FINANCIAL STATEMENTS OF

NITOL INSURANCE COMPANY LIMITED

AS ON SEPTEMBER 30, 2017

Nitol Insurance Company Limited
Head Office, Dhaka
Statement of Financial Position (Un-audited)
As on 30 September 2017

Amount in Taka

PARTICULRAS	SEPTEMBER 2017	DECEMBER 2016
A. NON CURRENT ASSETS:	**210,138,472**	**221,396,501**
Property, Plant and Equipment	185,138,472	196,396,501
Long Term Investment (BGTB)	25,000,000	25,000,000
B. CURRENT ASSETS :	**1,168,814,858**	**1,017,683,911**
Investment in Shares	2,253,657	1,254,500
Advance against Office Space	183,005,350	183,005,350
FDR in variours Banks	602,100,000	501,600,000
Sundry Debtors	358,644,143	288,488,310
Insurance Stamp	1,930,256	428,675
Stock of Printing	318,214	361,214
Cash & Bank Balance	20,563,238	42,545,862
C. CURRENT LIABILITIES :	**300,652,274**	**275,157,160**
Provision & Others	88,143,269	105,404,094
Tax Provision	155,417,327	140,942,410
Outstanding claims	57,091,678	28,810,656
D. NET WORKING CAPITAL (B-C)	**868,162,584**	**742,526,751**
E. BALANCE OF REVENUE ACCOUNTS	**259,315,067**	**209,128,034**
Reserve for Unexpired Risks	208,523,343	198,418,062
Deposit Premium	42,829,519	4,451,320
Deferred Tax	7,962,205	6,258,652
NET ASSETS (A+D-E)	**818,985,989**	**754,795,218**
G. FINANCED BY :	**818,985,989**	**754,795,218**
Share Capital	352,698,590	312,122,650
Revenue Reserve	339,637,671	300,228,668
Revaluation Reserve	89,549,970	92,993,830
Retained Earnings	37,099,758	49,450,070
LONG TERM LIBILITIES AND SHAREHOLDERS EQUITY	**818,985,989**	**754,795,218**

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

Nitol Insurance Company Limited

Head Office , Dhaka

Statement of Profit & Loss and Other Comprehensive Income (Un-audited)

For The Third Quarter Ended September 30, 2017

Amount in Taka

Particulars	2017		2016	
	Jan-Sep	July-Sep	Jan-Sep	July-Sep
Income				
Net premium (Gross premium-less Re-Insurance & Adjustment of Unexpired Risk)	382,484,747	114,503,757	345,097,432	125,784,979
Re Insurance Commission	31,983,155	5,061,332	32,577,900	5,946,071
Income from Interest, Investment and Financial Service	32,543,428	15,207,810	32,433,357	7,572,922
	447,011,330	**134,772,899**	**410,108,689**	**139,303,972**
Expenditure				
Net Claim (Gross Reinsurance & Adjustment of Outstanding Claim)	189,178,277	56,481,980	180,034,762	69,097,121
Management Exp	109,459,318	37,845,798	113,975,434	37,107,047
Agent Commission	68,004,494	25,169,818	59,971,256	20,868,718
	366,642,089	**119,497,596**	**353,981,452**	**127,072,886**
Profit before Tax	80,369,241	15,275,303	56,127,237	12,231,086
Provision for Tax	16,178,470	595,354	8,912,638	(315,658)
Net Profit after Tax (Retained earnings)	**64,190,771**	**14,679,949**	**47,214,599**	**12,546,744**
Earnings per Share	**1.82**	**0.42**	**1.51**	**0.40**

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

Nitol Insurance Company Limited
Head Office ,Dhaka
Statements of Cash Flows (Un-Audited)
For The Third Quarter Ended September 30, 2017

Amount in Taka

	January-September 2017	January-September 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES :		
Cash Receipts from premium and others Income	555,769,555	451,733,636
Cash Payment for Management Expenses, Re-Insurance , Claim & Other Expenses	(430,192,122)	(346,009,751)
Payment of Income Tax	(26,604,525)	(25,542,718)
Net Cash Provided by Operating Activities	**98,972,908**	**80,181,167**
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed deposit with Bank	(100,500,000)	(22,500,000)
Advance against Office Space	-	(44,281,500)
Advance and Prepayments	(20,925,078)	-
Disposal of Fixed Assets	1,100,000	969,174
Acquisition of Fixed Assets	(630,454)	(3,913,722)
Net Cash used by Investing Activities	**(120,955,532)**	**(69,726,048)**
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Dividend Paid (Cash)	-	-
NET CASH USED/PROVIDED BY FINANCING ACTIVITIES	-	-
D. NET INCREASE IN CASH (A+B+C)	**(21,982,624)**	**10,455,119**
E. CASH AT BEGINNING OF PERIOD :	42,545,862	23,838,170
F. CASH AT END OF PERIOD(D+E) :	**20,563,238**	**34,293,289**
Net Operating Cash Flow per share (NOCFPS)	2.81	2.57

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Nitol Insurance Company Limited

Head Office , Dhaka

Statement of Changes in Equity (Un-Audited)
For The Third Quarter Ended September 30, 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
Stock Dividend for the year 2016	40,575,940	-	-	-	(40,575,940)	-
Net Profit after Tax	-	-	-	-	64,190,771	64,190,771
Appropriation made during the year	-	150,000	39,259,003	(3,443,860)	(35,965,143)	-
Equity as at 30.09.2017	**352,698,590**	**9,080,000**	**330,557,671**	**89,549,970**	**37,099,758**	**818,985,989**

For The Third Quarter Ended September 30, 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
Stock Dividend for the year 2015	33,441,710	-	-	-	(33,441,710)	-
Net Profit after Tax	-	-	-	-	47,214,599	47,214,599
Appropriation made during the year	-	-	33,845,643	-	(33,845,643)	-
Equity as at 30.09.2016	**312,122,650**	**8,730,000**	**276,055,837**	**97,792,539**	**20,807,193**	**715,508,219**

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

Nitol Insurance Company Limited

Head Office , Dhaka

Financial Statements Highlight

For The Third Quarter Ended September 30, 2017

Sl	Particulars	January-September 2017	January-September 2016
1	Net Asset Value	818,985,989	715,508,219
2	Net Asset Value Per Share	23.22	22.92
3	Net Operating Cash Flows per share	2.81	2.57
4	Earnings Per Share (EPS)	1.82	1.51

Company Secretary Chief Financial Officer Chief Executive Officer Director Chairman

Nitol Insurance Company Limited

Head Office , Dhaka

Selected Explanatory Notes to the Financial Statements

For The Third Quarter Ended September 30, 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) accourding 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 Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) under name and style Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) with reference to disclosure of accounting policies and valuation of investment both.

03.00 Basis of Preparation

Quarterly abridged Financial Statements (un-audited) has been prepared on Bangladesh Accounting Standard (BAS) – 34 " Interim Financial Reporting" and in accordance with other Bangladesh Accounting Standard (BAS), the Company Act – 1994, the Insurance Act – 2010, the Securities and Exchange Rules 1987 and other applicable laws and regulations .

04.00 Branch Accounting

The Company has 19 (Nineteen) branches under its umbrella without having any overseas branch during the Third Quarter Ended 30 September 2017. 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 recognised in accordance with Bangladesh Accounting Standards (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 recognised when insurance polices are issued. Amount received against issue of the cover notes that have not been converted into policy are not recognised as income. The covernotes 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 period in which the relevant statement of accounts from Shadharon Bima Corporation is received .The statements of account for the period from October 2016 to December 2016 and January 2017 to June 2017 have been received & the Company's share of PSB for the aforesaid period has been recognised 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 recognised on accrual basis .Interest on STD /SND account & other income are recognised as and when amount credited to our account.

Cash Dividend Income & Stock dividend from Investment

Dividend income on investment in Shares , if any are recognised 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-recognised 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-recognised.

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 Equivalents

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 effetive on the balance sheet date.

Deferred Taxes

Deffered tax is recognised 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 recognised for all taxable temporary differences .Deferred tax assets are generally recognised 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.

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 Date of Frist Quarter Financial Statements Authorised for Issue:

Financial Statements of the Company for the Third Quarter ended September 30, 2017 were authorised for issue on October 29, 2017 by the Board of Directors of the Company in the 137th 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 were as follows:

Name of related party	Relationship	Nature of Transaction	Premium Received		Claim Paid	
			Sep-17	Sep-16	Sep-17	Sep-16
Nita Company Ltd.	Common Director	Insurance Premium	5,879,065	10,067,102	-	-
Fas Finance & Investment Ltd.	Common Director	Insurance Premium	63,827	-	-	-
Mr. A K M Monirul Hoque	Chairman	Insurance Premium	839	-	-	-
Mr. Md. Nazrul Islam Khan	Director	Insurance Premium	40,343	-	-	-

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