesh

  
Assets Manager  
RACE Management PCL



Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 18 August 2010

  
S. F. AHMED & CO  
Chartered Accountants



General

1. Legal Status and Nature of Business

Trust Bank 1<sup>st</sup> Mutual Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 02 August 2009 between Trust Bank Limited as 'Sponsor' and Investment Corporation of Bangladesh (ICB) as "Trustee". The Fund was registered with the Securities and Exchange Commission (SEC) on 07 September 2009 under the Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 27 January 2010 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Investment Management Agreement made on 01 November 2009, RACE Management Private Company Limited (RACE Management PCL) is the Manager of the Fund. The Company was incorporated as a private limited company under Companies Act 1994 on March 2008 and registered with Securities and Exchange Commission on 24 September 2008.

Trust Bank 1<sup>st</sup> Mutual Fund is a close ended Mutual Fund of ten years' tenure. The objectives of the Fund are to provide regular dividend to the investors by investing the Fund both in capital and money market instruments. The Fund consists of 200,000,000 units of Taka 10 each. The units of the Fund are transferable.

2. Significant Accounting Policies

2.1 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.

2.2 Investment

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the date of trading ie, 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.

2.2.1 Valuation of investment

Listed securities are valued at average closing quoted market prices prevailed at 30 June 2010 on an aggregate portfolio basis.

Investment is recorded in the Balance Sheet at cost.

2.3 Taxation

No provision for corporate income tax is required to be made in this accounts since income of this Fund is exempted from income tax under clause 30 of Part A to Sixth Schedule of Income Tax Ordinance 1984.





2.4 Amortisation 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 amortised within ten years' tenure as per Trust Deed.

2.5 Dividend policy

As per Rule 66 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 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 provisions but no dividend was declared against profit made during this period.

2.6 Management fee

RACE Management PCL, the management company of the Fund is to be paid an annual management fee on weekly average net asset value (NAV) as per Rule 65 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and Trust Deed @ 1.05% of the weekly average NAV per annum. The fee is to be paid semi-annually.

2.7 Trusteeship fee

The Trustee is entitled to get an annual Trusteeship fee of Taka 20 (twenty) lac, payable semi-annually during the entire life of the Fund as per Trust Deed.

2.8 Custodian fee

Investment Corporation of Bangladesh is entitled to receive a safekeeping fee @ 0.10% on the balance of securities calculated on average month end value per annum as a custodian.

2.9 Registration and other annual fee to SEC

An amount of Taka 4,000,000, which is 0.20% of unit value, was paid as registration fee. Additionally, annual fee of Taka 2,000,000 was also paid to SEC as per Rules 10 and 11 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001.

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. Dividend and interest income are recognised as accrual basis as per BAS 18.





## Statement of Financial Position (Balance Sheet)

Amount (Taka)

3. Marketable Securities (At Cost)

Ordinary shares (note 3.1)

1,332,502,165

## 3.1 Sector-wise break up of investment in shares are as follows:

Sector/category	Number of shares	Amounts in Taka		
		Cost	Market value	Difference
Banks	232,699	115,249,622	140,322,782	25,073,160
Cement	124,500	94,268,835	84,381,450	(9,887,385)
Ceramic	28,000	1,421,843	4,452,100	3,030,257
Corporate bonds	6,725	5,034,335	5,242,138	207,803
Engineering	25,850	35,408,303	45,220,750	9,812,447
Food and allied products	85,700	34,236,431	35,748,650	1,512,219
Power and energy	367,650	196,438,154	267,116,900	70,678,746
Insurance	63,967	104,654,123	133,556,418	28,902,295
Information technology	1,000	67,334	57,100	(10,234)
Mutual funds	3,798,405	138,374,485	141,698,125	3,323,640
NBFI	109,190	193,594,283	262,550,693	68,956,410
Pharmaceuticals	30,931	176,653,977	171,932,921	(4,721,056)
Services and real estate	142,155	43,677,895	39,221,910	(4,455,985)
Tannery	45,580	110,788,436	109,558,245	(1,230,191)
Telecommunication	1,064,200	74,494,000	250,831,940	176,337,940
Textile	74,695	8,140,109	14,474,009	6,333,900
	6,201,247	1,332,502,165	1,706,366,131	373,863,966

4. Cash and Bank Balances

Short term deposits with Trust Bank Ltd, Dilkusha Corporate Branch:

Sponsor account	136,667,307
Escrow account	4,493,356
IPO account	9,385,309
	150,545,972

4.1 Bank accounts having nil balance

Trust Bank Ltd, Dilkusha Corporate Branch (USD)	-
Trust Bank Ltd, Dilkusha Corporate Branch (GBP)	-
Trust Bank Ltd, Dilkusha Corporate Branch (EURO)	-
	-

The above foreign currency accounts were opened/maintained for collection/refund of share application money (unit capital) from non-resident Bangladeshis, book balances of those bank accounts appeared "nil" after issuance of refund warrants but as per bank statements their closing balances were USD 11,345.39, GBP 357.11 and EURO 102.50 respectively at 30 June 2010, awaiting for clearance against which reconciliation statements were prepared.





	Amount (Taka)
5. <u>Preliminary and Issue Expenses</u>	
Formation fee	10,000,000
Printing and publication expenses	5,454,399
Listing fee	4,813,500
Banker to the issue commission	4,068,362
Registration fee	4,010,000
Stationery	201,350
Other expenses	14,102,314
	42,649,925
<u>Less: Amortisation of preliminary and issue expenses</u>	(1,799,476)
	40,850,449
6. <u>Investment in Bonds</u>	120,000,000
This represents 11.5% interest bearing Prime Bank's bonds purchased by the Fund.	
7. <u>Other Current Assets</u>	
Share application money (unit capital)	480,000,000
Securities and others deposits	500,000
Dividend receivables	3,326,000
Interest receivables	5,482,191
	489,308,191
8. <u>Capital</u>	
200,000,000 units of Taka 10 each fully paid	2,000,000,000
9. <u>Current Liabilities and Provisions</u>	
Management fee	10,575,453
Payable to sundry securities	8,345,672
Payable to Prime Bank Ltd	3,956,400
Trusteeship fee - ICB	849,315
Payable to Satcom Information Technology Limited	609,409
Custodian fee - ICB	588,574
Audit fee	30,194
Withholding VAT payable	16,151
Withholding income tax payable	15,000
Other expenses	1,169,590
	26,155,758





Trust Bank 1<sup>st</sup> Mutual Fund

Notes to financial statements for the period from 27 January 2010 to 30 June 2010


Statement of Comprehensive Income (Revenue Account)	Amount (Taka)
10. <u>Interest on Bank Deposits and Bonds</u>	
Interest on	
Short term deposits	51,009,873
Fixed deposits	4,940,000
Prime Bank's bonds	5,482,191
	<u>61,432,064</u>
11. <u>Other Operating Expenses</u>	
Bank charges	30,575
CDBL charges	260,218
	<u>290,793</u>


Others

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

13. Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

for Trust Bank 1<sup>st</sup> Mutual Fund

  
Trustee  
Investment Corporation of Bangladesh

  
Assets Manager  
RACE Management PCL

Dhaka, Bangladesh  
Dated, 18 August 2010

