

Auditors' Report and
Audited Financial Statements
of
Trust Bank First Mutual Fund
For the year ended 30 June 2014

**Independent Auditors' Report
To the Trustee of
TRUST BANK FIRST MUTUAL FUND**

Report on the Financial Statements

We have audited the accompanying financial statements of TRUST BANK FIRST MUTUAL FUND, which comprise the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about 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, the auditors 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 present fairly, in all material respects, financial position and results of operation of EBL First Mutual Fund as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) 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 statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.
- d. the investment was made as per Rule 56 of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules 2001; and
- e. the expenditure incurred and payments made were for the purpose of the Fund's business for the year ended 30 June 2014.

Dated, Dhaka
14 August 2014


(Nurul Faruk Hasan & Co)
Chartered Accountants

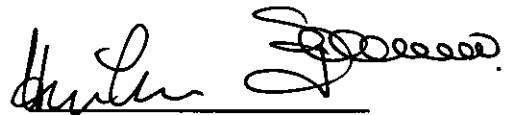
Trust Bank 1st Mutual Fund
Statement of Financial Position
As at 30 June 2014

	Notes	Amounts in Taka	
		30-Jun-14	30-Jun-13
ASSETS			
Listed Securities -at cost	3.00	1,616,042,099	1,418,684,176
Non-Listed Securities -at cost	4.00	99,444,443	369,444,443
Cash and Cash Equivalents	5.00	756,156,625	467,198,637
Preliminary and Issue Expenses	6.00	28,608,671	33,737,436
Other Current Assets	7.00	17,634,555	86,980,912
Total Assets		2,517,886,393	2,376,045,605
CAPITAL AND LIABILITIES			
Share Holders' Equity		2,443,161,561	2,318,990,156
Capital Fund	8.00	2,174,520,060	2,000,000,000
Unit Premium		25,479,940	-
Market Risk Reserve	9.00	-	74,067,821
Dividend Equalization reserve		30,000,000	30,000,000
Retained Earnings		213,161,561	214,922,334
Current Liabilities and Provisions	10.00	74,724,833	57,055,450
Total Capital and Liabilities		2,517,886,393	2,376,045,605
Net Asset Value (NAV):			
At Cost per unit	11.00	11.24	11.59
At Market per unit	12.00	11.10	11.22

The accompanying notes form 1-19 an integral part of these financial statements.



Trustee



Asset Manager

As per our annexed report of same date.

Dated, Dhaka
14 August 2014


 (Nurul Faruk Hasan & Co)
 Chartered Accountants

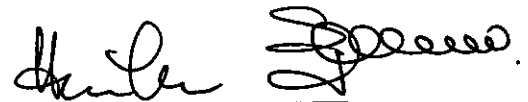
Trust Bank 1st Mutual Fund
Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	Amounts in Taka	
		2014	2013
<u>INCOME</u>			
Dividend from Investment in Shares	13.00	56,855,836	35,157,539
Profit on Sale of Investment	14.00	37,586,276	1,278,676
Interest on Bank Deposits and Bonds	15.00	67,141,902	91,084,296
		161,584,014	127,520,511
<u>EXPENDITURE</u>			
Amortization of Preliminary Expenses		5,128,767	5,128,765
Management Fees		24,474,663	24,644,358
Annual Listing Fees		3,335,331	2,200,000
Trustee Fees		2,198,138	2,000,000
Custodian Fees		1,449,101	1,327,998
CDBL Expenses		82,141	36,143
Audit Fees		46,000	49,150
Bank Charges		103,678	107,129
Other Operating Expenses		594,790	740,917
		37,412,609	36,234,460
Provision against Investment		74,067,821	72,219,663
Net Profit		198,239,227	163,505,714
Diluted Earnings per unit (EPS)	16.00	0.91	0.75

The accompanying notes form 1-19 an integral part of these financial statements.



Trustee



Asset Manager

As per our annexed report of same date.

Dated, Dhaka
 14 August 2014


 (Nurul Faruk Hasan & Co)
 Chartered Accountants



Trust Bank 1st Mutual Fund
Statement of Changes in Equity
For the year ended 30 June 2014

Particulars	Amount in Taka					
	Capital Fund	Unit Premium	Retained Earnings	Provision Against Erosion of Marketable Investments	Dividend Equalization Reserve	Total Equity
Balance at 30 June 2013	2,000,000,000	-	214,922,334	74,067,821	30,000,000	2,318,990,155
Dividend for 2012-13	-	-	(200,000,000)	-	-	(200,000,000)
Profit during the year	-	-	198,239,227	-	-	198,239,227
Dividend Equalization Reserve	-	-	-	-	-	-
Market Risk Reserve	-	-	-	(74,067,821)	-	(74,067,821)
Re- Investment units	174,520,060	-	-	-	-	174,520,060
Unit Premium	-	25,479,940	-	-	-	25,479,940
Balance at 30 June 2014	2,174,520,060	25,479,940	213,161,561	-	30,000,000	2,443,161,561

Trustee

Asset Manager



Trust Bank 1st Mutual Fund
Statement of Cash Flow
For the year ended 30 June 2014

	Amounts in Taka	
	2014	2013
A. Cash Flows from Operating Activities:		
Interest on Bank Deposits and Bonds	66,813,646	90,966,007
Dividend Income	57,820,311	32,521,817
Advance Deposit and Receivable	(1,389,552)	(1,792,960)
Expenses	(14,614,459)	(54,713,659)
Net Cash from / (used) Operating Activities	108,629,945	66,981,206
B. Cash Flows from Investing Activities:		
Investment in Marketable Securities	(89,671,958)	184,558
Investment in Bonds and Other Securities	270,000,000	(199,444,443)
Net Cash from / (used) in Investing Activities	180,328,042	(199,259,885)
C. Cash Flows from Financing Activities		
Dividend Paid	-	(100,000,000)
Net Cash from / (used) Financing Activities (C)	-	(100,000,000)
D. Net Cash Flows (A+B+C)	288,957,987	(232,278,679)
E. Cash & Cash Equivalents at the beginning of the year	467,198,637	699,477,317
F. Cash & Cash Equivalents at the end of the year (D+E)	756,156,625	467,198,637

Trustee

Asset Manager

**Trust Bank 1st Mutual Fund
Notes to Financial Statements
For the year ended 30 June 2014**

1.00 The Fund and Legal Status

Trust Bank First Mutual Fund (here-in after called as "Fund") was established under a Trust Deed signed on 03 September 2009 between Trust Bank Limited as 'Sponsor' and the Investment Corporation of Bangladesh (ICB) as "Trustee". The Fund was registered with the Securities and Exchange Commission (SEC) on 07 September 2009 under the Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operation of the Fund was commenced on 27 January 2010 by listing with Dhaka and Chittagong Stock Exchanges.

The Investment Corporation of Bangladesh (ICB) is custodian of the Fund and RACE Management PCL manages the operation of the Fund as Fund Manager.

Trust Bank First Mutual Fund is a close ended Mutual Fund of ten years' tenure. The Fund consists of 217,452,006 units of Taka 10 each. The units of the Fund are transferable.

1.01 Objectives

The objectives of the Fund are to provide regular dividend to the investors by investing the fund both in capital and money market instruments.

1.02 Reporting Period

The financial statements of the Fund cover 12 months starting from 01 July 2013 to 30 June 2014 consistently.

2.00 Summary of Significant Accounting Policies**2.01 Basis of Preparation of Accounts**

These financial statements have been prepared under historical cost convention in accordance with 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 are made in accordance with the requirements of Trust Deed, Bangladesh Securities and Exchange Rules 1987 and other applicable Rules and regulations.

2.02 Marketable Investment

- (a) Investment is recorded at historical cost.
- (b) Value of listed securities is disclosed at closing quoted market prices prevailed at 30 June 2014 on an aggregate portfolio. Investments were valued at Fair Value measurement as per BFRS 13 for measuring market risk provision. Investments are valued as under:

Financial Instrument	Methodology
Non-listed Equity	Market Comparable
Non-listed Debt	Yield to maturity(Present value techniques)
Thinly traded/Illiquid security	Intrinsic Value

2.03 Market Risk Reserve

The difference between cost of investment and the value of investment on aggregated portfolio basis(Note-10) is shown as Market Risk Reserve. For 2013-2014 Market Risk Reserve stood at Tk. Nil as confirmed by Trustee(ICB).

2.04 Dividend Equalization Reserve

The fund maintained Dividend Equalization Reserve for current years dividend.

2.05 Taxation

As per SRO No. 333/Rule/Income Tax/2011 the income of mutual fund is exempted from payment of tax.

2.06 Revenue Recognition

- a) Gains/losses arising on sale of investment are recorded on the date at which the transaction takes place.
- b) Dividend is recognized when the shareholders' right to receive payment is established.
- c) Interest income is recognized on time proportion basis.

2.07 Preliminary and Issue Expenses

Preliminary and issue expenses represent expenditure incurred prior to commencement of operations and establishment of the Fund. These costs are amortized within ten years tenure as per trust deed.

2.08 Management Fee

Management fee is charged as per the Trust Deed and under the provisions of the Bangladesh Securities and Exchange Commission(Mutual Fund) Rules 2001.

2.09 Trusteeship fee

The Trustee is entitled to get an annual Trusteeship fee of @ 0.10% of the size of the Fund, payable semi-annually during the entire life of the Fund as per Trust Deed.

2.10 Custodian fee

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

2.11 Annual Fee to BSEC

The Fund is required to pay annual fee each year @0.10% of the fund size to the Bangladesh Securities and Exchange Commission (BSEC) as per the Securities and Exchange Commission (Mutual Fund) Rules 2001.

2.12 Earnings Per Unit

Earnings per unit has been calculated in accordance with Bangladesh Accounting Standard - 33 "Earnings per Share" and shown on the face of profit & loss account.

2.13 General

- a) Previous year's figures have been rearranged wherever necessary to conform to current year's presentation.
- b) Figures appearing in these financial statements have been rounded off to nearest Taka.

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13

3.00 Listed Securities -at cost

	1,616,042,099	1,418,684,176
	<u>1,616,042,099</u>	<u>1,418,684,176</u>
Bank	207,108,667	161,851,793
Cement	54,603,468	54,585,031
Ceramic	1,678,084	1,678,180
Corporate Bond	1,006,867	2,013,734
Engineering	51,095,474	51,097,283
Food and Allied	40,437,221	44,748,734
Fuel and Power	333,723,589	334,111,082
Insurance	43,231,730	45,674,941
Miscellaneous	5,927,330	5,927,337
Mutual Funds	324,303,153	324,507,155
NBFI	199,352,080	199,193,698
Pharma	153,096,080	111,118,001
Services and Real Estate	1,232,887	1,232,894
Tannery	6,766,637	58,532,545
Telecommunication	1,167,785	1,167,724
Textile	6,024,714	6,034,043
Travel & Leisure	185,286,332	15,210,000
	<u>1,616,042,099</u>	<u>1,418,684,176</u>

4.00 Non-Listed Securities-at cost

Prime Bank Bond	-	120,000,000
Trust Bank Bond	-	50,000,000
Renata Bond	-	100,000,000
Farmers Bank	99,444,443	99,444,443
	<u>99,444,443</u>	<u>369,444,443</u>

5.00 Cash and Cash Equivalents

Bank balance with SND Account:	641,444,614	362,763,193
Trust Bank-(A/C-0017-0320000647)	8,614,559	2,622,858
Premier Bank(A/C-014913500000001)	-	26,979
Estern Bank Limited-(A/C-1011360223297)	1,158,483	7,103,136
Premier Bank(A/C-1360002)	276,336,441	284,558,244
South-East Bank Limited-(A/C-008313100000003)	154,586,005	54,549,006
One Bank Limited-(A/C-0123000000493)	-	13,902,970
One Bank Limited-(A/C-01230000664)	200,749,127	
Bank balance with Dividend Account	61,127,847	56,593,493
Estern Bank Limited-(A/C-101141360096314)	19,593,569	23,033,134
South-East Bank Limited-(A/C-1310000040)	102,418	
Trust Bank-(A/C-0017-0320000941)	41,431,860	33,560,358
Bank balance with IPO Account	259,361	511,783
Fixed deposit Receipt	53,324,803	47,330,168
	<u>756,156,625</u>	<u>467,198,637</u>

6.00 Preliminary and Issue expenses

Opening Balance	33,737,436	38,866,201
Amortization of Preliminary Expenses	(5,128,767)	(5,128,765)
	<u>28,608,671</u>	<u>33,737,436</u>

		Amounts in Taka	
		as at	
		30-Jun-14	30-Jun-13
7.00	Other Current Assets		
	Receivable from Sundry Securities (Note-7.01)	62,296	70,161,987
	Advance, deposits and Prepayments (Note-7.02)	5,834,115	4,444,564
	Dividend Receivables (Note-7.03)	3,161,474	4,125,949
	Interest Receivable (Note-7.04)	8,576,670	8,248,413
		17,634,555	86,980,912
7.01	Receivable from Sundry Securities		
	PHP Securities Ltd.	2,827	70,161,987
	ICB Securities Trading Company Limited	59,470	-
		62,296	70,161,987
7.02	Advance, deposits and Prepayments		
	DSE Annual Fee	50,000	50,000
	BSEC Annual Fee	2,174,520	2,000,000
	CSE Annual Fee	50,000	50,000
	Advance Security deposit	500,000	500,000
	Advance Income Tax	1,972,334	1,844,564
	Advance Trustee Fee	1,087,260	-
		5,834,115	4,444,564
7.03	Dividend receivables		
	ACI	217,802	208,330
	ACI Formulation	87,375	87,375
	Aftab Auto	1,040	1,040
	Aramit Ltd	2,500	2,500
	Aramit Cement	2,420	1,211
	BGIC	77,761	-
	Bata Shoe Co.	28,350	-
	BD Lamps	260	-
	Beximco Pharma	45,751	-
	Confidence Cement Ltd	2,500	2,500
	Delta Life Insurance	88,990	-
	Unique Hotel	-	583,050
	MJL BD	2,025,738	2,025,738
	M Petroleum	7,438	7,441
	Pragati Insurance Ltd.	4,655	2,599
	Rackitt Benckiser BD Ltd.	-	20,250
	RAK Ceramics	46,500	46,500
	Renata Ltd	155,738	891,672
	S Alam CRST	46,650	46,650
	Standard Ceramics	50	50
	KPCL	151,875	67,500
	Square Textiles Ltd	168,082	131,544
		3,161,474	4,125,949
7.04	Interest receivables		
	Fixed Deposit	844,309	969,611
	Corporate Bond	-	6,966,302
	IPO Account	-	312,500
	Sponsor Account	7,732,361	-
		8,576,670	8,248,413

Amounts in Taka	
as at	
30-Jun-14	30-Jun-13

8.00 Capital Fund

Size of Capital Fund

200,000,000 units @ Tk 10 each.

Add: Re-investment (17,452,006 units @ Tk 10 each)

2,000,000,000	2,000,000,000
174,520,060	-
2,174,520,060	2,000,000,000

As per 59th Trustee Meeting held on 13 August 2013 the capital fund has been increased by using the NAV as of 25th August 2013. The NAV as designed was Tk 11.46 per unit and the Face Value was Tk 10. The difference was considered as Unit Premium. The breakdown is as follows:

Particulars	Number of Units	Face value	Total Amount
Last Year Capital	200,000,000	10	2,000,000,000
Capital increased by Re-investment	17,452,006	10	174,520,060
Total Capital	217,452,006	10	2,174,520,060
Unit Premium	[17,452,006*(11.46-10)]		25,479,940

The units are listed with the Dhaka Stock Exchanges and quoted at Tk.6.80 on balance sheet date.

9.00 Market Risk Reserve

The difference between cost of investment and the value of investment on aggregated portfolio basis is shown as Market Risk Reserve. For 2013-2014 Market Risk Reserve stood at Tk. nil due to higher market price (after valuation of market price of investment) as of 30 June 2014. The valuation method and quantum has been approved by the Trustee (ICB), vide letter no- 42.207/793, dated 12 August, 2014. The break down of the above amount is shown as follows:

Particulars	As at 30 June 2014				As at 30 June 2013			
	Number of Shares	Cost Value	Mkt. Value	Difference	Number of Shares	Cost Value	Mkt. Value	Required Provision
Bank	6,434,085	207,108,667	167,666,475	(39,442,192)	4,476,099	161,851,793	125,147,772	(36,704,022)
Cement	341,371	54,603,468	86,786,561	32,183,093	340,161	54,585,031	63,083,780	8,498,749
Ceramic	41,311	1,678,085	1,813,763	135,678	37,560	1,678,180	1,959,617	281,437
Corporate Bond	1,345	1,006,867	1,264,300	257,433	2,690	2,013,734	2,246,150	232,416
Engineering	422,344	51,095,474	34,990,408	(16,105,067)	416,923	51,097,283	33,326,990	(17,770,293)
Food and Allied	76,792	40,437,221	174,462,931	134,025,709	84,812	44,748,734	88,764,740	44,016,006
Fuel and Power	4,870,897	333,723,589	276,197,856	(57,525,732)	4,834,569	334,111,082	312,673,379	(21,437,703)
Insurance	440,968	43,231,730	59,466,764	16,235,034	343,706	45,674,941	56,741,055	11,066,114
Miscellaneous	17,787	5,927,330	5,845,412	(81,918)	16,455	5,927,337	3,872,600	(2,054,737)
Mutual Funds	24,317,648	324,303,153	307,938,641	(16,364,512)	23,743,400	324,507,155	263,901,400	(60,605,755)
NBFI	1,051,131	199,352,080	156,832,149	(42,519,931)	932,486	199,193,698	168,076,816	(31,116,882)
Pharma	687,870	153,096,080	243,744,070	90,647,990	518,923	111,118,001	134,210,958	23,092,957
Services and Real Estate	9,467	1,232,887	227,208	(1,005,679)	9,467	1,232,894	271,703	(961,191)
Tannery	20,900	6,766,637	8,796,630	2,029,993	210,300	58,532,545	53,696,970	(4,835,575)
Telecommunication	13,600	1,167,785	4,084,080	2,916,295	13,600	1,167,724	2,433,040	1,265,316
Textile	95,920	6,024,714	8,455,106	2,430,392	87,341	6,034,043	7,598,984	1,564,941
Travel & Leisure	1,889,520	185,286,332	127,920,504	(57,365,828)	233,220	15,210,000	26,610,402	11,400,402
Non-listed	N/A	99,444,443	147,200,000	47,755,557	N/A	369,444,443	-	-
Total	40,732,956	1,715,486,542	1,813,692,858	98,206,317	36,301,712	1,788,128,619	1,344,616,354	(74,067,821)

10.00 Current Liabilities and Provisions

Management Fee	11,645,443	81,334
Unclaimed Dividend	60,382,927	52,945,064
Custodian Fee	1,449,101	1,327,998
Publication of reports & periodicals expenses Payable	150,000	100,000
CDBL Charge Payable	-	18,243
Income Tax Payable	995,045	2,480,496
VAT Payable	66,315	66,315
	74,724,833	57,055,450



		Amounts in Taka	
		as at	
		30-Jun-14	30-Jun-13
11.00	Net Asset Value per unit at Cost		
	Net asset Value	2,443,161,560	2,318,990,155
	Number of Units	217,452,006	200,000,000
	NAV per Unit at Cost	<u>11.24</u>	<u>11.59</u>
12.00	Net Asset Value per Unit at Market Value		
	Net Asset Value	2,413,557,530	2,244,922,334
	Number of Units	217,452,006	200,000,000
	NAV per Unit at Market Value	<u>11.10</u>	<u>11.22</u>
13.00	Dividend from Investment in shares		
	Bank	9,525,443	4,746,002
	Cement	6,003,724	1,224,238
	Ceramic	56,315	51,250
	Engineering	710,544	519,664
	Food & Allied	5,164,600	4,165,000
	Fuel & Power	7,878,552	6,480,275
	Insurance	297,084	228,280
	Miscellaneous	107,000	90,585
	Mutual Fund	16,089,448	12,489,900
	NBFI	3,306,188	1,274,842
	Pharma & Chemicals	1,383,417	1,745,592
	Tannery	1,251,150	932,652
	Telecommunication	190,400	190,400
	Textile	168,171	131,609
	Travel & Leisure	4,723,800	887,250
		<u>56,855,836</u>	<u>35,157,539</u>
14.00	Profit on Sale of Investment		
	Ceramic	-	336,619
	Fuel and Power	3,055,413	-
	Insurance	4,488,611	-
	Mutual Funds	-	-
	Pharma	4,999,490	942,057
	Tannery	11,781,917	-
	Textile	4,263	-
		<u>37,586,276</u>	<u>1,278,676</u>
15.00	Interest on Bank Deposits and Bonds		
	Interest Income from SND Account	57,804,762	50,796,230
	Interest Income from Fixed Deposit Receipt	5,879,334	13,822,766
	Interest Income from Corporate Bond	3,457,807	26,465,300
		<u>67,141,902</u>	<u>91,084,296</u>
16.00	Diluted Earnings per unit (EPS)		
	Profit for the year	198,239,227	163,505,714
	Number of Units	217,452,006	217,452,006
	Diluted Earnings per unit (EPS)	<u>0.91</u>	<u>0.75</u>

17.00 Post Closing Events

Following events have occurred since the balance sheet date:

- (a) The Trustee recommended 10% dividend for the year 2013-2014 in the form of re-investment.
- (b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

18.00 Comparative Figures


Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted during the year ended 30 June 2014.

19.00 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the Fund's Board of Trustee on 14 August 2014



Trustee



Asset Manager