ICB AMCL SONALI BANK LIMITED 1ST MUTUAL FUND

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 ICB AMCL SONALI BANK LIMITED 1ST MUTUAL FUND 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	Amount in Taka June 30, 2017
Assets			
Investment in securities -at cost	3.00	1,15,65,19,240	1,14,04,77,236
Cash at bank	4.00	1,02,82,217	1,52,85,195
Other current assets	5.00	1,42,80,533	1,67,70,327
		1,18,10,81,990	**1,17,25,32,758**
Capital and Liabilities			
Share Holders Equity		**1,15,86,56,980**	**1,15,03,66,391**
Unit capital	6.00	1,00,00,00,000	1,00,00,00,000
Reserve and surplus	7.00	10,55,68,817	10,52,78,228
Provision for Marketable Investments	8.00	5,30,88,163	4,50,88,163
Current liabilities	9.00	2,24,25,010	2,21,66,367
		1,18,10,81,990	**1,17,25,32,758**
Net Asset Value (NAV) Per Unit			
At cost price		**11.59**	**11.50**
At market price		**9.36**	**10.44**

Statement of Profit or Loss and Other Comprehensive Income
for the year ended June 30, 2018

Particulars	Notes	Amount in Taka June 30, 2018	Amount in Taka June 30, 2017
Income			
Net Profit on sale of investments		6,24,78,554	6,18,32,613
Profit on sale of unit certificate		-	72,02,418
Dividend from investment in shares		3,75,83,375	3,10,55,440
Interest on bank deposits and bonds	10.00	11,80,642	16,15,853
Total income		**10,12,42,571**	**10,17,06,324**
Expenses			
Management fee		1,41,18,293	1,35,31,483
Trustee fee		7,50,000	7,50,000
Custodian fee		7,32,400	7,08,717
Listing fee		10,00,000	10,00,000
Annual fee		9,23,360	10,44,138
Audit fee		23,000	28,750
Other operating expenses	11.00	4,98,814	6,31,810
Total expenses		**1,80,45,867**	**1,76,94,898**
Profit before provision		**8,31,96,704**	**8,40,11,426**
Provision for marketable investments		80,00,000	2,19,352
Net profit for the year		**7,51,96,704**	**8,37,92,074**
Earnings Per Unit		**0.75**	**0.84**

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

Particulars	Share Capital	Provision for Marketable investment	Dividend Equalization Reserve	Retained Earnings	Total Equity
Balance as at July 01, 2017	**1,00,00,00,000**	**4,50,88,163**	**1,48,50,745**	**9,04,27,483**	**1,15,03,66,391**
Provision for Marketable Investments	-	80,00,000	-	-	80,00,000
Last year dividend	-	-	-	(7,50,00,000)	(7,50,00,000)
Last year adjustment	-	-	-	93,885	93,885
Net profit for the period	-	-	-	7,51,96,704	7,51,96,704
Balance as at June 30, 2018	**1,00,00,00,000**	**5,30,88,163**	**1,48,50,745**	**9,07,18,072**	**1,15,86,56,980**
Balance as at July 01, 2016	**1,00,00,00,000**	**4,48,68,811**	**-**	**9,64,86,154**	**1,14,13,54,965**
Dividend Equalization Reserve		-	1,48,50,745	(1,48,50,745)	-
Provision for Marketable Investments	-	2,19,352		-	2,19,352
Last year dividend	-	-		(7,50,00,000)	(7,50,00,000)
Net profit for the period	-	-		8,37,92,074	8,37,92,074
Balance as at June 30, 2017	**1,00,00,00,000**	**4,50,88,163**	**1,48,50,745**	**9,04,27,483**	**1,15,03,66,391**

Statement of Cash Flows
for the year ended 30 June 2018

Particulars	Amount in Taka June 30, 2018	Amount in Taka June 30, 2017
Cash flow from operating activities		
Dividend from investment in shares	3,40,88,628	3,21,93,077
Interest on bank deposits and bonds	5,55,823	23,64,464
Expenses	(1,69,26,023)	(1,68,38,522)
Net cash inflow/(outflow) from operating activities	**1,77,18,428**	**1,77,19,019**
Cash flow from investing activities		
Sales of shares-marketable investment	34,24,61,302	50,22,92,121
Purchase of shares-marketable investment	(29,60,24,752)	(53,33,09,849)
Share application money deposited	(1,62,00,000)	(11,02,00,000)
Share application money refunded	2,20,00,000	10,22,00,000
Net cash inflow/(outflow) from investing activities	**5,22,36,550**	**(3,90,17,728)**
Cash flow from financing activities		
Dividend paid	(7,49,57,956)	(6,87,67,007)
Net cash inflow/(outflow) from financing activities	**(7,49,57,956)**	**(6,87,67,007)**
Net cash flow increase/(decrease)	**(50,02,978)**	**(9,00,65,716)**
Cash equivalent at beginning of the year	1,52,85,195	10,53,50,911
Cash equivalent at end of the year	**1,02,82,217**	**1,52,85,195**
Net Operating Cash Flow Per Unit (NOCFPU)	**0.18**	**0.18**

General Information:

Sponsor	Sonali Bank Limited
Trustee	Investment Corporation of Bangladesh
Custodian	Investment Corporation of Bangladesh
Auditor	Khan Wahab Shafique Rahman & Co.
Banker	Bangladesh Commerce Bank Ltd., Principal Branch, Dhaka

Other Financial Information:	**June 30, 2018**	**June 30, 2017**
Dividend (cash)	7%	7.5%

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 &**
ICB Asset Management Company Ltd.	**Investment Corporation of Bangladesh**	**Chartered Accountants**

ICB AMCL SONALI BANK LIMITED 1ST MUTUAL FUND
Notes to the Financial Statements
as at and for the year ended 30 June 2018

1.00 Legal status and nature of business

ICB AMCL Sonali Bank Limited 1st Mutual Fund was established under a Trust Deed executed between the Sonali Bank Limited as 'Sponsor' and Investment Corporation of Bangladesh as "Trustee". The Trust Deed was executed on September 06, 2010. The Fund was registered with the Bangladesh Securities and Exchange Commission (BSEC) on October 03, 2010 under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvj dvÛ) wewagvjv 2001. The prospectus was approved by the BSEC on March 19, 2013 in accordance with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (wgDP¨qvj dvÛ) wewagvjv 2001. The operation of the Fund commenced on June 10, 2013.

ICB Asset Management Company Ltd (ICB AMCL) is the Manager of the Fund. 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 5 December, 2000 with an authorized capital of Tk 100 crore and a nominal paid up capital of Tk 2 lac which was subsequently increased to Tk 39.37 crore. Registration of the company with the SEC has been completed on 14 October 2001. The Company became operational from 1 July 2002 as per government gazette notification.

ICB AMCL Sonali Bank Limited 1st Mutual Fund 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 except IAS 39(BAS 39)& IAS 32(BAS 32). 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.

2.2.01 Valuation of investments

The market value of listed securities are valued at average closing quoted market price on the stock exchanges on the date of valuation ie, on 30 June 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 amortized 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 investment

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. 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 for Tk 5,30,88,163 (see Note 8)

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 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 as per SRO No. 333/Rules/Income Tax /2011 the income of mutual fund.

2.05 Dividend policy

As per Rule 66 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (॥gDP¨qvj dvÛ) ॥e॥agvjv 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.

2.06 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 Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules) 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

2.07 Trusteeship fee

The Trustee is entitled to an annual Trusteeship Fee of @ 0.075 % of the fund size payable semi annualy during the life of the fund.

2.08 Custodian fee

The Custodian is entitled to receive a safekeeping fee @ 0.075 % on the balance of securities calculated on the average month end value per annum.

2.09 Registration and other charges/annual fee to SEC

As per Rule 11 of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (॥gDP¨qvj dvÛ) ॥e॥agvjv 2001, the Fund is required to pay an annual fee to SEC an amount equal to @ 0.10% of the value of the Fund size i.e. NAV.

2.10 Revenue recognization

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 on accrual basis.

		Amount in Taka	
		June 30, 2018	June 30, 2017
3.00	**Marketable investment at cost**		
	Equity shares (Note 3.1)	1,13,67,19,240	1,12,06,77,236
	Pre-ipo placement	1,98,00,000	1,98,00,000
		1,15,65,19,240	**1,14,04,77,236**

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	69,75,186	11,16,94,922	9,83,68,601	(1,33,26,321)
Investment	62,58,112	6,16,62,759	6,12,17,160	(4,45,599)
Engineering	20,83,840	7,60,59,699	5,14,85,267	(2,45,74,432)
Food and allied products	8,73,669	2,32,84,265	2,10,27,973	(22,56,293)
Fuel and power	29,34,011	23,43,23,268	19,10,03,413	(4,33,19,855)
Textiles	49,24,814	9,02,93,758	6,67,63,400	(2,35,30,358)
Pharmaceuticals	13,95,601	14,07,36,338	14,15,60,634	8,24,296
Services	1,14,868	42,33,135	31,49,162	(10,83,973)
Cement	5,64,470	8,35,63,633	5,97,85,542	(2,37,78,091)
Information technology	94,000	37,86,285	34,46,500	(3,39,785)
Tannery and footwear	27,762	1,02,85,464	1,00,62,337	(2,23,127)
Ceramic	6,84,201	1,42,70,004	1,17,15,379	(25,54,624)
Insurance	38,90,662	14,60,91,626	10,08,58,001	(4,52,33,625)
Telecommunication	89,959	1,68,04,737	1,49,25,666	(18,79,070)
Travel & Leisure	4,80,000	96,41,934	43,13,850	(53,28,084)
Finance and leasing	22,17,686	7,07,52,025	4,38,32,539	(2,69,19,486)
Corporate bond	7,215	64,84,727	68,92,129	4,07,401
Miscellaneous	6,51,920	3,27,50,661	2,32,29,387	(95,21,274)
	3,42,67,976	**1,13,67,19,240**	**91,36,36,939**	**(22,30,82,301)**

		June 30, 2018	June 30, 2017
4.00	**Cash at bank**		
	STD Accounts with		
	BCBL, principal branch	83,62,842	1,34,75,925
	Brac Bank limited,	65,775	63,769
	IFIC Bank Ltd Motijheel Branch (D/A -13-14)	6,48,009	6,20,495
	IFIC Bank Ltd Motijheel Branch (D/A -14-15)	5,30,712	5,08,733
	IFIC Bank Ltd Motijheel Branch (D/A -15-16)	3,49,621	6,16,273
	IFIC Bank Ltd Motijheel Branch (D/A -16-17)	3,25,258	-
	Total	**1,02,82,217**	**1,52,85,195**
5.00	**Other current assets**		
	Dividend receivable	62,81,079	27,86,332
	Share Application Money	22,00,000	80,00,000
	Receivable from ISTCL	51,49,348	51,49,348
	Interest receivable	6,24,819	-
	Advance payment of annual fee	25,287	8,34,647
		1,42,80,533	**1,67,70,327**
6.00	**Unit capital:**		
	100,000,000 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 earnings	9,07,18,072	9,04,27,483
	Dividend Equalization Reserve	1,48,50,745	1,48,50,745
		10,55,68,817	**10,52,78,228**
7.01	**Retained earnings as at 1 July**	9,04,27,483	9,64,86,154
	Less: Last year dividend	7,50,00,000	7,50,00,000
	Less:Transfer to Dividend Equalization Reserve	-	1,48,50,745
	Add: Last year Adjustment	93,885	-
		1,55,21,368	**66,35,409**
	Add: Addition during the year	7,51,96,704	8,37,92,074
	Balance as at June 30	**9,07,18,072**	**9,04,27,483**

		Amount in Taka	
		June 30, 2018	June 30, 2017
8.00	**Provision for Marketable Investments**		
	Opening balance	4,50,88,163	4,48,68,811
	Add: provision for investment in Mutual Fund	-	2,19,352
	Add: provision for other investment	80,00,000	-
	Total provisions (Note 2.3)	**5,30,88,163**	**4,50,88,163**
9.00	**Current liabilities**		
	Management fee payable to ICB AMCL	1,41,18,293	1,35,31,483
	Custodian fee payable to ICB	7,32,400	7,08,717
	Audit fee payable	23,000	28,750
	Share application money refundable	10,000	10,000
	Dividend payable (Note-9.01)	72,51,577	72,09,533
	Suspense	2,74,740	6,43,884
	Others	15,000	34,000
	Total current liabilities	**2,24,25,010**	**2,21,66,367**
9.01	**Dividend payable**		
	Dividend payable 2013-14	4,52,130	4,53,630
	Dividend payable 2014-15	4,72,430	4,73,930
	Dividend payable 2015-16	59,98,848	62,81,973
	Dividend payable 2016-17	3,28,169	-
		72,51,577	**72,09,533**
10.00	**Interest on bank deposits and bonds**		
	Interest on Short Term Deposit	5,55,823	8,44,443
	Interest on Fixed Deposit	-	1,26,389
	Interest on Listed Bond	6,24,819	6,45,021
		11,80,642	**16,15,853**
11.00	**Other operating expenses**		
	Printing and stationery	26,975	26,282
	Bank charges	5,866	4,600
	Excise duty	51,500	46,000
	Publicity expenses	2,66,958	2,66,134
	CDBL charges	80,793	2,53,530
	CDBL fee & Connection charge	-	6,000
	IPO application expenses	43,000	-
	Dividend distribution exp.	3,340	4,216
	Others	20,382	25,048
		4,98,814	**6,31,810**