

Auditors' Report to the Shareholders

We have jointly examined the annexed Balance Sheet of TAKAFUL ISLAMI INSURANCE LIMITED as at 31st December, 2009 and the related Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance Revenue Accounts as well as Profit & Loss Account, Profit and Loss Appropriation Account, Statement of Changes in Equity, the related Cash Flow Statement for the year then ended and notes to the Financial Statements in which the returns from the branch offices certified by the branch managers have been incorporated. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

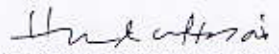
We conducted our audit in accordance with approved auditing standards as adopted by the Institute of Chartered Accountants of Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with approved accounting standards as adopted by the Institute of Chartered Accountants of Bangladesh, give a true and fair view of the state of the company's affairs as of 31st December, 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Insurance Act, 1938, Insurance Rules 1958, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (iii) The company's balance sheet and revenue accounts and its cash flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purposes of the company's business;
- (v) The balance sheet and the revenue account have been prepared in accordance with the regulations contained in Part-I and Part-II (Form-A) of the First Schedule and Part-I and Part-II (Form-F) of the Third Schedule of Insurance Act, 1938. As per regulation 11 of Part-I of the Third Schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by its books, the company during the year under report has not paid any person any commission in any form to outside Bangladesh and that the company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad;
- (vi) As per section 40-C (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all Expenses of Management wherever incurred whether directly or indirectly, in respect of Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance businesses transacted in Bangladesh during the year under report have been duly debited to the related revenue accounts and the profit and loss account of the company but the provision of section 40-C of the Insurance Act, 1938 relating to management expenses has not been duly complied.

Place: Dhaka, Bangladesh
Dated: 9th May, 2010


(HUDA HOSSAIN & CO.)
Chartered Accountants

BALANCE SHEET AS AT 31ST DECEMBER, 2009

CAPITAL AND LIABILITIES	NOTE NO.	BALANCE AS AT 31ST DEC., 2009	BALANCE AS AT 31ST DEC., 2008
AUTHORIZED CAPITAL	20	200,000,000	200,000,000
20,00,000 Ordinary Shares of Tk. 100.00 each			
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	21	150,000,000	150,000,000
15,00,000 Ordinary Shares of Tk. 100.00 each			
RESERVE OR CONTINGENCY ACCOUNT	22	70,509,491	53,606,937
Reserve For Exceptional Losses		59,980,184	43,098,667
Capital Reserve		2,946,881	1,498,959
General Reserve		7,500,000	6,000,000
Balance of Profit & Loss Appropriation Account		82,426	3,009,311
BALANCE OF FUNDS AND ACCOUNTS	23	39,852,610	43,674,612
Fire Insurance Business Account		15,679,369	15,915,494
Marine Cargo Insurance Business Account		19,107,148	24,747,341
Marine Hull Insurance Business Account		1,185,012	471,636
Motor Insurance Business Account		3,285,980	1,854,996
Miscellaneous Insurance Business Account		595,101	685,145
OTHER SUM OWING (PREMIUM DEPOSIT)	24	6,105,276	6,172,137
LIABILITIES & PROVISIONS		110,549,820	88,185,243
Estimated Liabilities in respect of Outstanding Claims whether due or intimated	25	17,859,917	26,293,580
Amount due to other persons or bodies carrying on Insurance Business	26	48,100,866	30,927,414
Sundry Creditors	27	3,764,794	16,520,616
Provision for Income Tax	28	18,324,243	14,443,633
Proposed Dividend	29	22,500,000	-
TOTAL CAPITAL AND LIABILITIES		377,017,197	341,638,929

Accounting Policies

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-05-2010 and signed for and on behalf of the Board.



Md. Zainul Huda
Managing Director



Mohammad Nurul Islam
Director

As per report of even date

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.

BALANCE SHEET AS AT 31ST DECEMBER, 2009

PROPERTY AND ASSETS	NOTE NO.	BALANCE AS AT 31ST DEC., 2009	BALANCE AS AT 31ST DEC., 2008
INVESTMENT -AT COST	30	62,397,780	42,808,834
Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond		9,000,000	9,000,000
Investment In Shares		53,397,780	33,808,834
PROFIT, INTEREST, DIVIDENDS & RENTS (Accrued but not Due)	31	5,647,199	7,463,629
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	32	36,111,612	30,591,760
SUNDRY DEBTORS (Including Advances, Deposits & Pre-payments)	33	24,409,993	16,669,049
CASH & BANK BALANCES	34	236,398,194	230,133,331
Term / Fixed Deposit Account		195,650,000	167,350,000
STD Account		35,908,393	56,287,557
Current Account		1,556,770	1,392,360
Cash in Transit		350,000	180,000
Cash in Hand		2,933,031	4,923,414
OTHER ACCOUNTS	35	12,052,419	13,972,326
Fixed Assets - At Cost Less Depreciation		5,694,550	5,949,699
Stock of Printing & Stationery		310,100	272,500
Insurance Stamps in Hand		566,357	441,577
Deferred IPO Expenses		5,481,412	7,308,550
TOTAL PROPERTY AND ASSETS		377,017,197	341,638,929

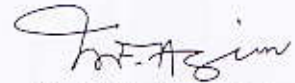
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Md. Mofiz Uddin
Vice-Chairman



Prof. Md. Fazle Azim
Chairman

As per report of even date



(HUDA HOSSAIN & CO.)
Chartered Accountants

PROFIT AND LOSS ACCOUNT

For The Year Ended 31st December, 2009

PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA	PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA
EXPENSES OF MANAGEMENT (Not Applicable to any Particular Fund or Account)				Profit, Interest, Dividends & Rents (Not Applicable to any particular Fund or Account)	36	17,257,214	28,665,036
Director's Fee		391,000	293,000	Other Income	37	15,817,651	2,028,018
Advertisement & Publicity		1,460,570	918,605				
Subscription & Donation		800,300	863,260				
Legal & Professional Fees		184,475	62,500				
IPO Expenses Written Off		1,827,138	1,827,138	PROFIT/(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS		15,252,760	10,986,367
Registration & Renewal		971,893	840,272	Fire Revenue Account		(2,214,234)	(10,894,884)
Depreciation		832,007	890,874	Marine Cargo Revenue Account		21,780,266	24,405,838
Audit Fee		25,000	67,750	Marine Hull Revenue Account		(672,121)	(958,485)
				Motor Revenue Account		(4,224,830)	(2,481,328)
				Miscellaneous Revenue Account		583,679	915,226
Net Profit Transferred to Profit & Loss Appropriation Account		41,835,242	35,916,022				
TOTAL		48,327,625	41,679,421			48,327,625	41,679,421
Basic Earning Per Share (Value Per Share Tk. 100/- each)	39	25.30	36.21				

Accounting Policies

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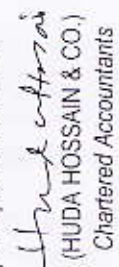

Md. Zainul Huda
Managing Director


Mohammad Nurul Islam
Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date


(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.

PROFIT AND LOSS APPROPRIATION ACCOUNT

For The Year Ended 31st December, 2009

PARTICULARS	2009 TAKA	2008 TAKA	PARTICULARS	2009 TAKA	2008 TAKA
Balance brought from last year	-	-	Balance brought from last year	3,009,311	403,228
Reserve for Exceptional losses	16,881,517	19,212,682			
Provision for Taxation	3,519,924	5,640,503	Net Profit for the year	41,835,242	35,916,022
Provision for Deferred Tax	360,686	-			
Provision for Arrear Income Tax	-	2,456,754			
General Reserve	1,500,000	6,000,000			
Proposed Dividend	22,500,000	-			
Balance Transferred to Balance Sheet	82,426	3,009,311			
TOTAL	44,844,553	36,319,250		44,844,553	36,319,250

Accounting Policies

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-05-2010 and signed for and on behalf of the Board.



Md. Zainul Huda
 Managing Director


Mohammad Nurul Islam
 Director


Md. Mofiz Uddin
 Vice-Chairman


Prof. Md. Fazle Azim
 Chairman

As per report of even date


(HUDA HOSSAIN & CO.)
 Chartered Accountants

Place: Dhaka, Bangladesh
 Dated: 9th May, 2010.

FIRE INSURANCE REVENUE ACCOUNT

For The Year Ended 31st December, 2009


PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA	PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		3,170,913	16,541,436	Balance of Account at the beginning of the year		15,915,494	14,691,082
Add: Total estimated liability in respect of Outstanding claims at the end of the year whether due or intimated		11,180,883	12,788,130	Premium Less Re-Insurance		39,198,422	39,788,734
Less: Outstanding at the end of previous year		14,351,796	29,329,566	Commission on Re-insurance ceded		16,092,461	13,985,190
		(12,788,130)	(8,002,565)				
Agency Commission		1,563,666	21,327,001				
Expenses of Management	38	15,818,819	15,628,787				
Reserve for un-expired risks being 40% of Premium Income of the year		40,358,757	26,488,608				
Profit transferred to Profit & Loss Account		15,679,369	15,915,494				
		(2,214,234)	(10,894,884)				
TOTAL		71,206,377	68,465,006			71,206,377	68,465,006

Accounting Policies

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Md. Zainul Huda
Managing Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date


(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.

MARINE CARGO INSURANCE REVENUE ACCOUNT

For The Year Ended 31st December, 2009

PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA	PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA
CLAIMS UNDER THE POLICIES							
LESS RE-INSURANCE:							
Paid during the year		7,510,178	(5,364,569)	Balance of Account at the beginning of the year		24,747,341	21,172,902
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		3,416,310	9,902,614	Premium less Re-Insurance		47,767,870	61,868,353
		10,926,488	4,538,045				
		(9,902,614)	(3,527,063)				
Less: Outstanding at the end of previous year		1,023,874	1,010,982	Commission on re-insurance ceded		5,464,421	4,666,816
Agency Commission		8,088,577	11,471,860				
Expenses of Management		27,979,767	26,072,050				
Reserve for un-expired risks being							
40% of premium income of the year	38	19,107,148	24,747,341				
Profit transferred to Profit & Loss A/C		21,780,266	24,405,838				
TOTAL		77,979,632	87,708,071			77,979,632	87,708,071

Accounting Policies

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Md. Zainul Huda
Managing Director


Mohammad Nurul Islam
Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date


(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.

MARINE HULL INSURANCE REVENUE ACCOUNT

For The Year Ended 31st December, 2009

PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA	PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		241	760,370	Balance of Account at the beginning of the year		471,636	375,514
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		-	-	Premium Less Re-Insurance		1,185,012	471,636
Less: Outstanding at the end of previous year		241	760,370	Commission on re-insurance ceded		226,437	185,087
Agency Commission		241	760,370				
Expenses of Management		302,534	161,690				
Reserve for un-expired risks being 100% of premium income of the year	38	1,067,419	597,026				
Profit Transferred to Profit & Loss Account		1,185,012	471,636				
		(672,121)	(958,485)				
TOTAL		1,883,085	1,032,237			1,883,085	1,032,237

Accounting Policies

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-05-2010 and signed for and on behalf of the Board:


Md. Zainul Huda
Managing Director


Mohammad Nurul Islam
Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.


(HUDA HOSSAIN & CO.)
Chartered Accountants

MOTOR INSURANCE REVENUE ACCOUNT

For The Year Ended 31st December, 2009

PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA	PARTICULARS	NOTE NO.	2009 TAKA	2008 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:				Balance of Account at the beginning of the year		1,854,996	3,639,204
Paid during the year		5,212,674	2,393,995	Premium Less Re-Insurance		8,214,950	4,637,490
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		3,262,724	3,602,836	Commission on re-insurance ceded		507,183	377,916
Less : Outstanding at the end of previous year		8,475,398	5,996,831				
		(3,602,836)	(1,125,285)				
Agency Commission		4,872,562	4,871,546				
Expenses of Management		1,868,460	1,563,716				
Reserve for un-expired risks being 40% of premium income of the year	38	4,774,957	2,845,680				
Profit transferred to Profit & Loss Account		3,285,980	1,854,996				
		(4,224,830)	(2,481,328)				
TOTAL		10,577,129	8,654,610			10,577,129	8,654,610

Accounting Policies

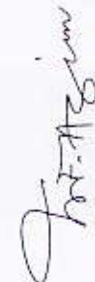
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Md. Zainul Huda
Managing Director


Mohammad Nurul Islam
Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date


(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31st December, 2009

Particulars	Share Capital	Capital Reserve	General Reserve	Proposed Bonus Share	Reserve for Exceptional Losses	Retained Earnings	Total Shareholders Equity
At the beginning of the year	15,00,00,000	14,98,959	60,00,000	0	4,30,98,667	30,09,311	20,36,06,937
Addition during the year	0	0	0	0	0	0	0
Capital Reserve	0	14,47,922	0	0	0	0	14,47,922
General Reserve	0	0	15,00,000	0	0	(15,00,000)	0
Reserve for Exceptional Losses	0	0	0	0	1,68,81,517	(1,68,81,517)	0
Proposed Bonus Share	0	0	0	2,25,00,000	0	(2,25,00,000)	0
Net Profit for the year	0	0	0	0	0	3,79,54,632	3,79,54,632
At the end of the year	15,00,00,000	29,46,881	75,00,000	2,25,00,000	5,99,80,184	82,426	24,30,09,491

Accounting Policies

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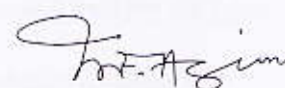
Md. Zainul Huda
Managing Director



Mohammad Nurul Islam
Director



Md. Mofiz Uddin
Vice-Chairman

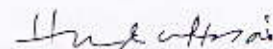


Prof. Md. Fazle Azim
Chairman

As per report of even date

Place: Dhaka, Bangladesh

Dated: 9th May, 2010.



(HUDA HOSSAIN & CO.)
Chartered Accountants

CASH FLOW STATEMENT

For The Year Ended 31st December, 2009

PARTICULARS	BALANCE AS ON 31ST DECEMBER, 2009	BALANCE AS ON 31ST DECEMBER, 2008
Cash Flows from Operating Activities		
Cash Receipts from Customers and Others	14,98,20,306	16,18,79,364
Cash Paid to Suppliers and Employees	(11,77,07,006)	(11,31,89,854)
Cash Generated from Operations	3,21,13,300	4,86,89,510
Dividend Paid	0	(60,00,000)
Income Tax Paid & Deducted at Source	(71,30,555)	0
Net Cash Generated from Operating Activities	2,49,82,745	4,26,89,510
Cash Flows from Investing Activities		
Investment in Bonds / Shares	(1,95,88,946)	(1,25,98,591)
Acquisition of Property, Plant & Equipments etc.	(5,76,858)	(4,14,780)
Disposal of Property, Plant and Equipments	14,47,922	15,20,000
Net Cash used in Investing Activities	(1,87,17,882)	(1,14,93,371)
Cash Flows from Financing Activities		
Proceeds from Issuing of Shares	0	9,00,00,000
Proceeds from Short Term Borrowing	0	0
Re-payment of Short Term Loan	0	0
Re-payment of Long Term Loan	0	0
Net Cash Generated/ (Used) in Financing Activities	0	9,00,00,000
Net Increase in Cash and Bank Balances	62,64,863	12,11,96,139
Cash and Bank Balances at Beginning of Year	23,01,33,331	10,89,37,192
Cash and Bank Balances at End of Year	23,63,98,194	23,01,33,331

Net operating cash flow per share

$$\begin{aligned}
 &= \frac{\text{Net operating cash flow}}{\text{Number of share}} \\
 &= \frac{2,49,82,745}{1,500,000} \\
 &= 16.66
 \end{aligned}$$

Accounting Policies

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Md. Zainul Huda
Managing Director



Mohammad Nurul Islam
Director


Md. Mofiz Uddin
Vice-Chairman


Prof. Md. Fazle Azim
Chairman

As per report of even date

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.


(HUDA HOSSAIN & CO.)
Chartered Accountants

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For The Year Ended 31st December, 2009

The accounting policies and explanatory notes to the financial statements have been set out below in the manner as prescribed by the IAS 1 "Preparation and Presentation of Financial Statements".

1.00 Corporate Information - Domicile, Legal Form and Country of Incorporation

The Company was incorporated in Bangladesh as a Public Company Limited by Shares on the 27th day of December, 2001 under the Companies Act, 1994. It is noted that the name of **Sears Insurance Co. Ltd.** has been changed to **Takaful Islami Insurance Limited** under the provision of Section 11, Sub-Section (5) Act (VII) of 1994.

Address of Registered Office

The registered office of the Company is located at 42, Dilkusha Commercial Area, 7th Floor, Dhaka-1000.

Principal Activities

The principal activities of the Company are to carry on all kinds of insurance, guarantee and indemnity business other than life insurance business.

Number of Employees

There were 651 employees at the year ended 31st December, 2009.

Sl.No.	Particulars	No. of Employees
(i)	Managing Director	01
(ii)	Deputy Managing Director	01
(iii)	Assistant Managing Director	02
(iv)	General Manager	07
(v)	Senior Deputy General Manager	06
(vi)	Deputy General Manager	28
(vii)	Senior Assistant General Manager	04
(viii)	Other Employees	695
	Total	744

2.00 Basis of Presenting Financial Statements

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncements have been considered in preparing and presenting the financial statements:

Going Concern

Accrual

Historical Cost Convention

Generally accepted accounting principles and practices in Bangladesh

The Companies Act, 1994

Insurance Act, 1938

Insurance Rule, 1958

The Securities and Exchange Rules, 1987

The Accounting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

3.00 Compliance of International Financial Reporting Standards (IFRSs)

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), including International Accounting Standards (IASs).

4.00 Risk and Uncertainty for use of Estimates and Judgments

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and for contingent assets and liabilities that require disclosure during and at the date of financial statements.

Actual results could differ from those estimates. Estimates and underline assumptions are used for accounting of certain items such as long-term contracts, provision for doubtful accounts, depreciation and amortization, taxes, reserves and contingencies.

- (v) amounts received against issue of Cover Notes, which have not been converted into Policy are recognized as income at the earlier of Cover Notes converted into Policy or after expiry of two years Cover Notes in accordance with Sadharan Bima Corporation's Circular;
- (vi) interest on Fixed Deposit Receipts (FDR) and National Investment Bond (NIB) are recognized as revenue on accrual basis;
- (vii) necessary adjustment in respect of re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty Agreement made between the Company and Sadharan Bima Corporation (SBC);

(b) Revenue Account

While preparing the Revenue Account, the effect of necessary adjustment has duly been given in to accounts in respect of re-insurance business ceded and accepted. Re-Insurance Premium ceded has been accounted for into accounts.

Surplus or deficit on revenue have been arrived at after providing for un-expired risks @ 40% on all business except Marine Hull Insurance for which 100% provision has been created for un-expired risks.

(c) Premium and Claim

The total amount of premium earned on various classes insurance business underwritten during the period has been duly accounted for in the books of account of the Company and while preparing the financial statements of accounts, the effect of re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the period whether due or intimated have also been reflected in order to arrive at the net underwriting profit for the period.

(d) Management Expenses

The management expenses charged to Revenue Account amounting to Tk. 14,60,56,997/= represent approximately 86.52% of gross premium of Tk. 16,88,15,178/= (including public sector business). The said management expenses have been apportioned 54.153%, to fire, 36.92% to marine (cargo), 1.38% to marine (hull), 6.396% to motor, 1.15% to miscellaneous business as per management decision.

(e) Recognition of Tangible Fixed Assets

These are capitalized at the cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use and other related incidental charges. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

(f) Depreciation of Tangible Fixed Assets

In respect of all fixed assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment". Depreciation on Fixed Assets has been charged at a reducing balance method. 12 month's depreciation has been charged on the book value of Fixed Assets at the rates varying from 10% to 20%. Depreciation is charged at the rate shown below:

Depreciation is charged at the rate shown below:

Furniture & Fixture	10%
Office Equipment	15%
Office Decoration	10%
Air Cooler	15%
Motor & Other Vehicles	20%
Computer	30%
Telephone Installation	15%
Crockeries & Cutlery	25%
Electrical Installation	15%
Carpet & Curtain	10%
Other assets	10%

(g) Investment in FDR and Shares

Investment is stated at its cost of acquisition and interest and profit on investment has been accounted for on accrual basis. The Profit and Loss Account reflects income from the investment only to the extent of distributions from accumulated net profit of the investee company in the form of dividend, which is recognized when the company's right to receive payment is established, that is, approved as dividend in the annual general meeting of the said company. Similarly the Profit and Loss Account also reflects the income on account of interest on investment only to the extent of amount which has been accrued but not due.

(h) Inventories

In compliance with the requirement of IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value.

Net realizable value is based on estimated selling price less any further cost expected to be incurred to make the sale.

(i) Sundry Debtors (Including Advance, Deposits and Pre-payments)

These are carried at original invoice amount which represents net realizable value. The entire amount is considered good and collectible and therefore no amount was written off as bad debt and no debt was considered doubtful to be provided for.

(j) Cash and Cash Equivalents

For the purpose of balance sheet and cash flow statement, cash in hand, fixed deposit with other banks, collection in hand, stamp in hand and bank balances represent Cash and Cash Equivalents considering the IAS 1 "Preparation and Presentation of Financial Statements" and IAS 7 "Cash Flow Statement", which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and are not restricted as to use.

(k) Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

(l) Income Tax

The Company is not a Publicly Traded Company as per Income Tax Ordinance, 1984. The Company is subject to the assessment under the Income Tax Ordinance, 1984 and accordingly the assessment of the Income Tax has been completed up to the assessment year 2007-2008.

As per normal practice prevailing in our country, income tax officer sometimes disallows some expenses based on estimates only. As a result, the difference in between the provision for income tax and the assessed tax becomes unavoidable because of timing difference, rate of depreciation in between tax depreciation and the accounting depreciation and other reasons arising from unpredictable disallowed expenses. As the outcome cannot be predicted, it is difficult to make an accurate calculation of deferred tax liability. Deferred tax assets or deferred tax liabilities have been accounted for in accordance with IAS 12 "Income Tax".

Provision for Income Tax

Basis of provision for Income Tax: Net Profit-Reserve for exception loss x tax rate.

(m) Proposed Dividend

15% Stock dividend has been declared during the year under audit.

(n) Leased Assets

The company has acquired vehicles during the year under audit by taking loan from leasing company under lease finance. These assets have not been included in the schedule of fixed assets of the company, because the title of the assets has not eventually been transferred to the lessee. Since the ownership will be transferred at the end of the lease period, the leasing company maintains the list of vehicles in their books of account and charges depreciation accordingly. The lessee only enjoys the benefits of utilization of vehicles and the installments paid to the leasing company are charged to revenue account as "lease rental". Therefore in this regard "BAS-17" is not applicable to the company since the title of the assets has not eventually been transferred to the lessee. This standard applicable to those companies where title of the assets transferred instantly.

(o) Cost of Post Employment Benefits

The Company has not yet introduced the contributory provident fund, unfunded gratuity scheme and a group insurance scheme for its permanent employees.

(p) Other Corporate debt, Accounts Payable, Trade and Other Liabilities

These liabilities are carried at the anticipated settlement amount in respect of policies and services received, whether or not billed by the policyholder and the supplier.

(q) Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(r) Earnings per Share (EPS)

The company calculates earnings per share (EPS) in accordance with IAS 33 earning per share "which has been shown on the face of profit and loss account. The disclosure has been made in the Note-39 in respect of numerator (net profit) and denominator (weighted average number of shares) used in the calculation of basic EPS with necessary computation and reconciliation.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders, as there was no preference dividend, minority interest and extra ordinary items, the net profit for the year has been considered as fully attributable to the ordinary shareholders.

Diluted Earnings per Share

No diluted Earnings per share (EPS) is required to be calculated for the year as there was no scope for dilution during the year under review.

(s) Reserve for exceptional Losses

Provision for exceptional losses has been made during the year under audit.

(t) Share of Public Sector Business

Company's Share of Public Sector business is accounted for in the year in which the complete statement of accounts from Sadharan Bima Corporation (SBC) is received. During the year the company has included 4 (four) quarters of its share of the Public Sector business as confirmed by the Sadharan Bima Corporation (SBC) in the following manner:

Period	Particulars of Quarter	No.
1st July, 2008 to 30th Sep-2008	3rd Quarter-2008	1 (One)
1st Oct, 2008 to 31st December, 2008	4th quarter of 2008	1 (One)
1st January, 2009 to 31st March, 2009	1st quarter of 2009	1 (One)
1st April, 2009 to 30th June, 2009	2nd quarter of 2009	1 (One)
Total		4 (Four)

(u) Recognized Gains and Losses

No gain or loss was directly dealt with through the shareholders equity without being recognized in the profit and loss account.

Therefore, net profit after tax for the year is the total recognized gains.

(v) Historical Cost Profit and Losses

As there was no extra ordinary item, there was no difference in profit from ordinary activities before taxation and the net profit before tax. Furthermore, as there was no revaluation of fixed assets in previous years and during the year under review, there was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost profit and loss has been presented.

(w) Profit and Loss Account

The results for the year were not materially affected by the following:

- (a) transactions of a nature not usually undertaken by the company;
- (b) circumstances of an exceptional or non-recurring nature;
- (c) charges or credits relating to prior years.

7.00 Classified Summary of Assets

The valuation of all assets as at 31st December, 2009 as shown in the Balance Sheet and in the classified summary of assets in Form AA annexed with the report has been reviewed and the said assets have been set-forth in the Balance Sheet at amount not exceeding their realizable or market value in aggregate.

8.00 Financial Instruments and Derivatives

Primary Financial Instruments (Financial Assets and Liabilities)

The disclosure of primary financial instruments carried at the balance sheet date along with the recognition methods and risks involved are summarized in Note 42 in accordance with the provisions of IAS 32 Financial Instruments: "Disclosure and Presentation."

9.00 Derivative Financial Instruments

The Company is not a party to any derivative contract at the balance sheet date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

10.00 Impairment

In accordance with the provisions of IAS 36 : Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss account. No such indication of impairment has been observed till to date.

11.00 Information by Industry Segments and Geographical Area Industry Segment Information

No mention is made because the company does not have any segment other than the insurance business.

Geographic Segment Information

Not applicable as the company does not have any business unit outside Bangladesh.

12.00 Reporting Currency

No Foreign Currency Transactions were transacted during the period and thus the conversion of Foreign Currency into Bangladeshi Taka Currency not required during the year ended 31st December, 2009.

13.00 Comparative Information and Re-Arrangement there of

Comparative information has been disclosed in respect of the year 2009 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements

Figures of the year 2008 have been rearranged whenever considered necessary to ensure comparability with the current year.

14.00 Transactions with Related Parties

The company carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The information as required by IAS 24: Related party disclosures has been disclosed in a separate note to the accounts.

15.00 Events after the Balance Sheet Date

In compliance with the requirements of IAS 10: Events After the Balance Sheet Date, post balance sheet adjusting events that provide additional information about the company's position at the balance sheet date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material

16.00 Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 9th May, 2010.

17.00 Reporting Period

The Financial Statements of the Company cover a year from 1st January, 2009 to 31st December, 2009 consistently.

18.00 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and the Cash Flow from the operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 19 of IAS 7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method".

19.00 Components of the Financial Statements

According to the International Accounting Standards (IAS) 1 "Presentation and Preparation of Financial Statements", the complete set of Financial Statements includes the following components:

- (i) Balance Sheet as at 31st December, 2009
- (ii) Profit & Loss Appropriation Account for the year ended 31st December, 2009;
- (iii) Profit and Loss Account for the year ended 31st December, 2009;
- (iv) Revenue Accounts (Fire, Marine Cargo, Marine Hull, Motor, Miscellaneous Insurance Revenue Account) for the year ended 31st December, 2009;
- (v) Statement of Changes in Equity for the year ended 31st December, 2009;
- (vi) Cash Flow Statement for the year ended 31st December, 2009
- (vii) Accounting Policies and Explanatory Notes.

NOTES TO THE ACCOUNTS

For The Year Ended 31st December, 2009

BALANCE SHEET

CAPITAL AND LIABILITIES

	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
20. AUTHORIZED SHARE CAPITAL	Tk. 20,00,00,000	Tk. 20,00,00,000

The Authorized Share Capital of the Company is Tk. 20,00,00,000/= divided into 20,00,000 Ordinary Shares of Tk. 100/= each.

21. ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Tk. 15,00,00,000	Tk. 15,00,00,000
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15,00,000/15,00,000 Ordinary Shares of Tk. 100/= each
Issued, Subscribed and Fully Paid up by the
Shareholders

15,00,00,000	15,00,00,000
15,00,00,000	15,00,00,000

22. RESERVE OR CONTINGENCY ACCOUNT	Tk. 7,05,09,491	Tk. 5,36,06,937
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This is made up as follows:

22.01 Reserve for Exceptional Losses Account	Tk. 5,99,80,184	Tk. 4,30,98,667
22.02 Capital Reserve Account	Tk. 29,46,881	Tk. 14,98,959
22.03 General Reserve Account	Tk. 75,00,000	Tk. 60,00,000
Profit & Loss Appropriation Account	Tk. 82,426	Tk. 30,09,311
	Tk. 7,05,09,491	Tk. 5,36,06,937

22.01 RESERVE FOR EXCEPTIONAL LOSSES ACCOUNT	Tk. 5,99,80,184	Tk. 4,30,98,667
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This is made up as follows:

Particulars	Amount (Tk.) 2009	Amount (Tk.) 2008
Balance brought forward	4,30,98,667	2,38,85,985
Add: Provision during the year (10% on Premium Income)	1,68,81,517	1,92,12,682
Total	5,99,80,184	4,30,98,667

This represents profit set-aside up to the year under review as expenses to meet exceptional losses. This reserve has been created as per requirement of paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.

22.02 CAPITAL RESERVE ACCOUNT	Tk. 29,46,881	Tk. 14,98,959
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This represents gain arisen from the sale of motor car has been transferred to capital reserve account.

Particulars	Amount (Tk.) 2009	Amount (Tk.) 2008
Balance brought forward	14,98,959	0
Add: during the year	14,47,922	14,98,959
Total	29,46,881	14,98,959

- 22.03 **GENERAL RESERVE ACCOUNT** **Tk. 75,00,000** **Tk.60,00,000**
This represents the profits set-aside out of profit of the year under review.

Particulars	Amount (Tk.) 2009	Amount (Tk.) 2008
Balance brought forward	60,00,000	0
Add: during the year	15,00,000	60,00,000
Total	75,00,000	60,00,000

23. **BALANCE OF FUNDS AND ACCOUNTS** **Tk. 3,98,52,610** **Tk. 4,36,74,612**

This represents Reserve for un-expired risks provided against the Net Premium Income of the year at the rates varying from 40% to 100% on different classes of business including Public Sector Business as shown below:

CLASSES OF BUSINESS	PERCENTAGE	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Fire	40%	1,56,79,369	1,59,15,494
Marine Cargo	40%	1,91,07,148	2,47,47,341
Marine Hull	100%	11,85,012	4,71,636
Motor	40%	32,85,980	18,54,996
Miscellaneous	40%	5,95,101	6,85,145
TOTAL		3,98,52,610	4,36,74,612

24. **OTHER SUMS OWING (PREMIUM DEPOSITS ACCOUNT)** **Tk 61,05,276** **Tk. 61,72,137**

Balance on this account represents premium received against cover notes issued on account of Marine Cargo for which no policy has been issued within 31st December, 2009.

25. **ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED** **Tk. 1,78,59,917** **Tk. 2,62,93,580**

The break up of the above amount is noted below:

CLASSES OF BUSINESS	PRIVATE SECTOR	PUBLIC SECTOR	TOTAL 2009	TOTAL 2008
Fire	1,11,80,883	0	1,11,80,883	1,27,88,130
Marine Cargo	34,16,310	0	34,16,310	99,02,614
Marine Hull	0	0	0	0
Motor	32,62,724	0	32,62,724	36,02,836
Miscellaneous	0	0	0	0
Total	1,78,59,917	0	1,78,59,917	2,62,93,580

26. **AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** **Tk. 4,81,00,866** **Tk. 3,09,27,414**

This represents balance of account with public sectors in respect of co-insurance transactions and amount payable to co-insurance. The break up of the above amount is noted below:

NAME OF THE PERSON OR BODIES	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Sadharan Bima Corporation	4,81,00,866	3,09,27,414
Total	4,81,00,866	3,09,27,414

27. **SUNDRY CREDITORS** Tk. 37,64,794 Tk. 1,65,20,616
-Including Provision for Expenses

The balance is made as under:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Share Application Money	22,06,646	1,41,38,071
VAT	10,27,572	10,48,660
IPO Expenses	0	2,01,934
Unpaid Dividend	0	4,95,000
Liabilities for Expenses	4,24,576	6,11,951
Earnest Money	56,000	0
Audit Fee	50,000	25,000
Total	37,64,794	1,65,20,616

28. **PROVISION FOR INCOME TAX** Tk. 1,83,24,243 Tk. 1,44,43,633
This is made up as follows:

Particulars	Amount (Tk.)	Amount (Tk.)
Balance brought forward	1,44,43,633	63,46,376
Add: Provision during the year 2009	35,19,924	56,40,503
Add: Provision for Deferred Tax	3,60,686	-
Add: Arrear provision for the year 2005	-	24,56,754
Total	1,83,24,243	1,44,43,633

29. **PROPOSED DIVIDEND** Tk. 2,25,00,000 Tk. 0

The Board of Directors recommended @ 15% stock Dividend for the year ended 31st December-2009.

Particulars	Amount (Tk.)	Amount (Tk.)
15% Stock dividend	2,25,00,000	0
Total	2,25,00,000	0

30. **PROPERTY AND ASSETS**
INVESTMENT AT COST Tk. 6,23,97,780 Tk. 4,28,08,834

This is made up as follows:

30.01 NIB Deposit with Bangladesh Bank	Tk. 90,00,000	Tk. 90,00,000
30.02 Investment in Shares	Tk. 5,33,97,780	Tk. 3,38,08,834
	Tk. 6,23,97,780	Tk. 4,28,08,834

- 30.01 **NIB DEPOSIT WITH BANGLADESH BANK** Tk. 90,00,000 Tk. 90,00,000

The above amount represents the value of 3 (Three) years National Investment Bonds at cost held with Bangladesh Bank according to the provision of Section 7 (I) of Insurance Act (Act IV of 1938 and 7th Schedule item 2 (f) of the said Act (Section 17 of the Insurance Amendments Ordinance, 1984) as detailed below:

PARTICULARS	AMOUNT (IN TK.) 2009	AMOUNT (IN TK.) 2008
9 Nos. of 3 (Three) years National Investment Bonds at a Face Value of Tk. 10,00,000 of each vide No. ৬৮-০০২৪৪-৫৫, ৬৮-০০০০৫৭	90,00,000	90,00,000

30.02 INVESTMENT IN SHARE**Tk. 5,33,97,780 Tk. 3,38,08,834**

The above amount represents the total Cost Price of Investment in Shares of various listed Company as on 31st December, 2009. This is made up as follows:

Name of the Company	Market Price as on 31-12-09	Nos. of Share	Average Cost Price (Tk.)	Total Value (Tk.)	Market Value as on 31-12-09
IBBL	591	1,12,013	203.40	2,27,83,847.33	6,61,99,683
Square Pharma	2,876.25	1,750	2,612.47	45,71,824.62	50,33,437
Fareast Islami Life Insurance Ltd	2,599.50	400	2,250.09	9,00,034.17	10,39,800
First Security Islami Bank Ltd.	218.75	8,000	189.48	15,15,879.15	17,50,000
ACI	446.90	14,000	445.06	62,30,778.89	62,56,600
Social Islami Bank Ltd	308	500	236.88	1,18,439.57	1,54,000
ACI Formula	171.20	27,100	192.65	52,20,713.70	46,39,520
Al-Arafah Islami Bank Ltd.	536.25	9,735	351.28	34,19,702.75	52,20,394
Power Grid Ltd.	723.25	4,150	697.17	28,93,241.10	30,01,487
Titas Gas	686.50	7,000	704.35	49,30,454.62	48,05,500
GP	187.50	4,600	176.71	8,12,864.10	8,62,500
Total				5,33,97,780	9,89,62,921

31.00 PROFIT, INTEREST DIVIDEND & RENTS (ACCRUED BUT NOT DUE)**Tk. 56,47,199****Tk. 74,63,629**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Profit Accrued on TDR	21,12,809	40,44,908
Interest on FDR	15,32,815	21,82,186
Interest Accrued on 3 (Three) years NIB	20,01,575	12,36,575
Total	56,47,199	74,63,629

32.00 AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS**Tk. 3,61,11,612****Tk. 3,05,91,760**

The break up of the above amount is noted below:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Sadharan Bima Corporation (SBC)	3,61,11,612	3,05,91,760
Total	3,61,11,612	3,05,91,760

33.00 SUNDRY DEBTORS (Including Advances, Deposits & Prepayments)**Tk. 2,44,09,993****Tk. 1,66,69,049**

The break up of the above is as under:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Advance against Salary	13,374	7,374
Advance against Office Rent	20,57,820	15,87,190
Advance Income Tax	2,00,88,277	1,29,57,722
Lease Deposits	6,71,945	8,33,915
Advance VAT Payment	7,08,903	4,94,275
R.R. Securities Ltd.	301	(43,868)
IBBL Brokerage House	2173	0
Commission Receivable	7,17,200	6,82,441
Central Shariah Council	1,50,000	1,50,000
Total	2,44,09,993	1,66,69,049

34.00 **CASH AND BANK BALANCES**

Tk.23,63,98,194 Tk. 23,01,33,331

The above amount is made up as follows:

PARTICULARS	AMOUNT IN TK. 2009	AMOUNT IN TK. 2008
Term Deposit Accounts	14,44,50,000	12,90,50,000
Fixed Deposit Receipt	5,12,00,000	3,83,00,000
Short Term Deposit Account	3,59,08,393	5,62,87,557
Current Account	15,56,770	13,92,360
Cash in Transit	3,50,000	1,80,000
Cash in hand	29,33,031	49,23,414
Total	23,63,98,194	23,01,33,331

35.00 **OTHER ACCOUNTS**

Tk. 1,20,52,419 Tk. 1,39,72,326

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
(a) Fixed Assets -At Cost Less Depreciation	56,94,550	59,49,699
(b) Stock of Printing & Stationery	3,10,100	2,72,500
(c) Insurance Stamp in hand	5,66,357	4,41,577
(d) IPO Expenses	54,81,412	73,08,550
Total	1,20,52,419	1,39,72,326

(a) **FIXED ASSETS**

Tk. 56,94,550 Tk. 59,49,699

At Cost Less Depreciation

This is made up as under:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Cost as on 01-01-2009/01-01-2008	1,11,88,398	1,07,86,448
Add: Addition during the year	5,76,858	4,14,780
	1,17,65,256	1,12,01,228
Less: Disposal during the year	0	12,830
	1,17,65,256	1,11,88,398
Depreciation as on 01-01-2009/01-01-2008	52,38,699	43,52,444
Add: Depreciation charged during the year	8,32,007	8,90,874
	60,70,706	52,43,318
Less: Adjustment during the year	0	4,619
	60,70,706	52,38,699
Balance as on 31-12-2009/31-12-2008	56,94,550	59,49,699

(b) **STOCK OF PRINTING & STATIONERY**

Tk. 3,10,100 Tk. 2,72,500

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Balance as on 01-01-2009/01-01-2008	2,72,500	2,22,500
Add: Purchase during the year	10,06,215	8,13,177
	12,78,715	10,35,677
Less: Consumption during the year	9,68,615	7,63,177
Balance as on 31-12-2009/31-12-2008	3,10,100	2,72,500

(c) **INSURANCE STAMPS IN HAND** Tk. 5,66,357 Tk. 4,41,577

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Balance as on 01-01-2009/01-01-2008	4,41,577	89,422
Add: Purchase during the year	80,84,530	79,11,000
	85,26,107	80,00,422
Less: Consumption during the year	79,59,750	75,58,845
Balance as on 31-12-2009/31-12-2008	5,66,357	4,41,577

(d) **IPO EXPENSES** Tk. 54,81,412 Tk. 73,08,550

This represents the expenses for Tk. 91,35,688 incurred for initial public issue (IPO) of shares of the company during the year, 2008. The board of Directors has recommended for written off the stated expenditure within 5 (five) years, i.e. @ 20% in each year and as such an amount of Tk. 18,27,138 has been written off during the year under review. This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Balance as on 01-01-2009/01-01-2008	73,08,550	80,000
Add: During the year	0	90,55,688
	73,08,550	91,35,688
Less: IPO Expenses written off	18,27,138	18,27,138
Balance as on 31-12-2009/31-12-2008	54,81,412	73,08,550

36.00 **PROFIT, INTEREST, DIVIDENDS & RENTS** Tk. 1,72,57,214 Tk. 2,86,65,038

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Profit on SND Account	9,13,171	1,68,84,197
Profit on TDR	1,04,20,938	68,15,587
Interest on FDR	40,19,024	19,07,274
Bonus, Dividend Received on Shares	10,23,046	22,16,912
Interest accrued on 3 (three) year's NIB	7,65,000	7,65,000
Interest on STD Account	1,16,035	76,066
Total	1,72,57,214	2,86,65,036

We are told by the management that the interest due, received and accrued mentioned above will be transferred to Takaful Foundation in the subsequent period as and when the Takaful Foundation will be established.

37.00 **OTHER INCOME** Tk1,58,17,651 Tk. 20,28,018

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Miscellaneous Income	0	1,000
Profit on Sale of Motor Car	0	12,830
Capital Gain on Sales of Shares	1,58,17,651	20,14,188
Total	1,58,17,651	20,28,018

38.00 ALLOCATION OF MANAGEMENT EXPENSES
(Applicable to Fund)

Tk. 7,57,30,845 Tk. 5,77,88,577

NAME OF BUSINESS	APPORTIONED EXPENSES	DIRECT CHARGE	AMOUNT TK. 2009	AMOUNT TK. 2008
Fire	3,98,04,366	5,54,391	4,03,58,757	2,64,88,608
Marine Cargo	2,71,37,356	8,42,411	2,79,79,767	2,60,72,050
Marine Hull	10,15,009	52,410	10,67,419	5,97,026
Motor	47,01,542	73,415	47,74,957	28,45,680
Miscellaneous	8,45,396	7,04,549	15,49,945	17,85,213
Total	7,35,03,669	22,27,176	7,57,30,845	5,77,88,577

The Head wise breakup of the above amount is given below:

HEAD OF ACCOUNT	AMOUNT (TK.) 2009	AMOUNT (TK.) 2008
Salary & Allowances	4,75,71,684	3,52,22,229
Festival Bonus	44,57,962	24,72,602
Conveyance	15,27,093	15,22,216
Traveling	64,676	52,120
Office Rent	39,93,329	33,40,560
Gas, Water & Electricity	6,61,461	6,17,447
Electrical Expenses	22,385	20,410
Office Maintenance	1,80,980	84,111
Car Repair & Maintenance	13,22,818	9,11,709
Car Fuel	11,39,738	8,39,538
Entertainment	6,85,950	4,76,043
Meeting Expenses	5,00,040	2,68,849
Seminar & Training Expenses	30,000	15,500
Bank Charges & Commission	4,85,275	3,66,547
Postage & Courier	1,52,254	1,13,235
Printing	5,18,680	5,40,677
Stationery	4,87,535	4,73,447
Papers & Periodicals	99,028	1,00,564
Internet, Telex & Fax Bill	12,363	9,522
Photocopy & Typing Bill	1,20,973	98,967
Telephone Bill (Office)	6,84,765	10,03,243
Telephone Bill (Residence)	90,875	94,051
Mobile Bill	8,53,244	8,20,149
Lease Rental	60,08,641	48,03,740
Service Charge	3,42,062	3,30,360
AGM Expense	6,26,471	0
Group Insurance Premium	94,149	0
Revenue Stamp	1,78,533	1,67,063
Repair & Maintenance (Office)	1,60,267	59,450
Branch Manager Conference Expenses	1,97,250	1,23,300
Annual Listing Fee	2,04,000	0
Accounting & Underwriting Software	20,000	30,000
CDBL Charge & Commission	9,188	1,34,408
Total	7,35,03,669	5,51,12,057

39.00 Earnings Per Share (EPS) as per IAS 33

Basic Earnings per Share (EPS)

$$\text{Basic EPS} = \frac{\text{Earnings Attributable to Ordinary Shareholders (Net profit after tax)}}{\text{Weighted Average No. of Shares Outstanding during the year}}$$

Computation of Earnings Attributable to Ordinary Shareholders:

Net profit before tax	Tk. 4,18,35,242	Tk. 3,59,16,022
Less: Provision for tax	Tk. 35,19,924	Tk. 56,40,503
	Tk. 3,83,15,318	Tk. 3,02,75,519
Less: Provision for Deferred Tax	Tk. 3,60,686	-
Net profit After tax	Tk. 3,79,54,632	Tk. 3,02,75,519

$$\begin{aligned} &= \frac{\text{Tk. 3,79,54,632}}{15,00,000 \text{ Shares}} = \frac{\text{Tk. 3,02,75,519}}{8,36,066 \text{ Shares}} \\ &= \text{Tk. 25.30 approx.} = \text{Tk. 36.21 approx.} \end{aligned}$$

Computation of weighted average number of Shares Outstanding.

Date	No. of Shares Issued	Period	Days	Weight	Weighted average no.
Opening	6,00,000	01-01-2008-31-12-2008	366	366/366	6,00,000
25-09-2008	9,00,000	25-09-2008-31-12-2008	96	96/366	2,36,066
Total	15,00,000				8,36,066

INTRINSIC VALUE OR NET ASSETS VALUE

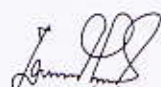
Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost (NIB)	90,00,000.00
Investment in Shares	5,33,97,780.00
Interest Accrued but not due	56,47,199.00
Amount due from other persons or bodies carrying on Insurance Business	3,61,11,612.00
Sundry Debtors (Including Advances, Deposits & Prepayments)	2,44,09,993.00
Cash and Bank Balances	23,63,98,194.00
Other Accounts (Fixed Assets & Stock of Stationery, Stamps)	65,71,007.00
Total	37,15,35,785.00
B. LIABILITIES:	
Balance of Funds and Accounts	3,98,52,610.00
Other Sums Owing (Premium Deposit Account)	61,05,276.00
Estimated Liabilities in respect of outstanding claims whether due or intimated	1,78,59,917.00
Amount due to other persons or bodies carrying on Insurance Business	4,81,00,866.00
Sundry Creditors (Including provision for expenses and Taxes)	37,64,794.00
Provision for Income Tax	1,79,63,557.00
Provision for Deferred Tax	3,60,686.00
Total	13,40,07,706
Net Assets (A-B)	23,75,28,079
No. of Shares	15,00,000
Intrinsic Value / Net Assets Value per Share	158.35

Schedule of Fixed Assets as at 31st December - 2009

Sl. No.	Particulars	Original Cost			Rate on Deposit	Depreciation			Written Down Value as on 31-12-2009
		Balance as on 01-01-2009	Addition During the Year	Adjustment		Charged During the Year	Adjustment	Total as on 31-12-2009	
1	Furniture & Fixture	2,118,454.00	219,095.00		10%	138,230.00		983,931.00	1,353,518.00
2	Office Equipment	1,057,574.00	12,500.00		15%	75,401.00		636,553.00	433,521.00
3	Office Decoration	3,474,672.00	24,615.00		10%	212,402.00		1,575,362.00	1,923,925.00
4	Air Cooler	913,571.00	107,500.00		15%	65,683.00		596,120.00	425,951.00
5	Motor & Other Vehicles	1,413,864.00	48,808.00		20%	121,203.00		953,458.00	509,214.00
6	Computer	442,350.00	83,475.00		30%	88,530.00		277,516.00	248,309.00
7	Telephone Installation	1,272,994.00	63,340.00		15%	97,357.00		752,977.00	583,357.00
8	Crockeries & Cutleries	42,959.00	9,175.00		25%	4,277.00		34,714.00	17,420.00
9	Electrical Installation	303,951.00	6,800.00		15%	19,577.00		196,413.00	114,338.00
10	Carpet & Curtain	34,250.00	-		10%	1,819.00		17,861.00	16,389.00
11	Other Assets	113,759.00	1,550.00		10%	7,528.00		46,781.00	68,528.00
	Total	11,188,398.00	576,858.00	-		832,007.00	-	6,070,706.00	5,694,550.00

FORM "AA"
Classified Summary Of Assets
As At 31st December, 2009

CLASS OF ASSETS	BOOK VALUE
Deposit with Bangladesh Bank (National Investment Bond)	9,000,000.00
Investment in Shares	53,397,780.00
Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank	233,465,163.00
Cash in Hand	2,933,031.00
Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due	5,647,199.00
Sundry Debtors Including Advances, Deposits & Prepayments	24,409,993.00
Stock of Printing and Stationery	310,100.00
Stamps in Hand	566,357.00
Fixed Assets (At Cost less Depreciation)	5,694,550.00
Amount due from Other Persons or Bodies Carrying on Insurance Business	36,111,612.00
Total	371,535,785.00



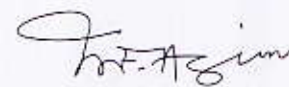
Md. Zainul Huda
Managing Director



Mohammad Nurul Islam
Director



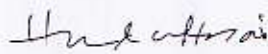
Md. Mofiz Uddin
Vice-Chairman



Prof. Md. Fazle Azim
Chairman

As per report of even date

Place: Dhaka, Bangladesh
Dated: 9th May, 2010.


(HUDA HOSSAIN & CO.)
Chartered Accountants