


Prime Finance Second Mutual Fund

Statement of Financial Position (Balance Sheet) as at 30 June 2023

		Un-audited 30 June 2023 <u>Taka</u>	Audited 31 December 2022 <u>Taka</u>
	<u>Notes</u>		
ASSETS			
Non-current Assets			
Preliminary expenses	4	1,532,453	2,578,813
Current Assets			
Investment in securities at market price	5	192,907,949	187,551,085
Dividend receivable	6	619,232	4,509,791
Other assets	7	260,301	52,361
Short term investment	8	10,000,000	10,000,000
Cash and cash equivalents	9	24,009,536	39,054,726
		227,797,018	241,167,963
Total assets		229,329,471	243,746,776
Current Liabilities			
Accounts payable	10	1,518,764	2,461,719
Other liabilities	11	5,671,012	-
Total liabilities		7,189,776	2,461,719
Net assets		222,139,695	241,285,057
EQUITY			
Capital fund	12	210,567,910	210,566,800
Unit premium reserve		33	-
Retained earnings	13	11,571,752	30,718,257
Total equity		222,139,695	241,285,057
Net Asset Value (NAV) per unit:	14		
at cost		12.06	13.17
at market price		10.55	11.46

The annexed notes 1 to 17 form an integral part of these financial statements.


Investment Corporation of Bangladesh
Trustee


Prime Finance Asset Management Co. Ltd.
Asset Manager

Dhaka, 23 July 2023

Prime Finance Second Mutual Fund

Statement of Profit and Loss and Other Comprehensive Income for the period ended 30 June 2023

	Notes	Un-audited 30 June 2023 Taka	Un-audited 30 June 2022 Taka	Q1 From 1 January to 31 March 2023 Taka	Q1 From 1 January to 31 March 2022 Taka	Q2 From 1 April to 30 June 2023 Taka	Q2 From 1 April to 30 June 2022 Taka
INCOME							
Capital gains on sale of securities		915,039	4,773,212	133,920	2,505,951	781,119	2,267,261
Interest income	15	537,491	586,339	447,134	337,022	90,357	249,317
Dividend		1,010,709	2,055,754	-	989,197	1,010,709	1,066,557
Total income		2,463,239	7,415,305	581,054	3,832,170	1,882,185	3,583,135
EXPENSES							
Management fees	16	2,320,452	2,316,002	1,143,521	1,195,030	1,176,931	1,120,972
Preliminary and issue expenses		1,046,359	1,046,361	520,290	520,290	526,069	526,071
Annual fees		242,153	210,567	-	-	242,153	210,567
Advertisement expenses		70,100	97,750	70,100	63,122	-	34,628
Custodian fees		90,166	94,585	44,581	48,376	45,585	46,209
Trustee fees		99,354	112,143	49,650	58,026	49,704	54,117
CDBL charges		20,698	216,805	6,465	15,515	14,233	201,290
IPO Charges		3,000	5,000	-	5,000	3,000	-
Bank charges		34,531	-	-	-	34,531	-
Fees and commissions		3,000	-	-	-	3,000	-
Tax expenses		744,538	-	-	-	744,538	-
Realized loss from transaction of unit		-	49,869	-	-	-	49,869
Total expenses		4,674,351	4,149,082	1,834,607	1,905,359	2,839,744	2,243,723
Net profit/(loss) before provision (A - B)		(2,211,112)	3,266,223	(1,253,553)	1,926,811	(957,559)	1,339,412
(Provision)/Write back of provision		4,121,287	(8,257,571)	2,348,598	(3,859,816)	1,772,689	(4,397,755)
Net profit/(loss) for the period	5.1	1,910,175	(4,991,348)	1,095,045	(1,933,005)	815,130	(3,058,343)
Other Comprehensive income:							
Comprehensive income/(loss)		1,910,175	(4,991,348)	1,095,045	(1,933,005)	815,130	(3,058,343)
Earning per unit for the period	17	0.09	(0.24)	0.05	(0.09)	0.04	(0.15)

The annexed notes 1 to 17 form an integral part of these financial statements.

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Investment Corporation of Bangladesh

Trustee

Prime Finance Asset Management Co. Ltd.

Asset Manager

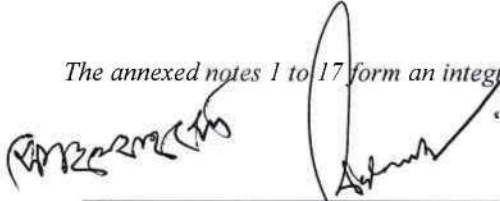
Prime Finance Second Mutual Fund


Statement of Changes in Equity for the period ended 30 June 2023

	Capital Fund <u>Taka</u>	Unit Transaction Reserve <u>Taka</u>	Retained earnings <u>Taka</u>	Total <u>Taka</u>
Balance as at 31 December 2022	210,566,800	-	30,718,257	241,285,057
Subscribed by unitholders	1,110	-	-	1,110
Addition during the period	-	33	-	33
Dividend for the last year	-	-	(21,056,680)	(21,056,680)
Net profit for the period	-	-	1,910,175	1,910,175
Balance as at 30 June 2023	210,567,910	33	11,571,752	222,139,695

Balance as at 31 December 2021	211,065,340	-	71,898,332	282,963,672
Subscribed by unit holders	(498,540)	-	-	(498,540)
Dividend paid to Unitholders	-	-	(33,770,454)	(33,770,454)
Net loss for the year	-	-	(7,409,621)	(7,409,621)
Balance as at 31 December 2022	210,566,800	-	30,718,257	241,285,057

The annexed notes 1 to 17 form an integral part of these financial statements.


Investment Corporation of Bangladesh
Trustee


Prime Finance Asset Management Co. Ltd.
Asset Manager

Dhaka, 23 July 2023

Prime Finance Second Mutual Fund

Statement of Cash Flows for the period ended 30 June 2023

	2023 <u>Taka</u>	2022 <u>Taka</u>
Cash flows from operating activities:		
Capital gains on sale of securities	915,039	8,445,650
Interest received	362,499	1,824,437
Dividend received	4,901,269	6,929,190
Cash paid for operating expenses	(1,899,952)	(4,809,376)
Cash received/(paid) for transaction of unit	33	(49,869)
Bank charges	(34,531)	(68,124)
Net cash from operating activities (A)	<u>4,244,357</u>	<u>12,271,908</u>
Cash flows from investing activities		
Cash used in investment in securities	(1,235,577)	8,715,074
Cash received from/(used in) Investment in IPO	-	22,034,500
Cash received from/(used in) Investment in FDR	-	10,000,000
Net cash used in investing activities (B)	<u>(1,235,577)</u>	<u>40,749,574</u>
Cash flows from financing activities:		
Capital fund	1,110	(498,540)
Dividend paid to Unitholders	(18,055,080)	(33,770,454)
Net cash generated from/(used in) financing activities (C)	<u>(18,053,970)</u>	<u>(34,268,994)</u>
Net increase in cash and cash equivalents (D=A+B+C)	<u>(15,045,190)</u>	<u>18,752,488</u>
Opening cash and cash equivalents (E)	<u>39,054,726</u>	<u>20,302,239</u>
Closing cash and cash equivalents (F=D+E):	<u>24,009,536</u>	<u>39,054,726</u>

The annexed notes 1 to 17 form an integral part of these financial statements.



Investment Corporation of Bangladesh
Trustee



Prime Finance Asset Management Co. Ltd.
Asset Manager

Dhaka, 23 July 2023

Prime Finance Second Mutual Fund

Notes to the Financial Statements for the period ended 30 June 2023

1. Legal status and nature of the business

Prime Finance Second Mutual Fund is an open-ended fund registered with Sub-Registrar's Office under the Registration Act 1908. The Bangladesh Securities and Exchange Commission also approved the Fund on 19 January 2016 vide Registration Code No. BSEC/Mutual Fund/2016/60. The initial size of the Fund is Tk. 500,000,000 (Taka five hundred million only). Actual fund size at the date of formation was Taka 331,761,000 out of which Taka 200,000,000 (Taka two hundred million) was subscribed by the Sponsor, Prime Finance & Investment Ltd. and rest of the amount was subscribed by several individuals and institutions. On 6 April 2017 Investment Corporation of Bangladesh, Trustee of the Fund has provided their approval to operate the Fund.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and as per requirements of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis under historical cost convention.

2.3 Functional currency and presentation currency

These financial statements are presented in Bangladesh Taka, which is also the Fund's functional currency. All financial information presented in Taka have been rounded off to the nearest taka.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Reporting period

These financial statements are prepared for the period ended 30 June 2023.

3. Significant accounting policies

The accounting policies set out below have been applied consistently.

3.1 Investment policy

- 3.1.1** The Fund shall invest subject to the Mutual Fund Rules and only in those securities, deposits and investments approved by Bangladesh Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Regulatory Authority (IRA) of Bangladesh or any other competent authority in this regard.
- 3.1.2** Before completing the subscription the Fund can not invest the sponsor's contribution in anywhere other than capital market.
- 3.1.3** The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular company.
- 3.1.4** The Schemes of the Fund shall not invest more than 10% of its total assets in any one particular company.
- 3.1.5** The Schemes of the Fund shall not invest in more than 15% of any company's paid-up capital.
- 3.1.6** The Schemes of the Fund shall not invest more than 20% of its Assets in shares, debentures or the other securities of a single or group.
- 3.1.7** The Schemes of the Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
- 3.1.8** Not less than 60% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% will be invested in listed securities.
- 3.1.9** Not more than 25% of the total asset of the Fund will be invested in Fixed Income Securities (FIS).
- 3.1.10** Not more than 15% of the total asset of the Fund shall be invested in pre-IPOs at one time.

3.1.11 The Fund shall not invest in or lend to another Scheme managed by the same Asset Management Company.

3.1.12 The Fund shall get the securities purchased or transferred in the name of the Fund.

3.2 Valuation policy

3.2.1 For listed securities held in the portfolio of the Fund, the average quoted closing market price at the Stock Exchange(s) on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Fund.

3.2.2 For securitized debts, debentures, margin or fixed deposits, held in the portfolio of the Fund, the accrued interest on such instruments on the date of valuation shall be taken into account for calculation of Net Asset Value (NAV) of the Fund.

3.2.4 Net Asset Value (NAV) calculation

The Fund will use the following formula to derive NAV per unit:

$$\text{Total NAV} = V_A - V_L$$

$$\text{NAV per unit} = \text{Total NAV} / \text{No. of units outstanding}$$

V_A = Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities receivables + receivables of proceeds of sale of investments + Dividend receivables net of tax + Interest receivables net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses amortized as on date.

V_L = Value of all securities payable + Payable against purchase of investments + Payable as brokerage and custodial charges + Payable as Trustee fees + 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.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank and Cash with BO Account.

3.4 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 balance sheet date.

3.5 Income tax

The income of the Fund is exempted 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 of tax is required.

3.6 Revenue recognition

3.6.1 Capital gain

Capital gain is recognized on being realized.

3.6.2 Dividend income

Dividend income is recognized on being declared by the investee company if it is made within the balance sheet date.

3.6.3 Finance income

Finance income comprises interest income on fund kept at the bank account. Interest income is recognized as it accrues.

3.7 Cash flow statement

Cash flows from operating activities have been presented under direct method.

4. Preliminary expenses

	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Formation fees	347,992	583,016
Advertisement	81,684	147,214
CDBL charge	12,761	21,510
Management Fee	1,078,182	1,806,358
Printing and stationery	5,929	10,762
Other Expenses	5,905	9,953
Total	<u>1,532,453</u>	<u>2,578,813</u>

Movement of preliminary expenses is given below:

Opening balance	2,578,812	4,688,878
Less: Written off during the year	<u>1,046,359</u>	<u>2,110,066</u>
Closing balance	<u>1,532,453</u>	<u>2,578,812</u>

5. Investment at market price

	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Investment in Securities at cost price (Annexure - 1)	224,794,106	223,558,529
Add: Unrealised loss on investment (Note 5.1)	(31,886,157)	(36,007,444)
Total investment	192,907,949	187,551,085

The fund has not any non performing investment as at 30 June 2023

5.1 Unrealised loss on investment

Movement of Unrealised loss on investment in as follows:

Opening balance	36,007,444	19,231,132
Addition during the period	-	16,776,312
	<u>36,007,444</u>	<u>36,007,444</u>
Writeback of provision	(4,121,287)	-
Closing balance	31,886,157	36,007,444

6. Dividend receivable

Cash dividend receivable from:

ACMELAB	89,502	164,502
ACTIVEFINE	9,573	9,573
BARKAPOWER	-	198,326
BBS Cables	-	84,594
CONFIDCEM	-	18,920
DESCO	83,652	151,179
ESQUIRENET	-	37,000
EPGL	-	50,000
IFADAUTOS	-	24,525
RUNNERAUTO	-	76,043
SKTRIMS	-	16,000
SQURPHARMA	-	627,090
UPGDCL	-	365,942
JAMUNAOIL	-	630,036
KPCL	-	100,000
MJLBD	-	562,540
OLYMPIC	-	298,692
PADMAOIL	211,200	321,200
RENATA	-	259,434
BATBC	-	37,500
POWERGRID	-	40,000
MIRAKHTER	-	23,266
PTL	-	20,000
RELIANCE1	-	123,846

GRAMEENS2	-	312,189
GHAIL	-	29,874
GP	137,750	181,250
DOMINAGE	-	10,000
Beximcoltd	-	45,000
BSRMLTD	-	49,924
LankaBangla	20,895	-
Heidelberg Cement	12,106	-
City Bank Ltd	236,790	-
IBBLPBOND	202,118	-
ACI	-	25,700
	1,003,586	4,894,145
Provision for doubtful dividend receivable (Note 6.1)	(384,354)	(384,354)
	619,232	4,509,791

6.1 Provision for doubtful dividend receivable

Provision made against the cash dividend receivable from the following company:

	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
ACMELAB	89,502	89,502
DESCO	83,652	83,652
PADMAOIL	211,200	211,200
	384,354	384,354

Movement of the above provision is as follows:

Opening balance	384,354	-
Add: Addition during the period	-	384,354
Closing balance	384,354	384,354

7. Other assets

Prepaid Trustee Expense	32,948	-
Accrued interest on FDR and STD Account	227,353	52,361
	260,301	52,361

8. Short term investment

This amount represents the investment in FDR. Details are as follows:

	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
<u>FDR No.</u>		
DBHFCL: 71000192580	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

9. Cash and cash equivalents

Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161001)	5,897,703	2,861,406
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161004)	16,162,844	26,717,814
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161003)	446,607	447,102
Cash at bank (BRAC Bank Ltd., A/C No. 1505201944161005)	63,683	79,028
Cash at BO Account	1,438,699	8,949,376
	<u>24,009,536</u>	<u>39,054,726</u>

10. Accounts payable

Payable management fees	1,464,422	2,143,966
Payable custodian fees	54,342	177,274
Payable trustee fees	-	100,229
Audit fees payable	-	40,250
	<u>1,518,764</u>	<u>2,461,719</u>

11. Other liabilities

	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Tax deducted at source	2,637,827	-
Dividend payable	3,001,600	-
VAT deducted at source	31,585	-
	<u>5,671,012</u>	<u>-</u>

12. Capital fund

	No. of <u>Unit</u>	Face value Per Unit <u>Taka</u>	30 June 2023 <u>Taka</u>	31 December 2022 <u>Taka</u>
Subscribed by Resident Bangladeshis	19,056,791	10	190,567,910	190,566,800
Subscribed by Sponsor	2,000,000	10	20,000,000	20,000,000
	<u>21,056,791</u>		<u>210,567,910</u>	<u>210,566,800</u>

13. Retained earnings

Opening balance	30,718,257	71,898,332
Dividend paid during the year for the last year	(21,056,680)	(33,770,454)
	9,661,577	38,127,878
Net profit/(loss) for the period	1,910,175	(7,238,067)
Closing balance	<u>11,571,752</u>	<u>30,889,811</u>

14. Net Asset Value (NAV):

at cost

Value of net asset at cost	254,025,852	277,676,855
Number of units	21,056,791	21,056,680
Net Asset Value per unit	<u>12.06</u>	<u>13.19</u>

at market value

Value of net asset at market price	222,139,695	241,456,611
Number of units	21,056,791	21,056,680
Net Asset Value per unit	<u>10.55</u>	<u>11.47</u>

15. Interest income

Interest on FDR	403,308	529,499
Interest on STD Account	134,183	56,840
	<u>537,491</u>	<u>586,339</u>

16. Management fees

Management fees is payable to Prime Finance Asset Management Company Limited as per Bangladesh Securities and Exchange Commission (Mutual Fund) Bidhimala (Rules), 2001. The Fund has to pay management fee to Prime Finance Asset Management Company Limited at the rates mentioned below:

<u>Slab</u>	<u>Rate of Fees</u>
On the weekly average NAV upto Taka 5.00 crore	2.50%
On Next 20.00 Crore of the weekly avreage NAV	2.00%
On Next 25.00 Crore of the weekly avreage NAV	1.50%
On rest of the weekly avreage NAV	1.00%

17. Earning per unit for the year

	30 June 2023	30 June 2022
Net profit for the year	1,910,175	(4,991,348)
Number of units	21,056,791	21,056,680
Earning per unit	0.09	(0.24)