FINANCIAL STATEMENT OF

NITOL INSURANCE COMPANY LIMITED

AS ON March 31, 2017

Nitol Insurance Company Limited

Statement of Financial Position (Un-audited)
For The First Quarter Ended March 31, 2017

Amount in Taka

PARTICULRAS	MARCH 2017	DECEMBER 2016
A. NON CURRENT ASSETS:	**217,649,274**	**221,396,501**
Property, Plant and Equipment	192,649,274	196,396,501
Long Term Investment (BGTB)	25,000,000	25,000,000
B. CURRENT ASSETS :	**1,057,991,424**	**1,017,683,911**
Investment in Shares	1,254,200	1,254,500
Advance against Office Space	183,005,350	183,005,350
FDR in various Banks	520,600,000	501,600,000
Sundry Debtors	319,758,203	288,488,310
Insurance Stamp	1,541,840	428,675
Stock of Printing	341,914	361,214
Cash & Bank Balance	31,489,917	42,545,862
C. CURRENT LIABILITIES :	**280,635,485**	**275,157,160**
Provision & Others	108,387,123	105,404,094
Tax Provision	145,821,820	140,942,410
Outstanding claims	26,426,542	28,810,656
D. NET WORKING CAPITAL (B-C)	**777,355,939**	**742,526,751**
E. BALANCE OF REVENUE ACCOUNTS	**220,927,694**	**209,128,034**
Reserve for Unexpired Risks	202,925,164	198,418,062
Deposit Premium	11,195,858	4,451,320
Deferred Tax	6,806,672	6,258,652
NET ASSETS (A+D-E)	**774,077,519**	**754,795,218**
G. FINANCED BY :	**774,077,519**	**754,795,218**
Share Capital	312,122,650	312,122,650
Revenue Reserve	313,495,862	300,228,668
Revaluation Reserve	91,831,407	92,993,830
Retained Earnings	56,627,600	49,450,070
LONG TERM LIBILITIES AND SHAREHOLDERS EQUITY	**774,077,519**	**754,795,218**

Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman

Statement of Comprehensive Income (Un-audited)

For The First Quarter Ended March 31, 2017

Amount in Taka

Particulars	2017 January-March	2016 January-March
Income		
Net premium (Gross premium-less Re-Insurance & Adjustment of Unexpired Risk)	127,664,846	92,338,506
Re Insurance Commission	13,840,650	19,377,267
Income from Interest, Investment and Financial Service	12,462,721	8,588,176
	153,968,217	**120,303,949**
Expenditure		
Net Claim (Gross Reinsurance & Adjustment of Outstanding Claim)	70,915,479	48,838,176
Management Exp	36,015,810	34,878,795
Agent Commission	22,327,197	14,870,687
	129,258,486	**98,587,658**
Profit before Tax	24,709,731	21,716,291
Provision for Tax	5,427,430	5,671,184
Net Profit after Tax (Retained earnings)	**19,282,301**	**16,045,107**
Earning per Share	**0.62**	**0.58**

Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman

STATEMENT OF CASH FLOW (UN-AUDITED)
For The First Quarter Ended March 31, 2017

Amount in Taka

	January-March 2017	January-March 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES :		
Cash Receipts from premium and others Income	168,993,110	128,147,073
Cash Payment for Management Expenses, Re-Insurance , Claim & Other Expenses	(134,464,313)	(90,877,973)
Payment of Income Tax	(19,047,005)	(14,645,124)
Net Cash Provided by Operating Activities	**15,481,792**	**22,623,976**
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed deposit with Bank	(19,000,000)	9,900,000
Advance against Office Space	-	(29,321,500)
Advance and Prepayments	(7,608,912)	-
Disposal of Fixed Assets	500,000	-
Acquisitions of Fixed Assets	(428,815)	(2,510,600)
Net Cash used by Investing Activities	**(26,537,727)**	**(21,932,100)**
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Dividend Paid (Cash)	-	-
NET CASH USED/PROVIDED BY FINANCING ACTIVITIES	-	-
D. NET INCREASE IN CASH (A+B+C)	**(11,055,935)**	**691,876**
E. CASH AT BEGINNING OF PERIOD :	42,545,862	23,838,170
F. CASH AT END OF PERIOD(D+E) :	**31,489,927**	**24,530,046**
Net Operating Cash Flow per share (NOCFPS)	0.50	0.81

Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman

STATEMENT OF CHANGE IN EQUITY (UN-AUDITED)

For The First Quarter Ended March 31, 2017

Particulars	Share Capital	General Reserve	Reserve for Exceptional Losses	Revaluation Reserve	Retained Earnings	Total
Equity as at 01.01.2017	312,122,650	8,930,000	291,298,668	92,993,830	49,450,070	754,795,218
Net Profit after Tax	-	-	-	-	19,282,301	19,282,301
Appropriation made during the year	-	50,000	13,217,194	(1,162,423)	(12,104,771)	-
Equity as at 31.03.2017	**312,122,650**	**8,980,000**	**304,515,862**	**91,831,407**	**56,627,600**	**774,077,519**

For The First Quarter Ended March 31, 2016

Particulars	Share Capital	General Reserve	Reserve for Exceptional Losses	Revaluation Reserve	Retained Earnings	Total
Equity as at 01.01.2016	278,680,940	8,730,000	242,210,194	97,792,539	40,879,947	668,293,620
Net Profit after Tax	-	-	-	-	16,045,107	16,045,107
Appropriation made during the year	-	-	7,538,331	-	(7,538,331)	-
Equity as at 31.03.2015	**278,680,940**	**8,730,000**	**249,748,525**	**97,792,539**	**49,386,723**	**684,338,727**

Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman

Financial Statements Highlight

For The First Quarter Ended March 31, 2017

Sl	Particulars	January-March 2017	January-March 2016
1	Net Asset Value	774,077,519	684,338,727
2	Net Asset Value Per Share	24.80	24.56
3	Net Operating Cash Flows per share	0.50	0.81
4	Earning Per Share (EPS)	0.62	0.58

Company Secretary Chief Financial Officer Chief Executive Officer Director Chairman

Selected Explanatory Notes to the Financial Statements

For The First Quarter Ended March 31, 2017

01.00 Legal status and Nature of the Company

Domicile, Legal Form, Country of Incorporation

The Company was incorporated on 4th October 1999 as a Public Limited Company under the Companies Act. 1994 and obtained the Certificate of Commencement of business from the Registrar of Joint Stock Companies and Firms, Bangladesh with effect from the same date. However, the Registration Certificate for carrying on insurance business from the Chief Controller of Insurance, Government of Bangladesh, was obtained with effect from 18th November, 1999. The Company is listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. as a Publicly traded company.

Principal Activities

The principal object of the company is to offer all kinds of insurance product other than life insurance product. These product offer to compensate to policyholder's for uncertain future events which adversely affects the policyholder's interest. The consideration under the above activities is insurance premium which is revenue of the business.

Address of Registered Office and Principal Place of Business

The registered office of the Company is at Nitol Centre (5th Floor), 71 Mohakhali, C/A, Dhaka-1212, Bangladesh and the address of operational head quarter is also at the said Nitol Centre (5th Floor), 71 Mohakhali, C/A , Dhaka-1212.

02.00 Basis of Accounting

The Financial Statements have been prepared on the basis of going concern concept under Generally Accepted Accounting Principals (GAAP) according to the historical cost convention in Bangladesh in compliance with the Insurance Act 2010, the Insurance Rule 1958 in conformity with the Companies Act 1994, the Securities and Exchange Rules 1987, Listing regulations of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. These statements have also been prepared in accordance with applicable International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) under name and style Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) with reference to disclosure of accounting policies and valuation of investment both.

03.00 Basis of Preparation

The Statement of Financial Position has been prepared in accordance with the regulations as contained in part I of the first schedule and as per form "A" as set forth in part II of that schedule. The Revenue Account of each class of non-life insurance business is prepared in accordance with the regulations contained in part I of the third schedule and as per form "F" set forth in part II of that schedule of the Insurance Act, 1938 (as amended in Insurance Act 2010). The classified summary of the assets are prepared in accordance with form "AA" as set forth in part II of the first schedule of the said Act.

04.00 Branch Accounting

The Company has 19 (Nineteen) branches under its umbrella without having any overseas branch during the year Ended 31 December 2016. The accounts of the branches are maintained and consolidated at the head office level. Only petty cash books are being maintained at the respective branches for meeting day to day expenses.

05.00 Method of Preparation

The Financial Statements have been drawn on mercantile basis.

06.00 Revenue Recognition

Revenue is recognized in accordance with Bangladesh Accounting Standard (BAS-18) unless otherwise mentioned or otherwise guided by the separate BAS/BFRS or by Directives of the Regulatory Authority.

Premium Income

Premium income is recognized when insurance polices are issued. Amount received against issue of the cover notes that have not been converted into policy are not recognized as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine month as per circular of the then Chief Controller of Insurance.

Gross underwriting business as well as re-insurance thereof and claim settled etc. have been reflected separately for each class of business and net underwriting result thereof have been reflected in the revenue accounts after due consideration of re-insurance ceded.

Necessary adjustment in respect of Re-insurance ceded & accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty between the company & Shadharan Bima Corporation (SBC) & foreign Re-Insurers.

Fifty percent of the re-insurable non-life insurance business shall be re-insured with Sadharan Bima Corporation & the remaining fifty percent of such business may be re-insured either with SBC or with any other insurer whether in or outside Bangladesh.

Public Sector Business (PSB)

As per Government decision effective from April 1990, 100% Public Sector Insurance Business is being underwritten by sadharan Bima Corporation (SBC), 50% being retained by SBC & the balance is equally distributed to 47 private sector insurance companies. The premium in respect of the Company's share of public Sector Insurance Business (PSB) is accounted for the year in which the relevant statement of accounts from Shadharon Bima Corporation is received .The statements of account for the period from July 2016 to September 2016 have been received from from & the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method of account for the public Sector Insurance Business (PSB) has been consistently followed.

Interest Income

Interest on FDRs & Bangladesh Government Treasury Bond (BGTB) are recognized on accrual basis .Interest on STD /SND account & other income are recognized as and when amount credited to our account.

Cash Dividend Income & Stock dividend from Investment

Dividend income on investment in Shares , if any are recognized on cash & shown in profit & loss account. For stock dividend ,received by the company against its investment, number of shares increased effecting decrease in average cost of investment.

07.00 Reporting Currency and Level of Precision

The figures in the Financial Statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicates otherwise.

08.00 Property, Plant & Equipment

Valuation of Property, Plant & Equipment

All fixed assets are stated as per BAS 16 "Property, Plant & Equipment". The cost of acquisition of an assets comprises its purchase price and directly attributable cost of bringing the asset to test working condition for its intended use inclusive of inward freight, duties and non refundable taxes.

Recognition of Property, Plant & Equipment

The Company recognizes in the carrying amount of an item of property, plant and Equipment the cost replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repair and maintenance other than major replacement, renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

De-recognition of Property, Plant & Equipment

An item of Property, Plant and Equipment is de-recognized upon disposal or when no future economic benefit are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit or Loss and Other Comprehensive Income in the year the asset is de-recognized.

Depreciation of Property, Plant & Equipment

Fixed assets are depreciated on reducing balance method. Depreciation has been charged in addition of fixed assets when it is available for use and depreciation is charged on disposal of assets when it is retired during the year. The rates of depreciation have been shown in note-17.

Impairment of Property, Plant & Equipment

In each year the management assess whether there is any indication that the assets may be impaired in accordance with BAS 36. "Impairment of Assets" considering the current economic situation. Management concludes that there is no such indication exists.

Revaluation of Property, Plant & Equipment

Fixed Assets (Office spaces, Skylark point, Bijoynagar, Dhaka & Younusco City Centre, CDA Avenue Chittagong) have revalued by the company as on December 31, 2014 which have been conducted by ACNABIN, Chartered Accountants in order to reflect the fair picture of the company in the present market condition on the basis of market availability and physical condition of those fixed assets and the gain arise due to the revaluation are transferred to the revaluation reserve account as per BAS 16. "Property, Plant and Equipment"

09.00 Reserve or Contingencies accounts

Reserve for exceptional losses

As per Para 2 of the 4th schedule of Income Tax Ordinance 1984, to meet the exceptional losses, Company sets aside 10% of the net premium income of the year which it is set aside from the balance of the profit to the Reserve for exceptional losses.

Revaluation Reserve

Revaluation surplus is transferred to revaluation reserve after restating the assets at the revalued amount.

Provision for Unexpired Risks :

Before arriving at the surplus of each class of business, necessary provision for unexpired risk has been made @ 40% on all business except Marine Hull business for which 100% provision has been made.

10.00 Management Expenses

Management expenses have been allocated to the respective business on the basis of proportionate gross premium earned.

11.00 Cash and Cash Equivalent

According to IAS 7 "Cash Flow Statements" cash comprises cash in hand, demand deposits, cash equivalents on short term, highly liquid investments that are readily convertible to know amounts of cash and those which are subject to an insignificant risk of changes in value. Cash and cash equivalents are not restricted in use and accordingly cash in hand and bank balances have been considered as cash and cash equivalents.

12.00 Stock of Stationery & Form (Inventories)

Stock of stationery & forms (Stock of printing) has been valued at cost as per BAS 2 "Inventories" which has been held for use to provide insurance service.

13.00 Provision for Income Tax

The Company has made the income tax provision on the basis of BAS 12 "Income Taxes" and Income Tax Ordinance, 1984 as amended from time to time. Provision for income tax represents the sum of the current tax on profit and deferred tax.

Current Tax Provision

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the profit & loss account because it excludes items of income or expenses that are taxable or deductible in succeeding years & it further excludes items that are never taxable or deductible. The Company's liability for the current tax is calculated using tax rates that have been effective on the balance sheet date.

Deferred Taxes

Deferred tax is recognized on differences between the carrying amounts of assets & liabilities in the financial statement & the corresponding tax bases used in the computation of taxable profit & are accounted for using the balance sheet liability method . Deferred tax liabilities are generally recognized for all taxable temporary differences .Deferred tax assets are generally recognized for all deductable temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilised.Adequate provision has been made for deferred tax to profit & loss account.

14.00 Investments

Investments are initially recognized at cost, including acquisition charge associate with the investment.

Bangladesh Govt. Treasury Bond

Bangladesh Govt. Treasury Bond are classified as held to maturity. Any gain or loss on such investment is recognized in the Statement of Profit or Loss and Other Comprehensive Income when the investments is derecognized.

Investment in Listed Shares and Securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at fair value. Unrealized gain are not recognized in the Statement of Profit or Loss and Other Comprehensive Income. But, if required, provision for diminution in value of investment is provided in the financial statement which market price is below the cost price of investment

Investment in Unquoted Shares and Securities

Investment in Unquoted Shares and Securities is reported at cost under cost method.

15.00 Earnings Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with BAS 33 "Earnings per share", which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income.

16.00 Approval of First Quarter Financial Statements :

Financial Statements of the Company for the First Quarter ended March 31, 2017 has been approved by the board in the 135th Board Meeting.

17.00 Credit Rating Report

Credit Rating Information and Service Limited (CRISL) has been reaffirmed the claim paying ability (CPA) rating of the company to A+ based on the audited financial statements 2015.

18.00 Related Party Transaction

Nitol Insurance Company Limited, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in Bangladesh Accounting Standard (BAS) 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details of transactions with related parties as at September 30, 2016 were as follows:

Name of related party	Relationship	Nature of Transaction	Premium Received		Claim Paid	
			Mar-17	Mar-16	Mar-17	Mar-16
Nita Company Ltd.	Common Director	Insurance Premium	-	10,067,102	-	-

Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman