

First Janata Bank Mutual Fund
Trustee: Investment Corporation of Bangladesh
62/3 Purana Paltan
Dhaka 1000

First Janata Bank Mutual Fund

Auditors' report and financial statements
for the period from 20 September 2010 to 30 June 2011

S. F. AHMED & CO
Chartered Accountants
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First Janata Bank Mutual Fund

Statement of Financial Position (Balance Sheet) as of 30 June 2011

	<u>Notes</u>	<u>Amounts (Taka)</u>
ASSETS		
Marketable securities -at cost	3	909,258,380
Corporate bonds	4	130,000,000
Cash and bank balances	5	961,305,400
Preliminary and issue expenses	6	61,121,748
Other current assets	7	162,856,512
Total Assets		<u>2,224,542,040</u>

CAPITAL AND LIABILITIES


Capital	8	2,000,000,000
Retained earnings		180,495,822
Market risk reserve		13,600,000
Dividend equalisation reserve		1,000,000
Current liabilities and provisions	9	29,446,218
Total Capital and Liabilities		<u>2,224,542,040</u>


Net Asset Value per Unit

At Cost	10.98
At Market	10.17

See annexed notes

for First Janata Bank Mutual Fund

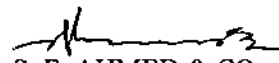

Asset Manager
RACE Management PCL


Trustee
Investment Corporation of Bangladesh



House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 07 August 2011

Signed in terms of our report of even date annexed



S. F. AHMED & CO
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First Janata Bank Mutual Fund
Statement of Comprehensive Income (Revenue Account)
for the period from 20 September 2010 to 30 June 2011

INCOME	<u>Notes</u>	<u>Amounts (Taka)</u>
Dividend from investment in shares		11,922,233
Profit on sale of investment		147,619,692
Interest on bank deposits and bonds	11	101,645,607
Total Income (A)		<u>261,187,532</u>
EXPENDITURE		
Amortization of preliminary expenses	2.5	5,157,034
Management fees	2.8	35,394,424
Annual listing fees		100,000
Trustee fees	2.9	1,564,384
Custodian fees	2.10	730,518
Audit fees		34,500
Other operating expenses	12	610,850
Total Expenditure (B)		<u>43,591,710</u>
Profit before tax (C=A-B)		217,595,822
<u>Less: Tax expenses</u>	2.4	<u>22,500,000</u>
Profit after tax		195,095,822
<u>Less: Market risk reserve</u>	2.6	13,600,000
<u>Less: Dividend equalisation reserve</u>		1,000,000
Profit for the period transferred to retained earnings		<u>180,495,822</u>
Realised earnings per unit for the period		0.98

See annexed notes

for First Janata Bank Mutual Fund

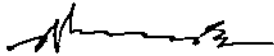

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First Janata Bank Mutual Fund

Statement of Cash Flows for the period from 20 September 2010 to 30 June 2011

Amounts (Taka)

Cash Flows from Operating Activities:

Dividend income	9,604,823
Interest on bank deposits and bonds	85,052,890
Annual listing fees	(200,000)
Other advance, deposit and receivables	(10,777,282)
Current liabilities and provisions	(54,947,486)
Other operating expenses	(457,475)
Net Cash from Operating Activities (A)	28,275,470

Cash Flows from Investing Activities:

Value of listed securities	(735,642,166)
Fixed deposits	(164,661,928)
Application for investment in shares	(120,743,800)
Issue and preliminary expenses	(45,922,177)
Net Cash Used in Investing Activities (B)	(1,066,970,071)

Cash Flows from Financing Activities:

Capital contribution	2,000,000,000
Net Cash from Financing Activities (C)	2,000,000,000
Net Increase in Cash (D = A+B+C)	961,305,400
Opening cash and bank balances (E)	-
Closing cash and bank balances (F = D+E)	961,305,400

for First Janata Bank Mutual Fund


Asset Manager
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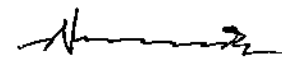

Trustee

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House 25, Road 13A, Block D
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Dated, 07 August 2011


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General

1. Legal Status and Nature of Business

First Janata Bank Mutual Fund (hereinafter called as "Fund") was established under a Trust Deed signed on 28 January 2010 between Janata 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 09 February 2010 under the Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001. The operations of the Fund was commenced on 20 September 2010 by listing with Dhaka and Chittagong Stock Exchanges.

As provided in Trust Deed, 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 with an authorised capital of Taka 5 crore and a paid-up capital of Taka 5 crore.

First Janata Bank 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 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 (BFRs). The disclosures of information made in accordance with the requirements of Trust Deed, Securities and Exchange Commission Rules 1987 and other applicable Rules and regulations.

2.2 Presentation of financial statements

The fund was registered on 28 January 2010 under the Trust Act, 1982 and subsequently on 20 September 2010 listed with Stock Exchanges and accordingly transections started. There were no transections except investment in bond, application for IPO, fund raised through issuance of unit and preliminary expenses during the period from 28 January 2010 to 20 September 2010. However, the financial statements are prepared and presented covering the period from 20 September 2010 to 30 June 2011 and the teansections before the listing date where duly accounted for.



2.3 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.

2.3.1 Valuation of investment

Listed securities are valued at average closing quoted market prices prevailed as of 30 June 2011 on an aggregate portfolio basis.

Investment is recorded in the Financial Position (Balance Sheet) at cost.

2.4 Taxation

The exemption of income of fund from income tax under clause 30 para A to sixth schedule of Income Tax Ordinance (ITO) 1984 has been withdrawn in the Finance Act 2011. However, Association of Assets Management Companies and Mutual Fund Association (AAMCMS) has lodged an appeal to NBR to reinstate tax exemption status from mutual fund. Therefore, provision for income tax has been made in the accompanying financial statements.

2.5 Amortization of preliminary 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 after adjusting interest income from escrow accounts as per trust deed and Securities and Exchange Commission (Mutual Fund), Rules 2001.

2.6 Market risk reserve

Investment has been valued on aggregated portfolio basis and provision is required to be made on portfolio value of investments which comes to Taka 161,201,125 as of 30 June 2011 against which Taka 13,600,000 was made in the accounts using value at risk method in view of volatility in the market.

Value at risk

Value at risk (VaR) is potential change in value of a portfolio of stocks and bond with a given probability. Mainly three methods are used for VaR calculation: simulation, variance-covariance method, Monte Carlo or stochastic simulation. Variance-covariance method has been used here for market risk reserve as prepared by the management of the fund.

2.7 Dividend policy

As per Rule 66 of Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001, the Fund is required to distribute profit 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.



2.8 Management fee

RACE Management PCL, 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 Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 2001 and Trust Deed @ 1.125% of the weekly average NAV per annum.

2.9 Trustee fee

The Trustee is entitled to get an annual Trusteeship fee of Taka 20 (twenty) lac per annum, 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 a safekeeping fee @ 0.10% on the balance of securities calculated on average monthend value per annum as a custodian.

2.11 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.

2.12 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 per BAS-18 and Securities and Exchange Commission (Mutual Fund) rules 2001.



First Janata Bank Mutual Fund

Notes to financial statements for the period from 20 September 2010 to 30 June 2011

Statement of Financial Position (Balance Sheet)

Amounts (Taka)

3. Marketable Securities (At Cost)

Equity shares (note 3.1)	909,258,380
	909,258,380

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
Bank	376,968	102,972,822	92,882,030	(10,090,792)
Cement	12,640	38,468,296	34,726,650	(3,741,646)
Ceramic	35,440	2,733,335	3,981,525	1,248,190
Corporate Bond	2,065	2,067,230	1,981,368	(85,863)
Engineering	5,985	11,951,540	9,330,635	(2,620,905)
Food & Allied	51,750	35,060,108	32,649,075	(2,411,033)
Fuel & Power	964,855	200,598,785	161,851,765	(38,747,020)
Insurance	1,620	2,041,427	1,835,055	(206,372)
Mutual Fund	3,641,155	105,334,751	78,154,255	(27,180,496)
NBFI	161,587	179,151,760	144,121,911	(35,029,849)
Pharma	162,921	38,833,580	32,295,747	(6,537,833)
Services & Real Estate	11,750	1,572,535	941,575	(630,960)
Tannery	43,080	41,112,331	36,931,930	(4,180,401)
Telecommunication	377,600	83,381,632	61,888,640	(21,492,992)
Textile	185,000	15,475,727	14,924,210	(551,517)
Miscellaneous	85,650	48,502,523	39,560,885	(8,941,638)
	6,120,066	909,258,380	748,057,255	(161,201,125)

4 Corporate Bond

Prime Bank Bonds	100,000,000
BRAC Bank Convertible Bonds	30,000,000
	130,000,000

In addition to the above RACE Management PCL has entered in to an agreement with Trust Bank Limited for trust bank bond for an amount Taka 150,000,000 on behalf of First Janata Bank Mutual Fund.

5 Cash and Cash Equivalent

Fixed deposits	571,532,504
Short term deposits with:	
Sponsor Account- Janata Bank Ltd (A/C-004001375)	2,695,321
Sponsor Account- The City bank Ltd (A/C-3101163392001)	20,445,502
Sponsor Account- Eastern Bank Ltd (A/C-1011220139894)	8,193,494
Sponsor Account- BRAC Bank Ltd (A/C-1501202032682001)	358,438,579
	961,305,400

5.1 Bank accounts having nil balance

IPO-BDT account- The City Bank Ltd (A/C-3101163393001)	-
IPO-USD account- The City Bank Ltd (A/C-5121163393003)	-
IPO-GBP account- The City Bank Ltd (A/C-5121163393001)	-
IPO-EURO account- The City Bank Ltd (A/C-5121163393002)	-



First Janata bank Mutual Fund

Notes to financial statements for the period from 20 September 2010 to 30 June 2011

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 IPO- BDT 7,707,982.00 USD-1818.24 , GBP-44.25 and EURO-51.02 respectively at 30 June 2011, awaiting for clearance against which reconciliation statements were prepared.

<u>6 Preliminary and Issue Expenses</u>	<u>Amounts (Taka)</u>
Legal and consultancy fees	24,561,403
Formation fees	20,000,000
Other expenses	12,661,226
Printing and publication expenses	6,531,531
Banker to the issue	4,261,305
Fund registration fees	4,048,000
DSE listing fees	2,105,000
CSE listing fees	2,100,000
Stationery	149,462
Postage and courier expenses	19,064
	<u>76,436,991</u>
Interest on Escrow account	(10,158,209)
	<u>66,278,782</u>
<u>Less: Amortization of preliminary and issue expenses</u>	<u>5,157,034</u>
	<u><u>61,121,748</u></u>
<u>7. Other Current Assets</u>	
Receivable from sale of marketable securities	149,558,966
Interest receivables	6,104,787
Other receivable and advance	4,375,349
Dividend receivables	2,317,410
Securities and others deposits	500,000
	<u>162,856,512</u>
<u>8 Capital</u>	
200,000,000 units of Taka 10 each fully paid	<u><u>2,000,000,000</u></u>
<u>9 Current Liabilities and Provisions</u>	
Provision for corporate tax	22,500,000
Income tax payables	3,568,318
Management fees	1,367,202
Payable to Satcom IT Limited	1,000,241
Custodian fees	730,518
VAT payables	118,125
Audit fees	27,000
Payable to sundry securities	1,689
Other expenses	133,125
	<u>29,446,218</u>



First Janata Bank Mutual Fund

Notes to financial statements for the period from 20 September 2010 to 30 June 2011

10 Proposed Dividend

The Board of Trustee of the fund in its meeting as on 07 August 2011 has decided to pay cash dividend at the rate of 9% against the holding of each unit of Taka 10.

Statement of Comprehensive Income (Revenue Account)

Amounts (Taka)

11 Interest on Bank Deposits and Bonds

Interest on	
Short term deposits	53,260,742
Fixed deposits	31,257,725
Coporate bonds	17,127,140
	<u>101,645,607</u>

12 Other Operating Expenses

Bank charges	35,208
CDBL charges	421,267
Other expenses	154,375
	<u>610,850</u>

13 Others

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

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

for First Janata Bank Mutual Fund



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Dhaka, Bangladesh
Dated, 07 August 2011

