

Auditors' Report to the Shareholders

We have audited accompanying financial statements of TAKAFUL ISLAMI INSURANCE LIMITED which comprise of Balance Sheet as at 31st December, 2011 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 and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31st December, 2011 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, 2010, 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) As per Section 63 of the Insurance Act 2010 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 and whether incurred directly or indirectly with respect to insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related revenue accounts and the profit and loss accounts of the company; and
- (vi) As per regulation 11 of part 1 of the third Schedule of the Insurance Act 1938 as amended, we certify that to the best of information and as shown by its books, the company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Place: Dhaka, Bangladesh
Dated: April 25, 2012



(HUDA HOSSAIN & CO.)
Chartered Accountants

Balance Sheet as at 31st December, 2011

CAPITAL AND LIABILITIES	NOTE NO.	BALANCE AS AT 31ST DEC., 2011	BALANCE AS AT 31ST DEC., 2010
AUTHORIZED CAPITAL	03	1,000,000,000	200,000,000
10,00,00,000 Ordinary Shares of Tk. 10.00 each			
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	03.01	198,375,000	172,500,000
1,98,37,500 Ordinary Shares of Tk. 10.00 each			
RESERVE OR CONTINGENCY ACCOUNT	04	145,253,811	104,186,211
Reserve For Exceptional Losses		85,802,178	72,343,726
Capital Reserve		2,946,881	2,946,881
General Reserve		21,023,000	19,700,000
Dividend Equalization Reserve		9,000,000	9,000,000
Balance of Profit & Loss Appropriation Account		26,481,752	195,604
BALANCE OF FUNDS AND ACCOUNTS	05	54,481,733	49,702,019
Fire Insurance Business Account		15,963,752	14,872,857
Marine Cargo Insurance Business Account		31,913,635	28,155,164
Marine Hull Insurance Business Account		1,079,875	413,085
Motor Insurance Business Account		5,096,251	5,459,941
Miscellaneous Insurance Business Account		428,220	800,972
OTHER SUM OWING (PREMIUM DEPOSIT)	06	10,947,713	8,054,775
LIABILITIES & PROVISIONS		112,274,368	130,041,405
Estimated Liabilities in respect of Outstanding Claims whether due or intimated	07	9,018,096	10,962,747
Amount due to other persons or bodies carrying on Insurance Business	08	54,524,997	61,019,799
Sundry Creditors	09	4,525,619	4,057,041
Provision for Income Tax	10	44,205,656	28,126,818
Proposed Dividend		-	25,875,000
TOTAL CAPITAL AND LIABILITIES		521,332,625	464,484,410

The annexed notes form an integral part of these Financial Statements

These financial statements were approved and authorized for issue by the board of directors on 15-04-2012 and signed for and on behalf of the Board.



Md. Zainul Huda
Managing Director



Masudul Haque
Director



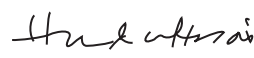
Mohammad Nurul Islam
Director



Prof. Md. Fazle Azim
Chairman

Signed as per our annexed report of even date

Place: Dhaka, Bangladesh
Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants

Balance Sheet as at 31st December, 2011

PROPERTY AND ASSETS	NOTE NO.	BALANCE AS AT 31ST DEC., 2011	BALANCE AS AT 31ST DEC., 2010
INVESTMENT -AT COST	11	94,080,635	100,574,140
Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond		9,000,000	9,000,000
Investment In Shares		85,080,635	91,574,140
PROFIT, INTEREST, DIVIDENDS & RENTS (Accrued but not Due)	12	12,744,861	8,252,395
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	13	28,333,840	41,676,048
SUNDRY DEBTORS (Including Advances, Deposits & Pre-payments)	14	31,788,918	28,358,022
CASH & BANK BALANCES	15	341,624,767	270,388,064
Term / Fixed Deposit Account		282,900,000	217,100,000
STD Account		49,808,577	44,109,217
Current Account		2,448,376	5,389,426
Cash in Transit		-	100,000
Cash in Hand		6,467,814	3,689,421
OTHER ACCOUNTS	16	12,759,604	15,235,741
Fixed Assets - At Cost Less Depreciation		10,311,062	10,435,411
Stock of Printing & Stationery		380,200	345,600
Insurance Stamps in Hand		241,206	800,456
Deferred IPO Expenses		1,827,136	3,654,274
TOTAL PROPERTY AND ASSETS		521,332,625	464,484,410

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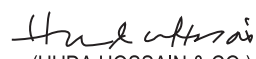
Mohammad Nurul Islam
Director



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Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants

Profit and Loss Account

For The Year Ended 31st December, 2011

PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
EXPENSES OF MANAGEMENT (Not Applicable to any Particular Fund or Account)		8,530,298	7,013,754	Profit, Interest, Dividends & Rents (Not Applicable to any particular Fund or Account)	17	29,365,441	24,937,267
Director's Fee		343,000	347,000	Other Income	18	123,473	35,051,429
Advertisement & Publicity		1,503,810	2,387,127				
Subscription & Donation		1,012,000	686,525	PROFIT /(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS		36,187,822	16,379,353
Legal & Professional Fees		112,908	100,000	Fire Revenue Account		823,687	354,544
IPO Expenses Written Off		1,827,138	1,827,138	Marine Cargo Revenue Account		34,950,761	16,124,187
Registration & Renewal		1,846,364	345,552	Marine Hull Revenue Account		(375,928)	572,106
Depreciation		1,726,328	1,295,412	Motor Revenue Account		(375,757)	(1,365,936)
Audit Fee		158,750	25,000	Miscellaneous Revenue Account		1,165,059	694,452
Net Profit Transferred to Profit & Loss Appropriation Account		57,146,438	69,354,295				
TOTAL		65,676,736	76,368,049			65,676,736	76,368,049
Basic Earning Per Share (Value Per Share Tk. 10/- each)	20	2.07	3.45				

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Managing Director



Masudul Haque
Director




Mohammad Nurul Islam
Director



Prof. Md. Fazle Azim
Chairman

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Place: Dhaka, Bangladesh
Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants

Profit and Loss Appropriation Account

For The Year Ended 31st December, 2011

PARTICULARS	2011 TAKA	2010 TAKA	PARTICULARS	2011 TAKA	2010 TAKA
Balance brought from last year	-	-	Balance brought from last year	195,604	82,426
Reserve for Exceptional losses	13,458,452	12,363,542	Net Profit for the year	57,146,438	69,354,295
Provision for Taxation	16,271,725	9,802,575	Deferred Tax Income	192,887	
General Reserve	1,323,000	12,200,000			
Dividend Equalization Reserve	-	9,000,000			
Proposed Dividend	-	25,875,000			
Balance Transferred to Balance Sheet	26,481,752	195,604			
TOTAL	57,534,929	69,436,721		57,534,929	69,436,721

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Masudul Haque
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Mohammad Nurul Islam
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Prof. Md. Fazle Azim
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Place: Dhaka, Bangladesh
Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants

Fire Insurance Revenue Account

For The Year Ended 31st December, 2011


PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		6,377,510	12,136,837	Balance of Account at the beginning of the year		14,872,857	15,679,369
Add: Total estimated liability in respect of Outstanding claims at the end of the year whether due or intimated		5,027,448	3,545,622	Premium Less Re-Insurance		39,909,380	37,182,142
		11,404,958	15,682,459	Commission on Re-insurance ceded		25,517,236	19,585,063
Less: Outstanding at the end of previous year		(3,545,622)	(11,180,883)				
		7,859,336	4,501,576				
Agency Commission		18,546,339	16,282,552				
Expenses of Management		37,106,359	36,435,045				
Reserve for un-expired risks being 40% of Premium Income of the year	19	15,963,752	14,872,857				
Profit transferred to Profit & Loss Account		823,687	354,544				
TOTAL		80,299,473	72,446,574			80,299,473	72,446,574


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Masudul Haque
 Director


Mohammad Nurul Islam
 Director


Prof. Md. Fazle Azim
 Chairman

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(HUDA HOSSAIN & CO.)
 Chartered Accountants

Place: Dhaka, Bangladesh
 Dated: April 25, 2012

Marine Cargo Insurance Revenue Account

For The Year Ended 31st December, 2011


PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
CLAIMS UNDER THE POLICIES							
LESS RE-INSURANCE:							
Paid during the year		455,298	3,664,564	Balance of Account at the beginning of the year		28,155,164	19,107,148
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		892,568	3,740,155	Premium less Re-Insurance		79,784,087	70,387,911
		1,347,866	7,404,719				
		(3,740,155)	(3,416,310)	Commission on re-insurance ceded		5,540,360	5,340,065
Less: Outstanding at the end of previous year		(2,392,289)	3,988,409				
Agency Commission		13,258,310	11,646,871				
Expenses of Management		35,749,194	34,920,493				
Reserve for un-expired risks being 40% of premium income of the year	19	31,913,635	28,155,164				
Profit transferred to Profit & Loss A/C		34,950,761	16,124,187				
TOTAL		113,479,611	94,835,124			113,479,611	94,835,124


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Md. Zainul Huda
 Managing Director


Masudul Haque
 Director


Mohammad Nurul Islam
 Director


Prof. Md. Fazle Azim
 Chairman

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 (HUDA HOSSAIN & CO.)
 Chartered Accountants

Place: Dhaka, Bangladesh
 Dated: April 25, 2012

Marine Hull Insurance Revenue Account

For The Year Ended 31st December, 2011


PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		19,680	6,786	Balance of Account at the beginning of the year		413,085	1,185,012
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		-	-	Premium Less Re-Insurance		1,079,875	413,085
Less: Outstanding at the end of previous year		19,680	6,786	Commission on re-insurance ceded		412,506	212,862
Agency Commission		19,680	6,786				
Expenses of Management		317,018	197,524				
Reserve for un-expired risks being 100% of premium income of the year	19	864,821	621,458				
Profit/(Loss) Transferred to Profit & Loss Account		1,079,875	413,085				
		(375,928)	572,106				
TOTAL		1,905,466	1,810,959			1,905,466	1,810,959


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Md. Zainul Huda
 Managing Director

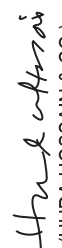

Masudul Haque
 Director


Mohammad Nurul Islam
 Director


Prof. Md. Fazle Azim
 Chairman

Signed as per our annexed report of even date

Place: Dhaka, Bangladesh
 Dated: April 25, 2012


 (HUDA HOSSAIN & CO.)
 Chartered Accountants

Motor Insurance Revenue Account

For The Year Ended 31st December, 2011

PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:				Balance of Account at the beginning of the year		5,459,941	3,285,980
Paid during the year		6,238,798	3,541,132	Premium Less Re-Insurance		12,740,626	13,649,853
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		3,098,080	3,676,970	Commission on re-insurance ceded		991,202	351,850
Less : Outstanding at the end of previous year		9,336,878	7,218,102				
		(3,676,970)	(3,262,724)				
Agency Commission		5,659,908	3,955,378				
Expenses of Management		2,943,821	2,864,715				
Reserve for un-expired risks being 40% of premium income of the year	19	5,867,546	6,373,585				
Profit/(Loss) transferred to Profit & Loss Account		5,096,251	5,459,941				
TOTAL		19,191,769	17,287,683			19,191,769	17,287,683


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Masudul Haque
 Director


Mohammad Nurul Islam
 Director


Prof. Md. Fazle Azim
 Chairman

Signed as per our annexed report of even date


HUDA HOSSAIN
 Chartered Accountants

Place: Dhaka, Bangladesh
 Dated: April 25, 2012

Miscellaneous Insurance Revenue Account

For The Year Ended 31st December, 2011

PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA	PARTICULARS	NOTE NO.	2011 TAKA	2010 TAKA
CLAIMS UNDER THE POLICIES							
LESS RE-INSURANCE:							
Paid during the year		44,527	22,094	Balance of Account at the beginning of the year		800,972	595,101
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		-	-	Premium Less Re-Insurance		1,070,550	2,002,430
Less: Outstanding at the end of previous year		44,527	22,094	Commission on Re-insurance ceded		1,681,929	1,529,784
		-	-				
Agency Commission		44,527	22,094				
Expenses of Management		294,780	455,886				
Reserve for un-expired risks being 40% of Miscellaneous and Accident	19	1,620,865	2,153,911				
Premium Income of the year		428,220	800,972				
Profit Transferred to Profit and Loss Account		1,165,059	694,452				
TOTAL		3,553,451	4,127,315			3,553,451	4,127,315

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Md. Zainul Huda
Managing Director



Masudul Haque
Director

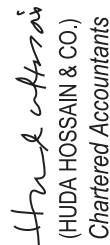


Mohammad Nurul Islam
Director



Prof. Md. Fazle Azim
Chairman

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(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: April 25, 2012

Statement of Changes In Equity

For The Year Ended 31st December, 2011

Particulars	Share Capital	Capital Reserve	General Reserve	Dividend Equalization Reserve	Reserve for Exceptional Losses	Retained Earnings	Total Shareholders Equity
At the beginning of the year	172,500,000	2,946,881	19,700,000	9,000,000	72,343,726	195,604	276,686,211
Addition during the year	25,875,000	-	-	-	-	-	25,875,000
Capital Reserve	-	-	-	-	-	-	-
General Reserve	-	-	1,323,000	-	-	(1,323,000)	-
Dividend Equalization Reserve	-	-	-	-	-	-	-
Reserve for Exceptional Losses	-	-	-	-	13,458,452	(13,458,452)	-
Net Profit for the year	-	-	-	-	-	41,067,600	41,067,600
At the end of the year	198,375,000	2,946,881	21,023,000	9,000,000	85,802,178	26,481,752	343,628,811

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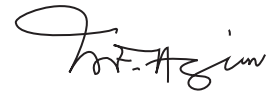
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Place: Dhaka, Bangladesh
Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants

Cash Flow Statement

For The Year Ended 31st December, 2011

PARTICULARS	BALANCE AS ON 31 ST DECEMBER, 2011	BALANCE AS ON 31ST DECEMBER, 2010
Cash Flows from Operating Activities		
Collection From Premium & Other income	206,491,007	202,352,251
Payment for management expenses, Re-insurance, Claim & Commission	(137,290,335)	(120,323,577)
Cash Generated from Operations	69,200,672	82,028,674
Dividend Paid	-	-
Income Tax Paid & Deducted at Source	(2,855,496)	(3,826,171)
Net Cash Generated from Operating Activities	66,345,176	78,202,503
Cash Flows from Investing Activities		
Investment in Bonds / Shares	6,493,505	(38,176,360)
Acquisition of Property, Plant & Equipments etc.	(1,666,406)	(6,086,961)
Disposal of Property, Plant and Equipments	64,428	50,688
Net Cash used in Investing Activities	4,891,527	(44,212,633)
Cash Flows from Financing Activities		
Proceeds from Issuing of Shares	-	-
Proceeds from Short Term Borrowing	-	-
Re-payment of Short Term Loan	-	-
Re-payment of Long Term Loan	-	-
Net Cash Generated/(Used) in Financing Activities	-	-
Net Increase in Cash and Bank Balances	71,236,703	33,989,870
Cash and Bank Balances at Beginning of Year	270,388,064	236,398,194
Cash and Bank Balances at End of Year	341,624,767	270,388,064

Net operating cash flow per share

Net operating cash flow

Number of share

2011

2010

66,345,176

7,82,02,503

19,837,500

1,72,50,000

3.34

4.53

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(HUDA HOSSAIN & CO.)
Chartered Accountants

Place: Dhaka, Bangladesh
Dated: April 25, 2012

Accounting Policies and Explanatory Notes

For The Year Ended 31st December, 2011

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".

1.0 The company & its Activities:

1.1 Status of the company: 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.

1.2 Address of Registered Office: The registered office of the Company is located at 42, Dilkusha Commercial Area, 7th Floor, Dhaka -1000

1.3 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.

1.4 Number of Employees:

There were 901 employees at the year ended 31st December, 2011.

Sl.No.	Particulars	No. of Employees
(i)	Managing Director	01
(ii)	Assistant Managing Director	05
(iii)	Senior General Manager	02
(iv)	General Manager	15
(vi)	Senior Deputy General Manager	13
(vi)	Deputy General Manager	40
(vii)	Senior Assistant General Manager	02
(viii)	Other Employees	823
	Total	901

2.00 Summary of significant accounting policies and basis of presenting financial statements:

2.01 Basis of preparation of 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).

2.02 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).

2.03 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 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.

2.04 Adoption of International Accounting Standards (IASs)

In preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following IASs have been implemented by the company. Which were issued by the ICAB formulated in the light of the IASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

IAS I Presentation of Financial Statements

IAS 2 Inventories

IAS 7 Cash Flow Statements

IAS 10 Events after the Balance Sheet Date

IAS 12 Income Tax

IAS 16 Property, Plant and Equipment

IAS 17 Lease

IAS 18 Revenue

IAS 24 Related Parties

IAS 33 Earnings Per Share

IAS 36 Impairment of Assets

2.05 Specific Accounting Policies Selected and Applied for Significant Transactions and Events

The specific accounting policies selected and applied by the Company's Directors for significant transactions and events that have material effect within the framework of IAS 1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS 1 "Preparation and Presentation of Financial Statement"

(a) Revenue Recognition

Revenue represents invoiced value of policies. Revenue is recognized when policies are made. Invoices were made after satisfying the following conditions as prescribed by IAS 18 "Revenue Recognition":

- (i) the significant risks and rewards of ownership of the policies has been transferred to the policyholder;
- (ii) premium is recognized when insurance policies are issued. The sum of premium income as appeared in classified revenue accounts is net of the refund made, re-insurance ceded and re-insurance premium on PSB;
- (iii) total amount of premium earned on various classes insurance business underwritten during the year 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 year whether due or intimated have also been reflected in order to arrive at the net underwriting profit for the period.

- (iv) the premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which relevant statement of accounts from Sadharan Bima Corporation are received. The statements of account for the period from July-2009 to June-2010 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly;
- (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) Allocation of total Management Expenses

Total related management expenses have been allocated among the revenue accounts on pro-rata basis of their respective gross premium income.

(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%
Crockaries & Cutleries	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 2009-2010. Considering the practices generally followed in Bangladesh as well as the Company's previous practice, no deferred tax assets or deferred tax liabilities have been accounted for in accordance with IAS 12 "Income Tax".

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. Management assures us that such an exercise shall not be carried out so that the accounting for deferred taxation can be introduced in the next financial statements.

Provision for Income Tax

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

(m) 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". There for 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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-20 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.

(r) Reserve for exceptional Losses

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

(s) Share of Public Sector Business

Company's Share of Public Sector business is accounted for in the year I 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, 2010 to 30th Sep-2010	3rd Quarter-2010	1 (One)
1st Oct, 2010 to 31st December, 2010	4th quarter of 2010	1 (One)
1st January, 2011 to 31st March, 2011	1 st quarter of 2011	1 (One)
1st April, 2011 to 30th June, 2011	2nd quarter of 2011	1 (One)
Total		4 (Four)

(t) 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.

(u) 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.

(v) 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.

2.06 Classified Summary of Assets

The valuation of all assets as at 31st December, 2011 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.

2.07 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."

2.08 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.

2.09 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.

2.10 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.

2.11 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, 2011.

2.12 Comparative Information and Re-Arrangement thereof

Comparative information has been disclosed in respect of the year 2011 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 2010 have been rearranged whenever considered necessary to ensure comparability with the current year.

2.13 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.

2.14 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

2.15 Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 15th April, 2012.

2.16 Reporting Period

The Financial Statements of the Company cover a year from 1st January, 2011 to 31st December, 2011 consistently.

2.17 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".

2.18 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, 2011
- (ii) Profit & Loss Appropriation Account for the year ended 31st December, 2011;
- (iii) Profit and Loss Account for the year ended 31st December, 2011;
- (iv) Revenue Accounts (Fire, Marine Cargo, Marine Hull, Motor, and Miscellaneous Insurance Revenue Account) for the year ended 31st December, 2011;
- (v) Statement of Changes in Equity for the year ended 31st December, 2011;
- (vi) Cash Flow Statement for the year ended 31st December, 2011
- (vii) Accounting Policies and Explanatory Notes.

Notes to the Accounts

For The Year Ended 31st December, 2011

BALANCE SHEET

CAPITAL AND LIABILITIES

	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
03.00 AUTHORIZED SHARE CAPITAL	Tk. 100,00,00,000	Tk. 20,00,00,000

The Authorized Share Capital of the Company is Tk. 100,00,00,000/= divided into 10,00,00,000 Ordinary Shares of Tk. 10/= each.

03.01 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Tk.19,83,75,000	Tk. 17,25,00,000
---	------------------------	-------------------------

1,72,50,000 Ordinary Shares of Tk. 10/= each Issued, Subscribed and Fully Paid up by the Shareholders
25,87,500 Ordinary Shares of Tk. 10/= each Fully paid up as bonus share(15%) allotted in 2011(Out of net profit of 2010)

17,25,00,000	15,00,00,000
2,58,75,000	2,25,00,000
19,83,75,000	17,25,00,000

03.02 CATEGORY OF SHARE HOLDERS

No. of Shares

a) Category-A Sponsor of the Director (40% of total paid-up Shares)	79,35,000
b) Category-B General public and institutional investor (60% of total paid-up shares)	1,19,02,500
Total	1,98,37,500

03.03. DISTRIBUTION SCHEDULE OF PAID-UP CAPITAL

As per listing rules of Stock Exchange a distribution schedule of each class of equity shares and the number of holder and percentage as on 31-12-2011 is give below;

Class Interval	No. of Shares	No. of Shareholders	Total holdings %
Below -500	128100	1008	1%
500-5000	3274710	2810	17%
5001-10000	1047030	150	5%
10001-20000	965960	73	5%
20001-30000	608330	25	3%
30001-40000	420740	12	2%
40001-50000	512160	11	3%
50001-100000	1387940	20	7%
Above-100000	11492530	30	57%
Total	1,98,37,500	4139	100

04. RESERVE OR CONTINGENCY ACCOUNT

Tk.14,52,53,811 Tk.10,41,86,211

This is made up as follows:

04.01	Reserves for Exceptional Losses Account	Tk. 8,58,02,178	Tk. 7,23,43,726
04.02	Capital Reserve Account	Tk. 29,46,881	Tk. 29,46,881
04.03	General Reserve Account	Tk. 2,10,23,000	Tk. 1,97,00,000
04.04	Dividend Equalization Reserve	Tk. 90,00,000	Tk. 90,00,000
	Profit & Loss Appropriation Account	Tk. 26,481,752	Tk. 1,95,604
		Tk. 14,52,53,811	Tk.10,41,86,211

04.01 **RESERVE FOR EXCEPTIONAL LOSSES ACCOUNT** **Tk. 8,58,02,178** **Tk. 7,23,43,726**

This is made up as follows:

Particulars	Amount (Tk.) 2011	Amount (Tk.) 2010
Balance brought forward	7,23,43,726	5,99,80,184
Add: Provision during the year (10% on Net Premium Income)	1,34,58,452	1,23,63,542
Total	8,58,02,178	7,23,43,726

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.

04.02 **CAPITAL RESERVE ACCOUNT** **Tk. 29,46,881** **Tk. 29,46,881**

This represents gain arisen from the sale of motor car has been transferred to capital reserve account.

Particulars	Amount (Tk.) 2011	Amount (Tk.) 2010
Balance brought forward	29,46,881	29,46,881
Add: during the year	0	0
Total	29,46,881	29,46,881

04.03 **GENERAL RESERVE ACCOUNT** **Tk. 2,10,23,000** **Tk. 1,97,00,000**

This represents the profits set-aside out of profit of the year under review.

Particulars	Amount (Tk.) 2011	Amount (Tk.) 2010
Balance brought forward	1,97,00,000	75,00,000
Add: during the year	13,23,000	1,22,00,000
Total	2,10,23,000	1,97,00,000

So far an accumulated amount of Tk. 1,43,23,000/=(after payment/provision of Income Tax) transferred to General Reserve against interest income received since inception of the Company. The amount will be transferred to Takaful Foundation in the subsequent period as and when the Takaful Foundation will be established.

04.04 **DIVIDEND EQUALIZATION RESERVE** **Tk 90,00,000** **Tk. 90,00,000**

Particulars	Amount (Tk.) 2011	Amount (Tk.) 2010
Balance brought forward	90,00,000	90,00,000
Less: Transfer to Profit & Loss Appropriation Account	-	-
Balance on 31-12-2011	90,00,000	90,00,000

05. **BALANCE OF FUNDS AND ACCOUNTS** **Tk.5,44,81,733** **Tk. 4,97,02,019**

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.) 2011	AMOUNT (TK.) 2010
Fire	40%	1,59,63,752	1,48,72,857
Marine Cargo	40%	3,19,13,635	2,81,55,164
Marine Hull	100%	10,79,875	4,13,085
Motor	40%	50,96,251	54,59,941
Miscellaneous	40%	4,28,220	8,00,972
TOTAL		5,44,81,733	4,97,02,019

06. **OTHER SUMS OWING** **Tk 1,09,47,713** **Tk.80,54,775**
(PREMIUM DEPOSITS ACCOUNT)

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, 2011.

07. **ESTIMATED LIABILITIES IN RESPECT OF** **Tk. 90,18,096** **Tk. 1,09,62,747**
OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED

The break up of the above amount is noted below:

CLASSES OF BUSINESS	PRIVATE SECTOR	PUBLIC SECTOR	TOTAL 2011	TOTAL 2010
Fire	50,27,448	0	50,27,448	35,45,622
Marine Cargo	8,92,568	0	8,92,568	37,40,155
Marine Hull	0	0	0	0
Motor	30,98,080	0	30,98,080	36,76,970
Miscellaneous	0	0	0	0
Total	90,18,096	0	90,18,096	1,09,62,747

08. **AMOUNT DUE TO OTHER PERSONS OR BODIES** **Tk.5,45,24,997** **Tk. 6,10,19,799**

CARRYING ON INSURANCE BUSINESS

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.) 2011	AMOUNT (TK.) 2010
Sadharan Bima Corporation	4,68,34,945	6,10,19,799
Overseas Re-Insurer	76,90,052	0
Total	5,45,24,997	6,10,19,799

09. **SUNDRY CREDITORS** **Tk.45,25,619** **Tk. 40,57,041**
-Including Provision for Expenses

The balance is made as under:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Share Application Money	20,51,529	20,96,646
VAT	12,95,745	13,38,126
Unpaid Dividend	7,87,976	2,40,370
Liabilities for Expenses	3,65,369	2,69,899
Earnest Money	0	87,000
Audit Fee	25,000	25,000
Total	45,25,619	40,57,041

10. **PROVISION FOR INCOME TAX** **Tk.4,42,05,656** **Tk. 2,81,26,818**

This is made up as follows:

Particulars	Amount (Tk.)	Amount (Tk.)
Balance brought forward	2,78,13,272	1,80,10,697
Add: Provision during the year 2011	1,62,71,725	98,02,575
	4,40,84,997	2,78,13,272
Add: Deferred Tax Liability	1,20,659	3,13,546
Total	4,42,05,656	2,81,26,818

10.01 DEFERRED TAX LIABILITY

This is made up as follows:

Particulars	Amount (Tk.)	Amount (Tk.)
Carrying Amount of Tangible Fixed Assets	1,03,11,061	1,04,35,411
Tax base of Tangible Fixed Assets	(1,00,27,157)	(96,97,655)
	<u>2,83,904</u>	<u>7,37,756</u>
Applicable Tax Rate	42.50%	42.50%
Deferred Tax Liability	1,20,659	3,13,546
Deferred Tax (Income) /Expenses for the year	<u>(1,92,887)</u>	<u>(47,140)</u>

PROPERTY AND ASSETS

11. INVESTMENT AT COST Tk.9,40,80,635 Tk. 10,05,74,140

This is made up as follows:

11.01 NIB Deposit with Bangladesh Bank	Tk. 90,00,000	Tk. 90,00,000
11.02 Investment in Shares	Tk.8,50,80,637	Tk. 9,15,74,140
	<u>Tk. 9,40,80,635</u>	<u>Tk. 10,05,74,140</u>

11.01 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.) 2011	AMOUNT (IN TK.) 2010
9 Nos. of 3 (Three) years National Investment Bonds at a Face Value of Tk. 10,00,000 of each vide No. ৩৮ ০০৩৯৫৪-৬১, ৮৮ ০০০০৯০	90,00,000	90,00,000

11.02 INVESTMENT IN SHARE Tk. 8,50,80,635.00 Tk. 9,15,74,140.00

The above amount represents the total Cost Price of Investment in Shares of various listed Company as on 31st December, 2011. This is made up as follows:

Name of the Company	Unit Market Price as on 31-12-11	Nos. of Share	Average Cost Price (Tk.)	Total Value (Tk.)	Market Value as on 31-12-11
ACI	206.60	3,100	441.21	13,67,754.00	6,40,460.00
Al-Arafa Islami Bank	37.80	258	69.42	17,910.00	9,752.00
Beximco Ltd	113.00	15,000	217.66	32,64,851.00	16,95,000.00
Fareast Islami Life Insurance Ltd	162.00	35,000	290.49	1,01,67,075.00	56,70,000.00
GP	163.50	24,600	296.18	72,86,041.00	40,22,100.00
Islami Bank Bangladesh Ltd	54.50	19,83,620	26.14	5,18,59,045.00	10,81,07,290.00
Islami Insurance	44.10	39,600	61.60	24,39,261.00	17,46,360.00
Meghna Cement	139.60	8,500	386.22	32,82,830.00	11,86,600.00
Social Islami Bank Ltd	26.20	57	18.72	1,067.00	1,493.00
Sumit Power	74.40	26,650	120.27	32,05,215.00	19,82,760.00
MJL BD Ltd	99.90	11,720	100.00	11,72,080.00	11,70,828.00
IFIL Islamic MF-1	6.30	1,00,000	10.00	10,00,000.00	6,30,000.00
M I Cement Ltd	110.50	51	83.15	4,241.00	5,635.00
Balance with Broker House(RNI Securities Ltd)				13,265.00	13,265.00
			Total	8,50,80,635.00	12,68,81,543.00

12. **PROFIT, INTEREST DIVIDEND & RENTS
(ACCRUED BUT NOT DUE)** **Tk. 1,27,44,861** **Tk. 82,52,399**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Profit Accrued on TDR	1,00,24,283	70,60,265
Interest on FDR	14,84,003	7,20,555
Interest Accrued on 3 (Three) years NIB	12,36,575	4,71,575
Total	1,27,44,861	82,52,399

13. **AMOUNT DUE FROM OTHER PERSONS OR BODIES
CARRYING ON INSURANCE BUSINESS** **Tk. 2,83,33,840** **Tk. 4,16,76,048**

The break up of the above amount is noted below:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Sadharan Bima Corporation (SBC)	2,83,33,840	4,16,76,048
Total	2,83,33,840	4,16,76,048

14. **SUNDRY DEBTORS
(Including Advances, Deposits & Prepayments)** **Tk. 3,17,88,918** **Tk. 2,83,58,022**

The break up of the above is as under:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Advance against Salary	1,30,574	36,374
Advance against Office Rent	24,41,460	23,87,996
Advance Income Tax	2,67,69,944	2,39,14,448
Lease Deposits	3,43,810	4,78,845
Advance VAT Payment	8,10,120	7,08,903
R.R. Securities Ltd.	300	301
RNI Securities Ltd.	2,000	2,000
IBBL Brokerage House	4,178	11,955
Commission Receivable	11,86,532	7,17,200
Central Shariah Council	1,00,000	1,00,000
Total	3,17,88,918	2,83,58,022

15. **CASH AND BANK BALANCES** **Tk. 34,16,24,767** **Tk. 27,03,88,064**

The above amount is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Term Deposit Accounts	22,38,00,000	16,64,00,000
Fixed Deposit Receipt	5,91,00,000	5,07,00,000
Short Term Deposit Account	4,98,08,577	4,41,09,217
Current Account	24,48,376	53,89,426
Cash in Transit	0	1,00,000
Cash in hand	64,67,814	36,89,421
Total	34,16,24,767	27,03,88,064

16. **OTHER ACCOUNTS****Tk. 1,27,59,604****Tk. 1,52,35,741**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
(a) Fixed Assets -At Cost Less Depreciation	1,03,11,062	1,04,35,411
(b) Stock of Printing & Stationery	3,80,200	3,45,600
(c) Insurance Stamp in hand	2,41,206	8,00,456
(d) IPO Expenses	18,27,136	36,54,274
Total	1,27,59,604	1,52,35,741

(a) **FIXED ASSETS
At Cost Less Depreciation****Tk 1,03,11,061****Tk. 1,04,35,411**

This is made up as under:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Cost as on 01-01-2011/31-12-2010	1,77,53,217	1,17,65,256
Add: Addition during the year	16,66,406	60,86,961
	1,94,19,623	1,78,52,217
Less: Disposal during the year	3,84,000	99,000
	1,90,35,623	1,77,53,217
Depreciation as on 01-01-2011/01-01-2010	73,17,806	60,70,706
Add: Depreciation charged during the year	17,26,328	12,95,412
	90,44,134	73,66,118
Less: Adjustment during the year	3,19,572	48,312
	87,24,562	73,17,806
Balance as on 31-12-2011/31-12-2010	1,03,11,061	1,04,35,411

(b) **STOCK OF PRINTING & STATIONERY****Tk. 3,80,200****Tk. 3,45,600**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Balance as on 01-01-2011/01-01-2010	3,45,600	3,10,100
Add: Purchase during the year	11,96,925	10,10,247
	15,42,525	13,20,347
Less: Consumption during the year	11,62,325	9,74,747
Balance as on 31-12-2011/31-12-2010	3,80,200	3,45,600

(c) **INSURANCE STAMPS IN HAND****Tk2,41,206****Tk. 8,00,456**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Balance as on 01-01-2011/01-01-2010	8,00,456	5,66,357
Add: Purchase during the year	97,00,000	88,35,622
	1,05,00,456	94,65,979
Less: Consumption during the year	1,02,59,250	86,01,523
Balance as on 31-12-2011/31-12-2010	2,41,206	8,00,456

(d) **IPO EXPENSES**

Tk.18,27,136 **Tk. 36,54,274**

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.) 2011	AMOUNT (TK.) 2010
Balance as on 01-01-2011/01-01-2010	36,54,274	54,81,412
Add: During the year	0	0
	36,54,274	54,81,412
Less: IPO Expenses written off	18,27,138	18,27,138
Balance as on 31-12-2011/31-12-2010	18,27,136	36,54,274

17. **PROFIT, INTEREST, DIVIDENDS & RENTS**

Tk. 2,93,65,441 **Tk. 2,49,37,267**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Profit on SND Account	12,68,984	11,46,468
Profit on TDR	1,64,49,756	1,47,40,694
Interest on FDR	47,27,896	37,42,785
Dividend Received on Shares	59,78,123	43,90,038
Interest accrued on 3 (three) year's NIB	7,65,000	7,65,000
Interest on STD Account	1,75,682	1,52,282
Total	2,93,65,441	2,49,37,267

18. **OTHER INCOME**

Tk 1,23,473 **Tk. 3,50,51,429**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Miscellaneous Income	4,000	10,000
Profit on Sale of Motor Car/Cycle	26,572	24,312
Capital Gain on Sales of Shares	92,901	3,50,17,117
Total	1,23,473	3,50,51,429

19. **ALLOCATION OF MANAGEMENT EXPENSES
(Applicable to Fund)**

Tk 8,12,08,785 **Tk. 8,05,04,493**

NAME OF BUSINESS	APPORTIONED EXPENSES	DIRECT CHARGE	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Fire	3,64,33,122	6,73,237	3,71,06,359	3,64,35,045
Marine Cargo	3,47,26,827	10,22,367	3,57,49,194	3,49,20,494
Marine Hull	8,30,350	34,471	8,64,821	6,21,458
Motor	57,82,953	84,593	58,67,546	63,73,585
Miscellaneous	5,79,078	10,41,787	16,20,865	21,53,911
Total	7,83,52,330	28,56,455	8,12,08,785	8,05,04,493

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

HEAD OF ACCOUNT	AMOUNT (TK.) 2011	AMOUNT (TK.) 2010
Salary & Allowances	4,99,40,547	5,10,63,892
Festival Bonus	52,87,993	46,72,864
Conveyance	20,29,779	15,76,300
Traveling	79,479	89,526
Office Rent	46,52,402	39,93,329
Gas, Water & Electricity	8,42,174	6,87,184
Electrical Expenses	98,702	59,529
Office Maintenance	2,81,732	2,09,874
Car Repair & Maintenance	13,48,187	13,71,951
Car Fuel	11,04,878	11,60,919
Entertainment	7,83,508	6,90,449
Meeting Expenses	5,37,149	5,40,300
Seminar & Training Expenses	11,500	3,500
Contribution ,Fee & Charges	0	9,375
Bank Charges & Commission	8,47,238	5,59,135
Postage & Courier	2,56,105	1,52,006
Printing	5,54,262	3,25,990
Stationery	6,42,663	6,48,757
Papers & Periodicals	1,00,974	1,00,627
Internet, Telex & Fax Bill	11,035	11,919
Photocopy & Typing Bill	1,52,709	1,38,039
Telephone Bill	6,64,891	6,69,668
Mobile Bill	6,78,650	7,60,059
Lease Rental	51,35,680	64,21,990
Service Charge	4,56,633	3,63,652
AGM Expense	8,53,418	6,92,391
Group Insurance Premium	1,28,790	61,766
Revenue Stamp	2,31,696	2,10,450
Repair & Maintenance (Office)	98,090	58,230
Branch Manager Conference Expenses	1,85,030	1,96,745
Annual Listing Fee	2,39,376	2,27,500
CDBL Charge & Commission	1,17,060	1,55,488
Total	7,83,52,330	7,78,83,404

20. EARNINGS PER SHARE (EPS) AS PER- IAS 33:

Basic Earnings per Share (EPS)

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:

Particulars	2011	2010
Net profit for the year As per Profit and Loss Account	Tk. 5,71,46,438	Tk. 6,93,54,295
Provision for taxation	Tk. (1,62,71,725)	Tk. (98,02,575)
Deferred Tax	Tk. 1,92,887	0
Profit after taxation attributable to ordinary shareholders	Tk. 4,10,67,600	Tk. 5,95,51,720
Number of ordinary shares outstanding during the year	1,98,37,500	1,72,50,000
Basic Earning per Share	2.07	3.45

21. EVENTS AFTER THE REPORTING PERIOD:

The board of directors at its meeting no 62nd held on 15-04-2012 recommended to the shareholders 17% stock dividend for the year ended 31st December-2011 which will be considered for approval by the shareholders at the 12th Annual General Meeting.

Intrinsic Value or Net Assets Value

Particulars	Amount (Tk.)
	2011
A. ASSETS:	
Investment at Cost	9,000,000.00
Investment in Shares	85,080,635.00
Interest Accrued but not due	12,744,861.00
Amount due from other persons or bodies carrying on Insurance Business	28,333,840.00
Sundry Debtors (Including Advances, Deposits & Prepayments)	31,788,918.00
Cash and Bank Balance	341,624,767.00
Other Accounts (Fixed Assets & Stock of Stationery, Stamps	10,932,468.00
Total	519,505,489.00
B. LIABILITIES :	
Balance of Funds and Accounts	54,481,733.00
Estimated Liabilities in respect of outstanding claims whether due or intimated	9,018,096.00
Amount due to other persons or bodies carrying on Insurance Business	54,524,997.00
Sundry Creditors (Including Provision for Expenses and Taxes)	4,525,619.00
Provision for Income Tax & Deferred Tax	44,205,656.00
Other Sums Owing (Premium Deposit Account)	10,947,713.00
Total	177,703,814.00
Net Assets (A - B)	341,801,675.00
No. of Shares	19,837,500
Intrinsic Value / Net Assets Value per Share	17.23

Schedule of Fixed Assets as at 31st December - 2011

Sl. No.	Particulars	Original Cost				Rate on Deposit	Depreciation				Written Down Value as on 31-12-2011	Remarks
		Balance as on 01-01-2011	Addition During the Year	Adjustment	Total as on 31-12-2011		Balance as on 01-01-2011	Charged During the Year	Adjustment	Total as on 31-12-2011		
1	Furniture & Fixture	2,475,354.00	329,144.00		2,804,498.00	10%	1,126,183.00	151,374.00		1,277,557.00	1,526,941.00	
2	Office Equipment	1,070,074.00	60,000.00		1,130,074.00	15%	701,581.00	59,774.00		761,355.00	368,719.00	
3	Office Decoration	3,982,645.00	163,780.00		4,146,425.00	10%	1,791,922.00	227,261.00		2,019,183.00	2,127,242.00	
4	Air Cooler	1,731,491.00	163,330.00		1,894,821.00	15%	712,294.00	165,129.00		877,423.00	1,017,398.00	
5	Motor & Other Vehicles	5,863,372.00	533,350.00	384,000.00	6,012,722.00	20%	1,437,159.00	861,778.00	319,572.00	1,979,365.00	4,033,357.00	
6	Computer	687,275.00	346,800.00		1,034,075.00	30%	376,226.00	145,335.00		521,561.00	512,514.00	
7	Telephone Installation	1,369,114.00	23,377.00		1,392,491.00	15%	842,939.00	80,680.00		923,619.00	468,872.00	
8	Croceries & Cutleries	53,322.00	-		53,322.00	25%	39,217.00	3,526.00		42,743.00	10,579.00	
9	Electrical Installation	333,021.00	8,900.00		341,921.00	15%	215,234.00	18,335.00		233,569.00	108,352.00	
10	Carpet & Curtain	34,250.00	-		34,250.00	10%	19,518.00	1,473.00		20,991.00	13,259.00	
11	Other Assets	153,299.00	37,725.00		191,024.00	10%	55,533.00	11,663.00		67,196.00	123,828.00	
	Total	17,753,217.00	1,666,406.00	384,000.00	19,035,623.00		7,317,806.00	1,726,328.00	319,572.00	8,724,562.00	10,311,061.00	

Form "AA"
Classified Summary of Assets
as at 31st December, 2011

CLASS OF ASSETS	BOOK VALUE
Deposit with Bangladesh Bank (National Investment Bond)	9,000,000.00
Investment in Shares	85,080,635.00
Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank	335,156,953.00
Cash in Hand	6,467,814.00
Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due	12,744,861.00
Sundry Debtors Including Advances, Deposits & Prepayments	31,788,918.00
Stock of Printing and Stationery	380,200.00
Stamps in Hand	241,206.00
Fixed Assets (At Cost less Depreciation)	10,311,062.00
Amount due from Other Persons or Bodies Carrying on Insurance Business	28,333,840.00
Total	519,505,489.00

The annexed notes form an integral part of these Financial Statements

These financial statements were approved and authorized for issue by the board of directors on 15-04-2012 and signed for and on behalf of the Board.


Md. Zainul Huda
Managing Director



Masudul Haque
Director


Mohammad Nurul Islam
Director


Prof. Md. Fazle Azim
Chairman

Signed as per our annexed report of even date

Place: Dhaka, Bangladesh
Dated: April 25, 2012


(HUDA HOSSAIN & CO.)
Chartered Accountants