## Independent Auditor's Report to the Shareholders of Islami Insurance Bangladesh Limited

### Report on the financial statements

We have audited the accompanying financial statements of **Islami Insurance Bangladesh Limited**, which comprise of the Balance Sheet (Statement of Financial Position) as at December 31, 2017 and the Profit and Loss Account (Statement of Profit or Loss and other Comprehensive Income), Profit and Loss Appropriation Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, The Insurance Act 2010, Insurance Rules 1958, the Securities and Exchange Rules 1987, guidelines provided by Insurance Development and Regulatory Authority (IDRA) and other applicable laws and regulations and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance where 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor consider 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 evaluation 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.

### Opinion

In our opinion, the Financial Statements of Islami Insurance Bangladesh Limited, in all material respects, give a true and fair view of the Financial Position of the company as at 31st December, 2017, of its financial performance and of its Cash Flows for the year then ended and the Financial Statements were prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Insurance Act 1938 (as amended in 2010), Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

## Report on Other Legal and Regulatory Requirements

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 purpose of our audit and made due verification thereof;

ii. In our opinion, proper books of accounts, records and other statutory books 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 purpose of our audit have been received from branches not visited by us;

iii. As per section 63 (2) of the Insurance Act 2010, in our opinion 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, in respect of 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 Account and other comprehensive income of the company;

iv. The information and explanations required by us have been received and found satisfactory;

v. As per Regulation- 11 of part 1 of the third schedule of the Insurance Act 1938 (as amended in 2010), in our opinion to the best of our information and as shown by its books, the company during the under report has not paid any person any commission in any form, outside Bangladesh in respect of any of its business re-insured abroad;

vi. The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;

vii. The expenditure incurred was for the purposes of the Company's business.

Dated: April 26, 2017
Place: Dhaka

**Mahfel Huq & Co.**
Chartered Accountants

AMARSTOCK

# Islami Insurance Bangladesh Limited

## Balance Sheet
## (Statement of Financial Position)
## As at December 31, 2017

| Capital and Liabilities | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Share Capital** | | | |
| Authorized Share Capital | | | |
| 100,000,000 Ordinary Shares of Tk. 10 each | 3.0 | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed & Paid-up Share Capital | | | |
| 33,943,694 Ordinary Shares of Tk. 10 each | 3.0 | **339,436,944** | **308,579,040** |
| **Reserve and Contingency Account:** | | **129,319,812** | **111,450,674** |
| Reserve for Exceptional Losses | 4.01 | 94,100,000 | 79,550,000 |
| Profit & Loss Appropriation Account Balance | 4.02 | 35,219,812 | 31,900,674 |
| **Total Shareholders' Equity** | | **468,756,756** | **420,029,714** |
| **Balance of Funds and Accounts** | 5.0 | **107,609,232** | **111,826,742** |
| Fire Insurance Business | | 25,124,948 | 35,690,212 |
| Marine Insurance Business | | 58,532,349 | 60,485,028 |
| Motor Insurance Business | | 22,760,652 | 13,849,256 |
| Miscellaneous Insurance Business | | 1,191,283 | 1,802,246 |
| **Premium Deposits** | 6.0 | **5,294,035** | **5,309,518** |
| **Liabilities and Provisions** | | **380,286,491** | **337,907,917** |
| Estimated liabilities in respect of outstanding claims whether due or intimated | 7.0 | 144,005,492 | 153,398,436 |
| Amount due to other persons or bodies carrying on insurance business | 8.0 | 166,795,121 | 106,080,827 |
| Provision for Income Tax | 9.0 | 30,381,246 | 35,552,101 |
| Quard -e- Hasana from Bank | 10.0 | 17,180,000 | 16,000,000 |
| Sundry Creditors (Including provision for expenses) | 11.0 | 21,924,632 | 26,876,553 |
| **Total Liabilities** | | **493,189,758** | **455,044,177** |
| **Total Shareholders' Equity & Liabilities** | | **961,946,514** | **875,073,891** |

AMAR STOCK

# Islami Insurance Bangladesh Limited

## Balance Sheet
## (Statement of Financial Position)
## As at December 31, 2017

| Assets & Properties | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Investment** | 12.0 | **29,869,866** | **20,274,953** |
| Statutory Deposit | 12.01 | 25,000,000 | 16,800,000 |
| Investment in Shares | 12.02 | 4,869,866 | 3,474,953 |
| Interest, Dividends & Rent outstanding (interest/profit Accrued but not due) | 13.0 | **11,525,072** | **9,865,567** |
| Amount Due from Other Persons or Bodies Carrying on Insurance Business | 14.0 | **70,968,781** | **60,468,831** |
| Sundry Debtors | 15.0 | **16,680,130** | **31,728,688** |
| **Cash and Bank Balances** | 16.0 | **498,909,373** | **433,491,445** |
| Fixed Deposit Receipts (F.D.R's) | 16.01 | 374,900,000 | 309,900,000 |
| STD, CD & PO, DD Cheques in hand | | 99,861,085 | 96,421,427 |
| Cash in hand | | 24,148,288 | 27,170,018 |
| **Other Accounts** | | **333,993,292** | **319,244,407** |
| Fixed Assets (at cost less Accumulated depreciation) | 17.0 | 51,579,442 | 37,047,818 |
| Land purchase in process | 18.0 | 3,400,000 | 3,400,000 |
| Office space purchase in process | 19.0 | 276,806,000 | 276,806,000 |
| Security Deposit | | 485,000 | 485,000 |
| Stamps in hand | | 768,928 | 625,163 |
| Stock of Printing & Stationery Materials (At cost) | | 953,922 | 880,426 |
| **Total Assets and Properties** | | **961,946,514** | **875,073,891** |
| **Net Asset Value Per Share (NAV)** | 24.0 | **13.81** | **13.61** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Profit and Loss Account

## (Statement of Profit or Loss & Other Comprehensive Income)

## For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Expenses of management :** (Not Applicable to any particular fund or Account) | | **19,182,698** | **18,858,422** |
| Advertisement & Publicity | | 397,371 | 3,825,669 |
| Directors' fees | | 3,093,500 | 2,246,333 |
| Donation & Subscription | | 1,008,866 | 1,312,356 |
| Audit fees | | 322,000 | 373,750 |
| Legal, Registration and Professional fees | | 3,004,691 | 2,101,895 |
| Provision for Employee Gratuity | | 1,000,000 | 500,000 |
| Provision for WPPF/ Incentive Bonus | | 4,600,000 | 3,500,000 |
| Depreciation | | 5,756,270 | 4,998,419 |
| Loss Arised from Investment in Share | | | - |
| Net profit transferred to profit and loss appropriation account | | 71,074,642 | 65,266,953 |
| **Total** | | **90,257,340** | **84,125,375** |
| **Interest, Dividend and Rents:** (Not Applicable to any particular fund or Account) | | | |
| Interest and Dividend Income | 20.00 | **20,134,844** | **18,739,646** |
| **Profit/(Loss) Transferred from** | | **69,512,850** | **64,898,617** |
| Fire Revenue Account | | 9,283,409 | 14,183,489 |
| Marine Revenue Account | | 47,644,289 | 39,497,491 |
| Motor Revenue Account | | 14,480,414 | 17,729,945 |
| Miscellaneous Revenue Account | | (1,895,262) | (6,512,308) |
| **Sundry Income** | 21.00 | **609,646** | **487,112** |
| Gain on Sale of Motor Vehicle | | (283,517) | 1,052,332 |
| Gain on Sale of Share | | 836,443 | (669,604) |
| Dividend Income | | 56,720 | 104,384 |
| **Total** | | **90,257,340** | **84,125,375** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** **Director** **Director** **Chairman**

Signed as per our annexed report of even date

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Profit and Loss Appropriation Account

## For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| Reserve for exceptional losses | | 14,550,000 | 13,550,000 |
| Provision for income tax | | 22,347,600 | 20,666,000 |
| Dividend distributed from last year profit | | 30,857,904 | 28,052,640 |
| Balance transfered to Statement of Financial position | | 35,219,812 | 31,900,674 |
| **Total** | | **102,975,316** | **94,169,314** |
| Balance brought forward from last year | | 31,900,674 | 28,902,361 |
| Balance of General Reserve brought forward from last year | | | - |
| Balance transferred from Profit and Loss Account | | 71,074,642 | 65,266,953 |
| **Total** | | **102,975,316** | **94,169,314** |
| **Earning Per Share (EPS)** | 2.11 | **1.44** | **1.45** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

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# Islami Insurance Bangladesh Limited

## Statement of Changes in Equity

## For the year ended December 31, 2017

**Amount in Taka**

| Particulars | Share Capital | Reserve for Exceptional Losses | Retained profit | Total |
|---|---|---|---|---|
| **Balance as on January 01, 2017** | **308,579,040** | **79,550,000** | **31,900,674** | **420,029,714** |
| Stock dividend, 2016 | 30,857,904 | | (30,857,904) | - |
| Appropriation made during the year | | | 71,074,642 | 71,074,642 |
| Reserve for exceptional losses | | 14,550,000 | (14,550,000) | - |
| Provision for income tax | | | (22,347,600) | (22,347,600) |
| **Balance as on December 31, 2017** | **339,436,944** | **94,100,000** | **35,219,812** | **468,756,756** |

| | | | | |
|---|---|---|---|---|
| **Balance as on December 31, 2016** | **308,579,040** | **79,550,000** | **31,900,674** | **420,029,714** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed in terms of our report of even date annexed.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

AMARSTOCK

# Islami Insurance Bangladesh Limited

## Statement of Cash Flows

### For the year ended December 31, 2017

| Particulars | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| **Cash flows from operating activities** | | |
| Collection from premium & other income | 549,639,085 | 449,983,554 |
| Payment for management expenses, Re-insurance & Claims | (427,999,895) | (355,897,192) |
| Income tax paid | (27,518,455) | (14,435,737) |
| **Net cash flows from operating activities** | **94,120,735** | **79,650,625** |
| **Cash flows from investing activities** | | |
| Acquisition of fixed assets | (22,750,211) | (13,245,968) |
| Disposal of fixed assets | 2,462,317 | 171,468 |
| Office space purchase in process | - | (9,944,000) |
| Investment made in share & Treasury bond | (9,594,913) | (1,191,643) |
| **Net cash used in investing activities** | **(29,882,807)** | **(24,210,143)** |
| **Cash flows from financing activities** | | |
| Increase /Decrease in loan from bank | 1,180,000 | (680,000) |
| **Total cash flows from financing activities** | **1,180,000** | **(680,000)** |
| **Net increase in cash & Cash equivalents during the year** | **65,417,928** | **54,760,482** |
| Opening cash & Cash equivalents at beginning of the year | 433,491,445 | 378,730,963 |
| **Closing cash & Cash equivalents at end of the year** | **498,909,373** | **433,491,445** |
| **Number of shares** | **33,943,694** | **30,857,904** |
| **Net operating cash flows per share** | **2.77** | **2.58** |

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Consolidated Revenue Account

### For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Claim under policies less Re-Insurance** | | **47,058,644** | **51,556,925** |
| Paid during the year | | 56,451,588 | 34,824,132 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 144,005,492 | 153,398,436 |
| Less: Outstanding at the end of the previous year | | 153,398,436 | (136,665,643) |
| | | | - |
| Agency commission | | 55,059,449 | 57,934,120 |
| Expenses of management (with stamp used) | 22.0 | 137,878,521 | 140,247,524 |
| Profit transferred to Profit & Loss Account | | 69,512,850 | 64,898,617 |
| Reserve for unexpired risks of premium income of the year as shown in the Balance Sheet | | 107,609,232 | 111,826,742 |
| **Total** | | **417,118,696** | **426,463,928** |
| | | **417,118,696** | **426,463,928** |
| Balance of account at the beginning of the year (Reserve for unexpired risks) | | 111,826,742 | 125,105,720 |
| Premium less Re-Insurance | | 268,257,037 | 276,879,916 |
| Commission on Re-Insurance ceded | | 37,034,917 | 24,478,292 |
| **Total** | | **417,118,696** | **426,463,928** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** **Director** **Director** **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

AMARSTOCK

# Islami Insurance Bangladesh Limited

## Fire Insurance Revenue Account

### For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Claim under policies less Re-Insurance** | | **17,106,813** | **22,264,414** |
| Paid during the year | | 36,777,812 | 26,182,699 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 67,956,860 | 87,627,859 |
| Less: Outstanding at the end of the previous year | | 87,627,859 | (91,546,144) |
| Agency commission | | 20,326,413 | 22,386,640 |
| Expenses of management (with stamp used) | 22.0 | 48,714,068 | 54,130,863 |
| Profit transferred to Profit & Loss Account | | 9,283,409 | 14,183,489 |
| Reserve for unexpired risks of premium income of the year as shown in the Balance Sheet | | 25,124,948 | 35,690,212 |
| **Total** | | **120,555,651** | **148,655,618** |
| | | **120,555,651** | **148,655,618** |
| Balance of account at the beginning of the year (Reserve for unexpired risks) | | 35,690,212 | 44,339,287 |
| Premium less Re-Insurance | | 62,812,370 | 89,225,531 |
| Commission on Re-Insurance ceded | | 22,053,069 | 15,090,800 |
| **Total** | | **120,555,651** | **148,655,618** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** **Director** **Director** **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

AMARSTOCK

# Islami Insurance Bangladesh Limited

## Marine Insurance Revenue Account

### For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Claim under policies less Re-Insurance** | | **22,355,603** | **24,337,114** |
| Paid during the year | | 11,376,978 | 3,579,900 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 70,446,344 | 59,467,719 |
| Less: Outstanding at the end of the previous year | | 59,467,719 | (38,710,505) |
| Agency commission | | 26,810,560 | 25,635,626 |
| Expenses of management | 22.0 | 61,003,081 | 61,503,091 |
| Profit transferred to Profit & Loss Account | | 47,644,289 | 39,497,491 |
| Reserve for unexpired risk being 40% & 100% of premium income Marine Cargo and Marine Hull business respectivelyof the year as shown in the Balance Sheet | | 58,532,349 | 60,485,028 |
| **Total** | | **216,345,882** | **211,458,350** |
| | | **216,345,882** | **211,458,350** |
| Balance of account at the beginning of the year (Reserve for unexpired risks) | | 60,485,028 | 57,847,789 |
| Premium less Re-Insurance | | 145,564,829 | 148,525,630 |
| Commission on Re-Insurance ceded | | 10,296,025 | 5,084,931 |
| **Total** | | **216,345,882** | **211,458,350** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Motor Insurance Revenue Account

### For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Claim under policies less Re-Insurance** | | **7,591,491** | **5,671,347** |
| Paid during the year | | 8,292,061 | 4,870,508 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 5,602,288 | 6,302,858 |
| Less: Outstanding at the end of the previous year | | 6,302,858 | (5,502,019) |
| Agency commission | | 7,052,525 | 5,405,912 |
| Expenses of management (with stamp used) | 22.0 | 19,398,068 | 13,251,508 |
| Profit transferred to Profit & Loss Account | | 14,480,414 | 17,729,945 |
| Reserve for unexpired risks of premium income of the year as shown in the Balance Sheet | | 22,760,652 | 13,849,256 |
| **Total** | | **71,283,150** | **55,907,968** |
| | | **71,283,150** | **55,907,968** |
| Balance of account at the beginning of the year (Reserve for unexpired risks) | | 13,849,256 | 21,075,647 |
| Premium less Re-Insurance | | 56,901,630 | 34,623,139 |
| Commission on Re-Insurance ceded | | 532,264 | 209,182 |
| **Total** | | **71,283,150** | **55,907,968** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Miscellaneous Insurance Revenue Account

### For the year ended December 31, 2017

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| **Claim under policies less Re-Insurance** | | **4,737** | **(715,950)** |
| Paid during the year | | 4,737 | 191,025 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | - | - |
| Less: Outstanding at the end of the previous year | | - | (906,975) |
| Agency commission | | 869,951 | 4,505,942 |
| Expenses of management (with stamp used) | 22.0 | 8,763,304 | 11,362,062 |
| Loss transferred to Profit & Loss Account | | (1,895,262) | (6,512,308) |
| Reserve for unexpired risks of premium income of the year as shown in the Balance Sheet | | 1,191,283 | 1,802,246 |
| **Total** | | **8,934,013** | **10,441,992** |
| | | **8,934,013** | **10,441,992** |
| Balance of account at the beginning of the year (Reserve for unexpired risks) | | 1,802,246 | 1,842,997 |
| Premium less Re-Insurance | | 2,978,208 | 4,505,616 |
| Commission on Re-Insurance ceded | | 4,153,559 | 4,093,379 |
| **Total** | | **8,934,013** | **10,441,992** |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive Officer & Managing Director** | **Director** | **Director** | **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Notes to the Accounts for the year ended 31 December, 2017

### 1. Background and Activities

Islami Insurance Bangladesh Limited was incorporated as Public Limited Company on 25th day of October, 1999 under the Companies Act, 1994 having registered office in Bangladesh. IIBL obtained permission to commence Insurance business from Chief Controller of Insurance, Directorate of Insurance, Government of the Peoples Republic of Bangladesh on 29th day of December, 1999. The principal place of business of the Company is at DR Tower (11th floor) 65/2/2 Purana Paltan, Box Culvert Road, Dhaka-1000, Bangladesh which is also the registered office of the Company. IIBL is engaged in General Insurance business within the meaning of Insurance Act, 1938 as amended in 2010.

### 2. Significant Accounting Policies & Relevant Information

### 2.00 Basis of presenting Financial Statements

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

Going concern
Accrual basis
Historical cost convention
Generally Accepted Accounting Principles and Practices in Bangladesh
The Companies Act, 1994
The Insurance Act, 2010
The Insurance Rules, 1958
The Securities and Exchange Rules, 1987
Income Tax Ordinance-1984
The Accounting Standards Issued by the Institute of Chartered Accountants of Bangladesh (ICAB)

The preparation of financial statement in conformity with the Bangladesh Accounting Standards requires management to make estimate and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the year reported. Actual results could differ from those estimates, Estimates are used for accounting of certain items such as long-term contracts, provision for doubtful accounts, depreciation and amortization taxes, reserve and contingencies.

### 2.01 Adoption of Bangladesh Accounting Standards ( BASs)

In Preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following BASs have been adopted 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:
BAS 1 Presentation of Financial Statements
BAS 2 Inventories
BAS 7 Statement of Cash Flows
BAS 10 Events after the Balance sheet Date

BAS 12 Income taxes
BAS 14 Segment Reporting
BAS 16 Property, Plant and Equipment
BAS 17 Leases
BAS 18 Revenue
BAS 19 Employees Benefit plan
BAS 24 Related party disclosure
BAS 33 Earning per Share
BAS 37 Provision, contingent liabilities and contingent Assets.

**Impact of Recently Issued Accounting Standards**

There was no such impact on these financial statements as no new accounting standard was issued by the ICAB during the year under review.

**Critical Corporate Accounting Policies in respect of Recognition and Valuation of Key Accounting Issues**

Following are the accounting policies relating to recognition and valuation items in financial statements which are material and critical in determining the company's results of operations for the year and financial position as on the balance sheet date and are consistent with those adopted in the financial statements for the previous year:

**(a) Revenue Recognition (BAS 18)**

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

(i) the significant risks and rewards of ownership of the policies have been transferred to the policyholder;
(ii) the amount of revenue was measured reliably;
(iii) it was probable that the economic benefits relating to the transaction will flow to the enterprise;
(iv) neither continuing managerial involvement nor effective control usually associated with ownership of the policy was retained by the Company; and
(v) Cost relating to the transactions was measured reliably.

**(b) Recognition of the 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 BAS 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 and additional cost of the assets.

Fixed Assets do not include any assets held under lease.

**(c) Depreciation of Tangible Fixed Assets**

Depreciation on fixed Assets is changed on reducing balance method at rates varying from 10 to 25% depending on the estimated on the estimated useful live of the assets. Provision for depreciation on assets purchased during the year has been made for the date of acquisition as per paragraph 55 of BAS 16 and full year deprecation has been charge on disposal of Assets during the year. The annual depreciation rates applicable to the principal categories are:-

| Category of Assets | | Rate of Depreciation |
|---|---|---|
| 1 | Furniture & Fixtures | 10% |
| 2 | Office & Electrical Equipments | 15% |
| 3 | Office Decoration | 10% |
| 4 | Air Cooler | 15% |
| 5 | Motor & Other vehicles | 20% |
| 6 | Computer & Software | 20% |
| 7 | Telephone installation & Fax | 15% |
| 8 | Crookeries & Cutleries | 25% |

**2.02 Statement of Cash Flows (BAS 7)**

Cash Flow Statement is prepared principally in accordance with BAS 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 BAS 7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method"

**2.03** Last year figures have been rearranged wherever necessary for comparison purposes.

**2.04 Public Sector Insurance Business**

The Company's share of public sector business for the period from 1st January 2016 to 31st December, 2016 received from Sadharan Bima Corporation has been incorporated in the Company's account for the year ended 31st December, 2017. This system of accounting of public sector business is being follows consistently.

**2.05 Re-Insurance Accounts**

While preparing the Revenue Accounts necessary adjustments in respect of re-insurance ceded in Bangladesh have been duly given.

**2.06 Reporting Currency:**

The financial statements are presented in Bangladesh currency (Taka)

**2.07 Investments:**

**i) Statutory deposit with Bangladesh Bank:**

Investment is stated at their acquisition cost and Interest accrued at Balance Sheet date have been accounted for.

**ii) In Shares:**

Investments in shares are stated at market price which is lower than the cost price and the dividend income thereon have been accounted for on receipt basis. Provision has not been required.

**2.08 Inventories: (BAS-2)**

In compliance with the requirement of **BAS 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.

**2.09. Current Tax:**

Provision for current Income Tax has been made@40% as prescribed in Finance Act, 2017 on the taxable income for the year.

**2.10. Deferred Tax. (BAS-12)**

The profits and gains from Insurance business are determined as per 4th schedule of the IT ordinance and not business assessment U/S 28.

So, the management feeds that it is not necessary to make estimate of deferred tax assets/ liabilities as per provision of BAS-12.

**2.11 Earning per share (EPS) BAS-33**

The Company calculates Earning per Share (EPS) in accordance with the "Bangladesh Accounting Standard" (BAS-33). Calculation of EPS is shown below:

$$\text{EPS} = \frac{\text{Earning attributable to ordinary shareholders}}{\text{Number of weighted average ordinary share during the year}}$$

| Particular | 2017 | 2016 |
|---|---|---|
| | Taka | Taka |
| Net Profit after Tax | 48,727,042 | 44,600,953 |
| Number of weighted average ordinary share during the year | 33,943,694 | 30,857,904 |
| **Earning per share (EPS)** | **1.44** | **1.45** |

**2.12 Employees Benefits (As per BAS- 19)**

The company for its permanent employees operates the following benefit scheme:-

**I) Group Insurance Scheme**

Employees of the Company are covered under the group term life insurance scheme, the premium paid thereof is paid by Company.

**II) Contributory Provident Fund Recognized by Tax Authorities**

In respect of provident fund at 10% of Basic salary of eligible employee is being made annually as per P.F. rules administered by Board of Trustees, The eligible employees contribute @ 10% of basic salary.

**III) Gratuity Fund**

The above mentioned scheme was introduced on 01.01.2012 as per company's service rules. A lamp sump amount of Tk 1,000,000 (ten lac) has been provided for in the accounts during the year.

**IV) Workers profit participations fund (WPPF)/ or Incentive Bonus**

An amount of Tk. 4,600,000 (forty six lac) only has been created equivalent to 6.47 % of net profit before tax as per the section 234 of Bangladesh labor amendment Act. 2013. This amount will be distributed among the all desk Employees according to their one month basic pay as per decision of the Board Meeting of Directors.

**2.13 Employees Details**

During the year under review 319 employees are employed for the full time.
319 No's of employees received salary more than Tk. = 3000 per month.
No part time employees are employed in the company.

**2.14 Deposit Premium Account**

Premium deposit account represents amount of premium deposited with the company against cover notes for which policies are yet to be issued.

**2.15 Consolidation Procedure**

Accounts of all branches have been consolidated at the Central Accounts of the Head Office at Dhaka.

**2.16 Cash & Cash Equivalents**

Cash comprises of cash in hand, demand deposit, cash equivalents on short term, highly liquid investments that are readily convertible to knows amounts of cash and those which are subject to an insignificant risk of changes in value. Cash & cash equivalents are not restricted in use and accordingly cash in hand and bank balances have been considered as cash and cash equivalents.

**2.17 Reporting period**

Financial statements of the Company cover one calendar year from 01 January 2017 to 31 December 2017.

## 3.00 Share Capital

| Particulars | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Authorised Share Capital :<br>100,000,000 Ordinary shares of Tk.10.00 each | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed, and Paid Up Share Capital:<br>3,08,57,904 Ordinary shares of Tk. 10.00 each. | 308,579,040 | 280,526,400 |
| **Add:** 30,85,790 Ordinary shares of Tk. 10.00 each fully paid up as bonus share issued for the year 2016 | 30,857,904 | 28,052,640 |
| **Total** | **339,436,944** | **308,579,040** |

Issued, Subscribed & Paid-up share capital
33,943,694 Ordinary shares of Tk. 10 each

This made up as follows

| Category of Shareholder | No. of Shares | % of Holding | Amount (Tk.) |
|---|---|---|---|
| 1. Sponsors | 13,488,661 | 39.74% | 134,886,610 |
| 2. General Public | 15,091,366 | 44.46% | 150,913,660 |
| 3. Institution | 5,363,667 | 15.80% | 53,636,670 |
| **Total** | **33,943,694** | **100%** | **339,436,940** |

***Classification of Shareholders as per their share holdings***

**(i) Group A: Shareholders (Sponsors)**

| Name of the Directors/ Shareholders | No. of Shares | % of Holding | % of Total Paid-up Capital |
|---|---|---|---|
| Al-haj Mohammad Sayeed, Director | 2,666,499 | 19.77% | 7.86% |
| Al-haj Md. Ismail Nawab, Director | 678,870 | 5.03% | 2.00% |
| Janab Tofazzal Hossain, Director | 678,872 | 5.03% | 2.00% |
| Janab M. Tajul Islam, Director | 678,872 | 5.03% | 2.00% |
| Mrs. Anjumon Ara Begum, Director | 1,470,892 | 10.91% | 4.33% |
| Mrs. Ashma Nur, Director | 678,872 | 5.03% | 2.00% |
| Al-haj Md. Abdul Halim, Director | 678,872 | 5.03% | 2.00% |
| Mrs. Shayla Parbin, Director | 678,872 | 5.03% | 2.00% |
| Janab Nur Mohammad Mamun, Director | 678,872 | 5.03% | 2.00% |
| Al-haj Mohammad Abdul Hannan, Director | 678,872 | 5.03% | 2.00% |
| Janab Gazi Belayet Hossain, Director | 678,872 | 5.03% | 2.00% |
| Janab Mohammad Murtaza Kamal, Director | 678,872 | 5.03% | 2.00% |
| Mrs. Nostaren Jamila, Director | 678,872 | 5.03% | 2.00% |
| Mrs. Farhana Alam, Director | 1,770,537 | 13.13% | 5.22% |
| Mrs. Afroza Parveen, Shareholder | 113,143 | 0.84% | 0.33% |
| **Total** | **13,488,661** | **100%** | **39.74%** |

**(ii) Group B: Classification of Shareholders (Public & Institutions)**

| Class Interval | Number of Shares | Number of Shareholders | % of Shareholding | % of Total Paid-up Capital |
|---|---|---|---|---|
| 001-5000 | 2,902,632 | 2,419 | 14.19% | 8.55% |
| 5001-50000 | 2569342 | 170 | 12.56% | 7.57% |
| 50001-100000 | 1775316 | 25 | 8.68% | 5.23% |
| 100001-150000 | 861405 | 07 | 4.21% | 2.54% |
| 150001-200000 | 1228192 | 07 | 6.00% | 3.62% |
| 200001-250000 | 1594042 | 07 | 7.79% | 4.70% |
| 250001-300000 | 1632015 | 06 | 7.98% | 4.81% |
| 300001-350000 | 311895 | 01 | 1.52% | 0.92% |
| 350001-400000 | 1156424 | 03 | 5.65% | 3.41% |
| 400001-500000 | 885925 | 02 | 4.33% | 2.61% |
| 500001-Above | 5537845 | 06 | 27.07% | 16.31% |
| **Total of (ii)** | **20455033** | **2653** | **100.00%** | **60.26%** |
| **Grand Total (i+ii)** | **33943694** | **2653+15=2668** | | **100%** |

**3.03 Share holding of CEO, Company Secretary, CFO & Executives**

| Name | Share Holding (Nos) | Percentage (%) |
|---|---|---|
| i) Chief Executive Officer & Managing Director Mr. Md. Abdul Matin | Nil | Nil |
| ii) Additional Managing Director & Company Secretary Mr. Md. Mujibur Rahman | Nil | Nil |
| iii) Senior Executive Vice President & Chief Financial Officer Syed Md. Emdad Ullah | Nil | Nil |
| iv) Senior Executive Vice President (Head of Internal Audit) Mr. Md. Abdul Hakim | Nil | Nil |
| v) Senior Manager (Share Department) Mr. Md. Lutfull Hoque | Nil | Nil |

**4.00 Reserve or Contingency Account**

**4.01 Reserve for exceptional losses**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Opening Balance | 79,550,000 | 66,000,000 |
| Add : Reserve made during the year | 14,550,000 | 13,550,000 |
| **Total** | **94,100,000** | **79,550,000** |

Reserve for exceptional losses is appropriated out of current years profit about 10% of premium earned during the year. The above amount is eligible for tax relief under the 4th schedule of the Income tax ordinance, 1984. An amount of Tk. 14,550,000 has been provided for reserve for exceptional loses during the year which is 3.40% of premium income Tk. 428,271,764

**4.02 Profit & loss Appropriation Account**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Opening Balance | 31,900,674 | 849,721 |
| Add : Profit during the year | 71,074,642 | 65,266,953 |
| **Total** | **102,975,316** | **66,116,674** |
| Less : Reserve for Exceptional Losses. | 14,550,000 | 13,550,000 |
| Less : Provision for Income tax | 22,347,600 | 20,666,000 |
| Less: Dividend distributed from last year profit | 30,857,904 | |
| **Balance** | **35,219,812** | **31,900,674** |

**5.00 Balance of Funds & Accounts**

Reserve for unexpired risks on premium have been made including public share business @ 40 % for Fire, Marine Cargo, Misc. and 100% Premium made for Marine Hull. The balance has been arrived at as under:

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Fire Insurance Business Account | 25,124,948 | 35,690,212 |
| Marine Insurance Business Account | 58,532,349 | 60,485,028 |
| Motor Insurance Business Account | 22,760,652 | 13,849,256 |
| Miscellaneous Insurance Business Account | 1,191,283 | 1,802,246 |
| **Total** | **107,609,232** | **111,826,742** |

**6.00 Premium Deposit**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| **Balance** | **5,294,035** | **5,309,518** |

The balance represents the amount received against cover notes for which risks have not been initiated within 31st December 2017.

**7.00 Estimated liability in respect of outstanding claims whether due or intimated**

| **Nature of Claims** | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Fire Insurance | 67,956,860 | 87,627,859 |
| Marine Insurance | 70,446,344 | 59,467,719 |
| Motor Insurance | 5,602,288 | 6,302,858 |
| Miscellaneous Insurance | - | - |
| **Total** | **144,005,492** | **153,398,436** |

**8.00 Amount due to other persons or bodies carrying on insurance business**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Sadharan Bima Corporation | 166,570,912 | 105,856,618 |
| Other Insurance Companies | 224,209 | 224,209 |
| **Total** | **166,795,121** | **106,080,827** |

**9.00 Provision for Income Tax**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Opening Balance | 35,552,101 | 29,321,838 |
| Add: Provision during the year (9.01) | 22,347,600 | 20,666,000 |
| | **57,899,701** | **49,987,838** |
| Less: Adjustment during the year | 27,518,455 | 14,435,737 |
| Closing Balance | **30,381,246** | **35,552,101** |

**9.01 Calculation of Income Tax**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Net Profit (As per P/L Account) | 71,074,642 | 65,266,953 |
| Less: Reserve for Exceptional losses | 14,550,000 | (13,550,000) |
| Less: Dividend Income | 56,720 | (104,384) |
| Less: Gain on sale of share | 836,443 | - |
| **Business Income** | **55,631,479** | **51,612,569** |
| | | |
| Income tax rate@ 40.00% of Tk 55,631,479 | 22,252,592 | 20,645,028 |
| Dividend income @ 20% of Tk. 56,721 | 11,344 | 20,877 |
| Gain on sale of share@ 10% of tk. 836,443 | 83,644 | - |
| **Provision for Income Tax** | **22,347,580** | **20,665,905** |
| | | |
| **Say Provision made for tk.** | **22,347,600** | **20,666,000** |

**10.00 Quard-e-Hasana (Loan) from Banks**

| **Particulars** | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| 10.01 :The Quard-e-Hasana from Islami Bank Bangladesh Ltd, Mouchak Branch, IBBL Ramna Branch & IBBL Nawabpur Branch against our Term deposit Receipt (TDR) of Tk 4,400,000 | 3,500,000 | 5,000,000 |
| 10.02 The Quard-e-Hasana from Al-Arafah Islami Bank Ltd, Keranigonj Branch against our Term deposit Receipt (TDR) of Tk 12,100,000 | 9,680,000 | 7,000,000 |
| 10.03 The Quard-e-Hasana from Social Islami Bank Ltd., Principal Branch against our Term deposit Receipt (TDR) of Tk 5,050,000 | 4,000,000 | 4,000,000 |
| **Total Quard-e-Hasana (Loan)** | **17,180,000** | **16,000,000** |

As per Islami banking rules no profit on TDRS for Tk. 21,550,000 in aggregate has been provided for and at the same time no profit has been provided for on Quard-e-Hasana amount tk. 17,180,000 (loan amount)

## 11.00 Sundry Creditors

| | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Provision for Audit Fees | 787,100 | 729,600 |
| Payable to IIBL Employees Contributory provident fund | 2,123,326 | 5,514,852 |
| Income tax payable (DAS) | 554,884 | 1,457,781 |
| Value added tax (VAT) Payable | 4,483,778 | 6,595,080 |
| Liable for IPO's share | 2,829,792 | 2,834,792 |
| Advance Office Rent | 1,000,000 | 1,000,000 |
| Unclaimed dividend | 212,463 | 213,451 |
| Employee Gratuity Fund | 3,664,647 | 2,863,397 |
| Corporate Social Responsibility (CSR) | 656,380 | 821,380 |
| Workers Profit Participations Fund (WPPF)/ Incentive Bonus | 5,027,353 | 3,814,004 |
| Others creditors & advances | 584,909 | 1,032,216 |
| **Total** | **21,924,632** | **26,876,553** |

## 12.00 Investment

## 12.01 Statutory Deposit

| Particulars | Period | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| Bangladesh Govt. Islami Investment Bond | 6 months | 9,000,000 | 9,000,000 |
| Bangladesh Govt. Treasury Bond (BGTBS) | 5 years | 1,600,000 | 1,300,000 |
| Bangladesh Govt. Treasury Bond (BGTBS) | 10 years | 13,000,000 | 6,500,000 |
| Bangladesh Govt. Treasury Bond (BGTBS) | 15 years | 200,000 | - |
| Bangladesh Govt. Treasury Bond (BGTBS) | 20 years | 1,200,000 | - |
| | | **25,000,000** | **16,800,000** |

The amount of TK. 25,000,000has been kept in the Bangladesh Bank as statutory deposit as required under Section 7(1) of the Insurance Act, 1938. Interest accrued upto 31st December, 2017 has been provided in the accounts.

## 12.02 Investment in Shares of Listed Securities

The break-up of the above amount is as under

| Listed Share | No. of Share (including Bonus, right, buy and excluding sale) on 31.12.2016 | Cost Price after Adjustment of Market price on 31.12.2016 | Market Price on 31.12.2016 | No of Share (including Bonus, right, buy and excluding sale)on 31.12.2017 | Cost Price (Including Buy & excluding sale) on 31.12.2017 | Market Price on 31.12.2017 |
|---|---|---|---|---|---|---|
| **A) Banks** | | | | | | |
| A. B. Bank Ltd. | | | | 3000 | 75,563.50 | 49,800.00 |
| First Securities Bank | | | | 10000 | 178,623.00 | 129,000.00 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dhaka Bank Ltd. | 3067 | 54,943.30 | 54,899.30 | 3220 | 54,943.30 | 56,350.00 |
| Islami Bank BD Ltd | | | | 4649 | 190,737.87 | 133,426.30 |
| Mercantile Bank Ltd | | | | 4200 | 122,708.88 | 110,880.00 |
| Uttara Bank Ltd. | | | | 14000 | 578,277.00 | 494,200.00 |
| Social Islami Bank Ltd | 41624 | 570,844.80 | 765,881.60 | | | |
| One Bank Ltd | 35000 | 650,737.50 | 640,500.00 | | | |
| **Total** | **79691** | **1,276,525.60** | **1,461,280.90** | **39069** | **1,200,853.55** | **973,656.30** |
| **B) Financial Institutions** | | | | | | |
| Prime Finance | 3024 | 34,473.60 | 29,635.20 | 3024 | 34,473.60 | 32,659.20 |
| BIFC | 70955 | 716,645.50 | 737,932.00 | 70955 | 716,645.50 | 681,168.00 |
| Fareast financ | 0 | - | - | 21000 | 326,639.25 | 193,200.00 |
| Islamic Finance & Investmer | 6604 | 102,362.00 | 127,457.20 | 7330 | 102,362.00 | 147,333.00 |
| ILFSL | 42000 | 364,000.00 | 533,400.00 | | - | |
| **Total** | **122583** | **1,217,481.10** | **1,428,424.40** | **102309** | **1,180,120.35** | **1,054,360.20** |
| **C ) Insurance** | | | | | | |
| Rupali life Insurance | 323 | 10,465.20 | 11,886.40 | 323 | 10,465.20 | 17,538.90 |
| Fareasrt life | 5547 | 346,687.00 | 375,531.90 | 12656 | 733,034.50 | 973,246.40 |
| Karnafulli Insurance | - | - | - | 6500 | 127,257.00 | 114,400.00 |
| Mercantile Insurance | - | - | - | 9400 | 253,459.80 | 219,020.00 |
| **Total** | **5870** | **357,152.20** | **387,418.30** | **28879** | **1,124,216.50** | **1,324,205.30** |
| **D) Parmacuticals** | | | | | | |
| Beacon Pharma | 10500 | 157,500.00 | 231,000.00 | 10500 | 157,500.00 | 211,050.00 |
| **Total** | **10500** | **157,500.00** | **231,000.00** | **10500** | **157,500.00** | **211,050.00** |
| **E) Fuel & Power** | | | | | | |
| Summit Power | 326 | 12,227.60 | 12,062.00 | 326 | 12,227.60 | 11,573.00 |
| TITASGAS | 5000 | 237,000.00 | 247,000.00 | 5000 | 237,000.00 | 207,000.00 |
| UPGDCL | 600 | 84,120.00 | 84,960.00 | 0 | - | - |
| **Total** | **5926** | **333,347.60** | **344,022.00** | **5326** | **249,227.60** | **218,573.00** |
| **H) Miscellaneous** | | | | | | |
| Beximco Ltd | 307 | 7,743.20 | 7,982.00 | 322 | 7,743.20 | 9,241.40 |
| ITC | 1150 | 71,248.50 | 54,395.00 | 1196 | 71,248.50 | 37,913.20 |
| LHBL | - | - | - | 2000 | 131,859.90 | 120,200.00 |
| RAK Ceramic | - | - | - | 4273 | 262,134.27 | 201,258.30 |
| SAPORTL | - | - | - | 5000 | 228,296.25 | 150,000.00 |
| Singer BD | - | - | - | 1270 | 256,665.87 | 248,285.00 |
| PTL | 700 | 13,347.00 | 14,140.00 | 0 | - | |
| NTL Tubes | 300 | 40,607.35 | 37,860.00 | 0 | - | |
| **Total** | **2457** | **132,946.05** | **114,377.00** | **14061** | **957,947.99** | **766,897.90** |
| **Grand Total** | **227027** | **3,474,952.55** | **3,966,522.60** | **200144** | **4,869,865.99** | **4,548,742.70** |

Note:- Provision has not been made for short fall amount of share price aggregating Tk. 321,123 (4,869,866 - 4,548,743) as on 30.12.2017. The Board of Directors hopes that the market will increase soon. Then It will recover.

## 13.00 Profit Interest, Dividend and Rents Accrued

| | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Profit on Bangladesh Sarkar Islami Investment Bond | 4,931 | 53,245 |
| Profit on TDR's | 4,396,425 | 3,813,175 |
| Interest on FDR's | 6,594,635 | 5,719,763 |
| Interest on BGTB's | 529,081 | 279,384 |
| **Total** | **11,525,072** | **9,865,567** |

## 14.00 Amount due from other persons or Bodies Carrying on Insurance Business

| | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Sadharan Bima Corporation | 68,830,713 | 58,330,763 |
| Others Insurance Companies | 2,138,068 | 2,138,068 |
| **Total** | **70,968,781** | **60,468,831** |

## 15.00 Sundry Debtors

| | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Advance against Salary | 26,900 | 83,236 |
| Advance against Office Rent | 4,963,839 | 4,319,659 |
| Advance payment of Income tax (Tax Deducted from TDR, FDR, STD, SND, Share Dividend, Motor Vehicles registration etc.) | 9,071,546 | 14,479,527 |
| Balance of Share BO A/c's | 15,345 | 73,766 |
| Advance to Suppliers | 2,602,500 | 2,022,500 |
| Advance to Z cub (Interior Decorator) | - | 10,750,000 |
| **Total** | **16,680,130** | **31,728,688** |

## 16.00 Cash & Bank Balances

| | | Amount in Taka | |
|---|---|---|---|
| | | 2017 | 2016 |
| Fixed Deposit with Banks | 16.01 | 374,900,000 | 309,900,000 |
| STD, SND, CD, PO, DD & Cheques in hand | | 99,861,085 | 96,421,427 |
| Cash in hand | | 24,148,288 | 27,170,018 |
| **Total** | | **498,909,373** | **433,491,445** |

## 16.01 Fixed Deposit Receipts (FDRs)

Statement of Bank wise Fixed Deposit Receipts(FDRs) for the year ended 31 December 2017

| Sl. No. | Name of Bank | 2017 | 2016 |
|---|---|---|---|
| 1 | Agrani Bank Ltd. | 1,600,000 | 1,600,000 |
| 2 | Al-Arafah Islami Bank Ltd. | 38,250,000 | 32,950,000 |
| 3 | A B Bank Ltd. | 17,750,000 | 15,000,000 |
| 4 | Bangladesh Commerce Bank Ltd. | 1,700,000 | 1,700,000 |
| 5 | Bangladesh Krishi Bank | 500,000 | 500,000 |
| 6 | BD Shilpa Bank Ltd | 2,500,000 | 3,000,000 |
| 7 | Bank Asia Ltd. | 13,000,000 | 12,800,000 |
| 8 | BASIC Bank Ltd. | 3,700,000 | 3,700,000 |

| | | | |
|---|---|---|---|
| 9 | Dhaka Bank Ltd. | 9,650,000 | 11,350,000 |
| 10 | Dutch Bangla Bank Ltd. | 1,200,000 | 1,200,000 |
| 11 | Eastern Bank Ltd | 1,000,000 | 1,000,000 |
| 12 | Exim Bank Ltd. | 20,800,000 | 14,300,000 |
| 13 | First Security Islami Bank Ltd. | 800,000 | 800,000 |
| 14 | IFIC Bank Ltd. | 16,900,000 | 19,250,000 |
| 15 | Islami Bank Bangladesh Ltd. | 71,900,000 | 59,300,000 |
| 16 | Islamic Finance & Investment Ltd | 200,000 | 200,000 |
| 17 | Jamuna Bank Ltd. | 4,200,000 | 3,000,000 |
| 18 | Janata Bank Ltd. | 1,500,000 | 1,600,000 |
| 19 | Mercantile Bank Ltd. | 9,300,000 | 5,400,000 |
| 20 | Mutual Trust Bank Ltd. | 4,600,000 | 4,400,000 |
| 21 | National Bank Ltd. | 4,650,000 | 5,150,000 |
| 22 | First Leas Finance & Investment Ltd | - | 1,500,000 |
| 23 | National Credit & Commerce Bank Ltd. | 14,000,000 | 12,500,000 |
| 24 | One Bank Ltd. | 9,800,000 | 7,700,000 |
| 25 | Premier Bank Ltd. | 13,250,000 | 10,050,000 |
| 26 | Prime Bank Ltd. | 9,000,000 | 8,500,000 |
| 27 | Pubali Bank Ltd. | 1,800,000 | 1,200,000 |
| 28 | Rajshahi Krishi Unnayan Bank Ltd. | 1,700,000 | 1,700,000 |
| 29 | Shahjalal Islami Bank Ltd. | 26,200,000 | 15,850,000 |
| 30 | Social Islami Bank Ltd. | 23,350,000 | 16,250,000 |
| 31 | Sonali Bank Ltd. | 2,500,000 | 2,500,000 |
| 32 | Southeast Bank Ltd. | 11,100,000 | 8,550,000 |
| 33 | Standard Bank Ltd. | 1,800,000 | 300,000 |
| 34 | State Bank Of India | 1,000,000 | 1,000,000 |
| 35 | The Farmers Bank Ltd. | 2,200,000 | 2,700,000 |
| 36 | Uttara Bank Ltd | 1,200,000 | 1,400,000 |
| 37 | United Commerce Bank Ltd. | 3,200,000 | 4,400,000 |
| 38 | NRB Commercial Bank Ltd. | 11,900,000 | 6,100,000 |
| 39 | NRB Global Bank Ltd. | 1,400,000 | 700,000 |
| 40 | Midland Bank Ltd | 700,000 | 1,000,000 |
| 41 | SBAC Bank Ltd. | 8,400,000 | 6,900,000 |
| 42 | The Trust Bank Ltd. | 300,000 | 300,000 |
| 43 | Meghna Bank Ltd. | 3,100,000 | 500,000 |
| 44 | ICB Islamic Bank Ltd | 100,000 | 100,000 |
| 45 | Bank Al- Falah Ltd | 500,000 | - |
| 46 | Union Bank Ltd | 700,000 | - |
| **Total** | | **374,900,000** | **309,900,000** |

**17.00 Fixed Assets**

At cost less depreciation (Schedule-A/I)

| Particulars | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Opening Cost | 90,712,542 | 79,870,174 |
| Add: Addition during the year | 22,750,211 | 13,245,968 |
| Less: Disposal during the year | 3,760,000 | 2,403,600 |
| **A. Total** | **109,702,753** | **90,712,542** |
| Opening Depreciation | 53,664,724 | 50,898,437 |
| Add: Depreciation Charge during the year | 5,756,270 | 4,998,419 |
| Less: Adjustment during the year-2017 | 1,297,683 | 2,232,132 |
| **B. Total** | **58,123,311** | **53,664,724** |
| **Closing Balance (A-B)** | **51,579,442** | **37,047,818** |

**18.00 Land Purchase in process:**

RAJUK has allotted 2 (two) bigahs land at Rajuk Extension Uttara 3rd phase. In the name of Islami Insurance Bangladesh Ltd. We have already paid at Tk. 900,000 (nine lac) only for this purpose. But during the year RAJUK has cancelled our allotment (Referance The daily samakal; dated 15/07/2011). Rajuk also has advised us again to apply for the above plot. In this circumstances, we have again applied with a deposit money of Tk 2,500,000 (Twenty five lac) for this purpose on 26.10.2011. Payment made as follows:-

| Date | Mode of payment | Amount in Tk. |
|---|---|---|
| 15.03.2005 | P.O. No.-346189 | 300,000 |
| 31.10.2008 | P.O. No.-5890868 | 600,000 |
| 26.10.2011 | P.O. No.-0810826 | 2,500,000 |
| **Total** | | **3,400,000** |

**19.00 Office Space Purchase in Process**

| | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| Rupayan Taj (2nd Floor) | 76,862,000 | 76,862,000 |
| Head office in DR.'S Tower | 199,944,000 | 199,944,000 |
| | **276,806,000** | **276,806,000** |

**19.01 Space at Rupayan Taj (2nd Floor)**

Islami Insurance Bangladesh Ltd. purchased a space (2nd floor) of 5780 SFT at Rupayan Taj on plot no-1, 1/1, Nayapaltan, Dhaka-1000 in exchange of Tk. 7,68,62000/- (seven crore sixty eight lac sixty two thousand) only from Rupayan Housing Estate Ltd. Rupayan has handed over space but space has not yet been registered.

**19.02 Office Space at DR.'S Tower**

Islami Insurance Bangladesh Ltd. purchased an another office space (11th floor) at DR Tower (Space measuring 13,996 SFT) on plot no -65/02/2 Box Culvert Road, Purana paltan, Dhaka-1000, in exchange of Tk. 199,944,000 (Nineteen crore ninety nine lac forty four thousand )only from M/s. Abed Holding Ltd. M/s Abed Holding Ltd has also handed over space on 01.09.2016 but space has not yet been registered. Now it is using as Head office.

**20.00 Profit, Interest, Dividend and Rent**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Profit on TDR | 9,151,868 | 12,016,536 |
| Profit on SND | 387,912 | 384,724 |
| Interest on FDR | 9,347,046 | 5,555,979 |
| Interest on STD | 588,762 | 503,368 |
| Loss/Profit on Bangladesh Gov. Islami Investment Bond | 17,715 | (461,864) |
| Interest on Bangladesh Gov. Treasury Bond | 641,541 | 740,903 |
| **Total** | **20,134,844** | **18,739,646** |

**21.00 Others Income**

| | Amount in Taka | |
|---|---|---|
| | **2017** | **2016** |
| Profit on sale of Motor Vehicles (old) | (283,517) | 1,052,332 |
| Gain/Loss on sale of share | 836,443 | (669,604) |
| Dividend income | 56,720 | 104,384 |
| **Total** | **609,646** | **487,112** |

**22.00 Schedule of Allocated Management Expenses**

| Class of Business | Gross Premium | Allocation of Mgt. Expenses | Insurance Stamp Expenses | Total Expenses |
|---|---|---|---|---|
| Fire | 150,999,808 | 48,366,618 | 347,450 | 48,714,068 |
| Marine | 190,450,642 | 61,003,081 | - | 61,003,081 |
| Motor | 59,545,593 | 19,072,997 | 325,071 | 19,398,068 |
| Misc. | 27,275,721 | 8,736,663 | 26,641 | 8,763,304 |
| **Total** | **428,271,764** | **137,179,359** | **699,162** | **137,878,521** |

## 23.0 Payment to Directors, Chief Executive Officer & Managing Director and Officer's

The aggregate amount paid / provided during the year in respect of Directors, Managing Director and officer's up to manager level having taxable income is given:

| Particulars | Board Meeting fee Taka | Chief Executive Officer & Managing Director Taka | Officers Taka |
|---|---|---|---|
| Directors Fee | 3,093,500 | - | - |
| Chief Executive Officer & Managing Director Emolument | - | 1,861,935 | - |
| Salary-Officers | - | - | 28,379,067 |
| Company's contribution to provident fund | - | 186,193 | 1,534,650 |
| Bonus | - | 450,000 | 7,003,289 |
| House Rent | - | 930,968 | 14,129,552 |
| Medical Allowances | - | 70,323 | 858,697 |
| Other Allowances | - | 60,000 | 3,960,550 |
| **Total** | **3,093,500** | **3,559,419** | **55,865,805** |

## 24.0 Intrinsic Value or Net Assets Value (NAV)

The offering price of the common stock of IIBL has been determined on the basis of net assets value. The break up is given below:

| Particulars | Amount in Taka | |
|---|---|---|
| | 2017 | 2016 |
| **Assets** | | |
| Investment at cost: BGIIBs & BGTBs | 25,000,000 | 16,800,000 |
| Investment in Shares | 4,869,866 | 3,474,953 |
| Profit/ Interest, Dividend Rent outstanding | 11,525,072 | 9,865,567 |
| Amount due from other person or bodies carrying on Insurance Business | 70,968,781 | 60,468,831 |
| Sundry Debtors ( Including Advances, Deposits & Prepayments) | 16,680,130 | 31,728,688 |
| Cash & Bank Balances | 498,909,373 | 433,491,445 |
| Others accounts ( Fixed Assets, land & Office Space Purchase, Security Deposit & Stock Stationery & Stamps ) | 333,993,292 | 319,244,407 |
| **Total** | **961,946,514** | **875,073,891** |

| | | |
|---|---|---|
| **Liabilities** | | |
| Balance of Funds & Accounts | 107,609,232 | 111,826,742 |
| Premium Deposit | 5,294,035 | 5,309,518 |
| Estimated Liabilities in respect of outstanding claims whether due or intimated | 144,005,492 | 153,398,436 |
| Amount due to other persons or bodies carrying on Insurance Business | 166,795,121 | 106,080,827 |
| Provision for income taxes | 30,381,246 | 35,552,101 |
| Quard -e-Hasana From Banks | 17,180,000 | 16,000,000 |
| Sundry Creditors (Including provision for expenses and taxes.) | 21,924,632 | 26,876,553 |
| **Total** | **493,189,758** | **455,044,177** |
| **Net Assets (A-B)** | **468,756,756** | **420,029,714** |
| **No. of Shares** | **33,943,694** | **30,857,904** |
| **Net Asset value per share (NAV)** | **13.81** | **13.61** |

## 25.00 Transactions with Related Parties (BAS-24)

Islami Insurance Bangladesh Ltd in normal course of business carried out of number of transactions with other entities that fall within the definition of related party contained in Bangladesh Accounting Standard 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 and balance with them as at December 31, 2017 were as follows:

| Name of the related party | Relationship | Nature of Transaction | Premium earned in 2017 (Taka) | Premium outstanding up to 31.12.17 | Amount Realized Subsequently | Claim Paid in 2017 |
|---|---|---|---|---|---|---|
| M/s. Ideal Products | Director | Insurance | 821,066 | Nil | Nil | Nil |
| **Total** | | | **821,066** | **Nil** | **Nil** | **Nil** |

**26.00 Capital Expenditure Commitment**

There was no commitment for capital expenditure otherwise than the capital expenditure commitment for purchasing 13,996 SFT office space at DR Tower for Tk. 199,944,000 of which full Tk. 199,944,000 (nineteen crore ninety nine lac forty four thousand) only has been paid up to 31.12.2016.

**27.00 Claims not acknowledged as debt**

There was no claim against the company not acknowledged as debt as on 31st December, 2017

**28.00 Credit Facility not availed**

There was no credit facility available to Company under any contract and also not availed as of 31st December, 2017 other than trade credit available in the ordinary course of business.

**29.00 Subsequent Event: (BAS-10)**

i) The board of directors in its meeting no 191 held on-26-04-2018 recommended 5% cash dividend and 5% stock dividend ( aggregating 10% dividend) for the year ended 31 dt December -2017 which will be considered for approval by the shareholder at the 18 th Annual General meeting.

ii) There is no other significant event that has occurred between the Balance Sheet date and the date when the Financial Statements were authorized for issuing by the Board of Directors.

**30.00 Other Relevant Information**

i) During the year under review no compensation except Managing Director's remuneration was allowed to the chief executive officer of the company.

ii) The company has paid Tk. 3,093,500 to the directors as Board Meeting attendance fee during the year 2017 as per rules.

iii) The company did not incur any expenses nor did it earn any income in foreign currency on account of royalty, technical expert & professional advisory fees, interest etc.

**Form- "AA"**
**Classified Summary of Assets of**
**Islami Insurance Bangladesh Limited**
**31st December, 2017**

| Class of Assets | Book Value (Taka) | Market Value (Taka) | Remarks |
|---|---|---|---|
| Investment in statutory deposit with Bangladesh Bank | 25,000,000 | 25,000,000 | Not quoted in Market |
| Investment in Shares | 4,869,866 | 4,548,743 | Market Value |
| Interest Accrued but not due | 11,525,072 | 11,525,072 | Realizable Value |
| Amount due from other persons or bodies carrying on insurance business | 70,968,781 | 70,968,781 | Realizable Value |
| Sundry Debtors | 16,680,130 | 16,680,130 | Realizable Value |
| Fixed Deposit with banks | 374,900,000 | 374,900,000 | Realizable Value |
| STD & CD Account with banks | 99,861,085 | 99,861,085 | Realizable Value |
| Cash in hand | 24,148,288 | 24,148,288 | Realizable Value |
| Stamps in hand | 768,928 | 768,928 | At cost |
| Fixed Assets at cost less Accumulated depreciation | 51,579,442 | 51,579,442 | At cost less depreciation |
| Land Purchase in process | 3,400,000 | 3,400,000 | At cost |
| Office Space Purchase in process | 276,806,000 | 276,806,000 | At cost |
| Security Deposit | 485,000 | 485,000 | At cost |
| Stock of Printing Materials | 953,922 | 953,922 | At cost |
| **Total** | **961,946,514** | **961,625,391** | |

The accompanying notes 1-30 form an integral part of these financial statements.

**Chief Executive officer & Managing Director** **Director** **Director** **Chairman**

Signed as per our annexed report of even date.

Dated: April 26, 2017
Place: Dhaka

Mahfel Huq & Co.
Chartered Accountants

# Islami Insurance Bangladesh Limited

## Schedule of Fixed Assets

## As at 31st December, 2017

**Annexure: A-1**

| Sl. No. | Particulars | Cost Price | | | | Rate | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 01.01.2017 | Adjustment | Addition during the year | Total as at 31.12.2017 | | As at 01.01.2017 | Adjustment | Charged during the year | Total as at 31.12.2017 | Value as at 31.12.2017 |
| 1 | Furniture & Fixture | 6,239,659 | | 7,144,272 | 13,383,931 | 10% | 3,835,022 | | 265,056 | 4,100,078 | 9,283,853 |
| 2 | Office & Electrical Equipments | 4,009,604 | | 690,954 | 4,700,558 | 15% | 2,546,074 | | 273,055 | 2,819,129 | 1,881,429 |
| 3 | Office Decoration | 19,757,420 | | 5,066,559 | 24,823,979 | 10% | 10,834,269 | | 922,525 | 11,756,794 | 13,067,185 |
| 4 | Air-Cooler | 2,197,953 | | 426,350 | 2,624,303 | 15% | 1,623,125 | | 109,030 | 1,732,155 | 892,148 |
| 5 | Motor & Other vehicles | 50,476,314 | 3,760,000 | 7,893,300 | 54,609,614 | 20% | 30,031,311 | 1,297,683 | 3,413,962 | 32,147,590 | 22,462,024 |
| 6 | Computer & Software | 4,999,287 | | 1,458,041 | 6,457,328 | 20% | 2,329,442 | | 658,809 | 2,988,251 | 3,469,077 |
| 7 | Telephone installation & Fax | 2,578,462 | | 45,100 | 2,623,562 | 15% | 2,236,820 | | 53,884 | 2,290,704 | 332,858 |
| 8 | Crookeries & Cutleries | 453,843 | | 25,635 | 479,478 | 25% | 228,661 | | 59,949 | 288,610 | 190,868 |
| **Total Taka** | | **90,712,542** | **3,760,000** | **22,750,211** | **109,702,753** | | **53,664,724** | **1,297,683** | **5,756,270** | **58,123,311** | **51,579,442** |

# Islami Insurance Bangladesh Limited

**(XL-Form)**

**Statement of Showing Details of Re-Insurance Ceded and Accepted by the**
**During the Year Ended December 31, 2017**

**Own Business**

| Classes of Business | Premium | | | Commission | | | Claims | | |
|---|---|---|---|---|---|---|---|---|---|
| | Direct Business | Paid on Re-Insurance Ceded | Net | Direct Business | Received on Re-Insurance Ceded | Net | Direct Business | Received on Re-Insurance Ceded | Net |
| Fire | 146,498,427 | 84,334,569 | 62,163,858 | 20,326,413 | 21,534,730 | (1,208,317) | 36,737,828 | - | 36,737,828 |
| Marine Cargo | 170,427,752 | 28,288,643 | 142,139,109 | 26,637,455 | 6,684,546 | 19,952,909 | 10,602,717 | - | 10,602,717 |
| Marine Hull | 1,444,986 | 1,006,794 | 438,192 | 173,105 | 523,845 | (350,740) | 13,045 | - | 13,045 |
| Motor | 57,273,042 | 2,479,062 | 54,793,980 | 7,052,525 | 532,264 | 6,520,261 | 8,217,058 | - | 8,217,058 |
| Misc. | 9,508,369 | 6,334,567 | 3,173,802 | 869,951 | 1,926,738 | (1,056,787) | - | - | - |
| **Sub Total Tk.** | **385,152,576** | **122,443,635** | **262,708,941** | **55,059,449** | **31,202,123** | **23,857,326** | **55,570,648** | **-** | **55,570,648** |

**Public Sector Business**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fire | 4,501,381 | 3,852,869 | 648,512 | - | 518,339 | (518,339) | 39,984 | - | 39,984 |
| Marine Cargo | 18,295,460 | 15,380,435 | 2,915,025 | - | 3,076,087 | (3,076,087) | 4,221,994 | 3,461,399 | 760,595 |
| Marine Hull | 282,444 | 209,941 | 72,503 | - | 11,547 | (11,547) | 621 | - | 621 |
| Motor | 2,272,551 | 164,901 | 2,107,650 | - | - | - | 75,003 | - | 75,003 |
| Misc. | 17,767,352 | 17,962,946 | (195,594) | - | 2,226,821 | (2,226,821) | 6,360 | 1,623 | 4,737 |
| **Sub Total Tk.** | **43,119,188** | **37,571,092** | **5,548,096** | **-** | **5,832,794** | **(5,832,794)** | **4,343,962** | **3,463,022** | **880,940** |
| **Grand Total** | **428,271,764** | **160,014,727** | **268,257,037** | **55,059,449** | **37,034,917** | **18,024,532** | **59,914,610** | **3,463,022** | **56,451,588** |

Dated: April 26, 2017
Place: Dhaka

**Chief Executive Officer &**
**Managing Director**

Mahfel Huq & Co.
Chartered Accountants