

Directors' Certificate


As per Regulations contained in the First Schedule of the Insurance Act, 1938 as amended and as per Section 40-C of the said Act, we certify that :

1. The value of investments as shown in the Balance Sheet have been taken at cost.
2. The values of all assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at 31st December, 2010 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realisable or market values under the several headings as enumerated in the annexed form.
3. All expenses of Management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous insurance business have been duly debited to the related Revenue Accounts and Profit & Loss Account.


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman

Auditors' Report

To the shareholders of Central Insurance Company Limited

We have audited the accompanying Balance Sheet of the Central Insurance Company Limited as of December 31, 2010, the related Revenue Accounts as well as the Profit & Loss Account, Profit & Loss Appropriation Account and Statement of Cash Flows for the year then ended. The preparations of these financial statements are the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

SCOPE:

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


OPINION:

In our opinion, financial statements read in conjunction with remarks appended to the notes to the financial statements and subject to our above observations give a true and fair view of the financial position of the Central Insurance Company Limited as of December 31, 2010, the result of its operation and its Cash Flows for the year then ended and that they comply with the Companies Act, 1994, the Insurance Act 1938 (except section 40C relating to limitation of management expenses, section 41 relating to rebate of premiums and rule 44 of the Insurance rules 1958 relating to collection of premiums), the Securities and Exchange Rules, 1987, the Bangladesh Accounting Standards (BSA) and other applicable laws and regulations.

We also report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from Branches not visited by us;
- III. The Company's Balance Sheet and Profit and Loss Account and its Cash Flows dealt with by the report are in agreement with books of accounts and returns;
- IV. The expenditure incurred was for the purposes of the Company's business;
- V. As per section 40-C(2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred 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 Profit & Loss Accounts of the Company; and
- VI. As per regulation 11 of part 1 of the 3rd schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by its books, during the year report has not paid any person any commission in any outside Bangladesh in respect of its business Re-Insurance abroad.

Place: Dhaka
Date: April 18, 2011


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited

BALANCE SHEET AS

CAPITAL & LIABILITIES	NOTES	2010 Taka	2009 Taka
SHARE CAPITAL			
AUTHORISED			
30,00,000 Ordinary shares of Tk.100 each	2.00	300,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP			
19,53,666 Ordinary shares of Tk.100 each		195,366,600	169,884,000
RESERVE OR CONTINGENCY ACCOUNT			
Reserve for exceptional losses	3.00	327,856,938	299,903,621
General Reserve		95,106,072	83,018,306
Investment Equalization Fund		20,000,000	10,000,000
Revaluation Reserve		6,000,000	-
Profit & Loss Appropriation Account		206,599,638	206,599,638
		151,228	285,677
BALANCE OF FUND & ACCOUNT			
Fire Insurance Business Account	4.00	48,351,064	44,436,002
Marine Insurance Business Account		13,101,048	13,680,975
Motor Insurance Business Account		24,667,052	22,869,250
Misc. Insurance Business Account		7,860,847	6,157,490
		2,722,117	1,728,287
DEPOSIT PREMIUM			
	5.00	1,875,683	1,743,858
LIABILITIES & PROVISIONS			
Estimated liability in respect of outstanding-claims whether due or intimated	6.00	130,641,992	112,908,480
Amount due to other persons or bodies-carrying on insurance business	7.00	28,321,679	20,111,539
		102,320,313	92,796,941
Provision for Stock Dividend (Bonus Share)	8.00	29,304,990	25,482,600
SUNDRY CREDITORS			
(Including provision for expenses & taxes)	9.00	101,203,564	76,011,212
OTHERS LIABILITIES (Bank Overdraft)	10.00	137,914,877	25,976,345
		972,515,708	756,346,118

Central Insurance Company Limited

AT DECEMBER 31, 2010

PROPERTY & ASSETS	NOTES	2010 Taka	2009 Taka
INVESTMENT (At cost)	11.00	165,291,764	33,463,070
OUTSTANDING PREMIUM	-	-	-
INTEREST, DIVIDEND & RENT OUTSTANDING	12.00	13,642,657	11,209,775
Accrued Interest			
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS			
	13.00	95,833,449	86,225,791
SUNDRY DEBTORS	14.00	84,885,239	62,325,421
CASH AND BANK BALANCES			
Fixed Deposit Accounts	15.00	287,557,808	237,340,612
Current and STD Accounts		267,573,630	222,177,234
Cash in Hand		16,503,950	11,061,837
		3,480,228	4,101,541
OTHER ACCOUNTS			
Land & Land Development Cost	16.00	325,304,791	325,781,449
Other Fixed Assets (At cost less Depreciation)	17.00	311,130,000	311,130,000
Stock of Stationery	18.00	13,251,123	13,805,858
Security Deposit	19.00	456,056	432,188
Insurance Stamps in hand	20.00	162,175	162,175
		305,437	251,228
		972,515,708	756,346,118

Signed in terms of our separate report of even date.




 (Md. Tayabur Rahman)
 Director


 (Alhaj Md. Abu Taher Chowdhury)
 Chairman


 G. Kibria & Co.
 Chartered Accountants

Central Insurance Company Limited

PROFIT AND LOSS ACCOUNT FOR

	2010 Taka	2009 Taka
Expenses of Management (Not Applicable to any particular Fund or Account)	4,930,563	5,815,546
Advertisement & Publicity	299,506	520,645
Directors Meeting Fee	404,000	304,175
Audit Fees	130,000	110,000
Legal Fees	52,000	109,100
Donation and Subscription	484,727	415,000
Depreciation	2,388,795	2,442,385
Other Expenses	1,171,535	1,914,241
Profit/Loss for the year transferred to Profit & Loss Appropriation Account	<u>78,425,538</u>	<u>59,378,818</u>
	<u>83,356,101</u>	<u>65,194,364</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR

Central Insurance Company Limited

THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
INTEREST, DIVIDEND AND RENTS (Not applicable to any particular fund or account)		
Interest Received and Accrued	22,941,277	21,390,625
House Rent Income	12,612,150	10,456,000
Dividend Income	696,711	365,619
Capital Gain on Sale of share	20,634,886	9,239,491
PROFIT OR (LOSS) TRANSFERRED FROM	26,471,077	23,742,629
Fire Revenue Account	(4,558,313)	(13,921,006)
Marine Revenue Account	23,768,549	29,395,098
Motor Revenue Account	4,045,670	7,200,930
Miscellaneous Revenue Account	3,215,171	1,067,607
	<u>83,356,101</u>	<u>65,194,364</u>

THE YEAR ENDED DECEMBER 31, 2010

The annexure notes form an integral part of these Financial Statements.

Signed in terms of our separate report of even date.

Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
CONSOLIDATED BUSINESS REVENUE ACCOUNT FOR

	2010 Taka	2009 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE	36,092,179	36,105,803
Paid during the year	27,882,039	36,226,228
Total estimated liability in respect of outstanding claim at the end of the year whether due or intimated	28,321,679	20,111,539
	56,203,718	56,337,767
Less: Outstanding at the beginning of the year	20,111,539	20,231,964
Agency Commission	30,533,352	28,038,910
Expenses of Management	37,802,737	35,474,913
Balance of Account at the end of the year as shown in the Balance Sheet 40%	48,351,064	44,436,002
Profit/(Loss) Transferred To Profit & Loss Account	26,471,077	23,742,629
	<u>179,250,409</u>	<u>167,798,257</u>


Central Insurance Company Limited
THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
Balance of Account at the Beginning of the year	44,436,001	43,033,049
Premium Less Re- Insurance	120,877,662	111,090,006
Commission on Re- Insurance ceded	13,936,746	13,675,202
	<u>179,250,409</u>	<u>167,798,257</u>

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Signed in terms of our separate report of even date.

Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
FIRE INSURANCE REVENUE ACCOUNT FOR

	2010 Taka	2009 Taka
CLAIMS UNDER POLICIES LESS RE- INSURANCE	16,270,204	27,457,811
Paid during the year	11,318,592	25,148,530
Total estimated liability in respect of outstanding claims- at the end of the year whether due or intimated	13,902,347	8,950,735
	25,220,939	34,099,265
Less: Outstanding at the end of the previous year	8,950,735	6,641,454
Agency Commission	14,833,053	13,677,664
Expenses of Management	15,724,781	14,543,019
BALANCE OF ACCOUNT AT THE END OF THE YEAR		
Reserve for unexpired risks @ 40 % of premium income of the year	13,101,048	13,680,975
Profit /(Loss) transferred to Profit & Loss Account	(4,558,313)	(13,921,006)
	<u>55,370,773</u>	<u>55,438,463</u>

Central Insurance Company Limited
THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
Balance of Account at the beginning of the year	13,680,975	12,779,657
Premium Less Re- Insurance	32,752,620	34,202,438
Commission on Re- Insurances ceded	8,937,178	8,456,368
	<u>55,370,773</u>	<u>55,438,463</u>

The annexure notes form an integral part of these Financial Statements.


Signed in terms of our separate report of even date.


Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
MARINE INSURANCE REVENUE ACCOUNT FOR

	2010 Taka	2009 Taka
CLAIMS UNDER POLICIES LESS RE- INSURANCE	13,888,781	6,867,587
Paid during the year	11,310,573	8,206,428
Total estimated liability in respect of outstanding claim- at the end of the year whether due or intimated	12,765,625	10,187,417
	24,076,198	18,393,845
Less: Outstanding at the end of the previous year	10,187,417	11,526,258
Agency Commission	10,480,241	10,050,282
Expenses of Management	15,363,549	14,903,939
BALANCE OF ACCOUNT AT THE END OF THE YEAR		
Reserve for unexpired risks @ 40 % of Marine Cargo- and @ 100 % of Marine Hull premium income of the year	24,667,052	22,869,250
Porfit/(Loss) transferred to Profit & Loss Account	23,768,549	29,395,098
	<u>88,168,172</u>	<u>84,086,156</u>

Central Insurance Company Limited
THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
Balance of Account at the beginning of the year	22,869,250	23,251,959
Premium Less Re- Insurance	61,667,631	57,173,126
Commission on Re- Insurance ceded	3,631,291	3,661,071
	<u>88,168,172</u>	<u>84,086,156</u>

The annexure notes form an integral part of these Financial Statements.

Signed in terms of our separate report of even date.


Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
MOTOR INSURANCE REVENUE ACCOUNT FOR

	2010 Taka	2009 Taka
CLAIMS UNDER POLICIES LESS RE- INSURANCE	5,913,444	1,114,740
Paid during the year	5,133,124	1,455,639
Total estimated liability in respect of outstanding claim- at the end of the year whether due or intimated	1,568,990	788,670
	6,702,114	2,244,309
Less: Outstanding at the beginning of the year	788,670	1,129,569
Agency Commission	3,874,980	3,130,753
Expenses of Management	4,128,869	3,513,903
BALANCE OF ACCOUNT AT THE END OF THE YEAR		
Reserve for unexpired risks @ 40 % of premium income of the year	7,860,847	6,157,490
Profit/(Loss) transferred to Profit & Loss Account	4,045,670	7,200,930
	<u>25,823,810</u>	<u>21,117,816</u>

Central Insurance Company Limited
THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
Balance of Account at the beginning of the year	6,157,489	5,674,565
Premium Less Re- Insurance	19,652,118	15,393,724
Commission on Re- Insurance ceded	14,203	49,527
	<u>25,823,810</u>	<u>21,117,816</u>

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Signed in terms of our separate report of even date.


Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR

	2010 Taka	2009 Taka
CLAIMS UNDER POLICIES LESS RE- INSURANCE	19,750	665,665
Paid during the year	119,750	1,415,631
Total estimated liability in respect of outstanding claim- at the end of the year whether due or intimated	84,717	184,717
	204,467	1,600,348
Less: Outstanding at the beginning of the year	184,717	934,683
 Agency Commission	 1,345,078	 1,180,211
 Expenses of Management	 2,585,538	 2,514,052
 BALANCE OF ACCOUNT AT THE END OF THE YEAR		
Reserve for unexpired risks @ 40 % of Net premium	2,722,117	1,728,287
 Porfit/(Loss) transferred to Profit & Loss Account	 3,215,171	 1,067,607
	 <u>9,887,654</u>	 <u>7,155,822</u>

Central Insurance Company Limited
THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
Balance of Account at the beginning of the year	1,728,287	1,326,868
Premium Less Re- Insurance	6,805,293	4,320,718
Commission on Re- Insurance ceded	1,354,074	1,508,236
	 <u>9,887,654</u>	 <u>7,155,822</u>

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Signed in terms of our separate report of even date.

Dhaka, April 18, 2011


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director



(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Particulars	Share Capital	Reserve for Exceptional Loss	General Reserve & Investment Equalization Fund	Revaluation Reserve	Proposed Dividend	Retained Earnings	Total
Opening Balance as on 01-01-2010	169,884,000	83,018,306	10,000,000	206,599,638		285,677	469,787,621
Net Profit (after tax)	-	-	-	-		57,258,307	57,258,307
Bonus Share	25,482,600	-	-	-			25,482,600
Reserve for Exceptional Lossess	-	12,087,766	-	-		(12,087,766)	-
General Reserve	-	-	10,000,000	-		(10,000,000)	-
Investment Equalization Fund	-	-	6,000,000	-		(6,000,000)	-
Proposed Dividend	-	-	-	-	29,304,990	(29,304,990)	-
Closing Balance as on 31-12-2010	195,366,600	95,106,072	26,000,000	206,599,638	29,304,990	151,228	552,528,528

The annexure notes form an integral part of these Financial Statements

Signed in terms of our separate report of even date.


(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman


G. Kibria & Co.
Chartered Accountants

Dhaka, April 18, 2011

Central Insurance Company Limited

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Taka	2009 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES		
Collection from premium and other income	225,498,048	201,732,263
Income Tax paid	(19,774,258)	(15,399,310)
Payment for Management Exp. Re-Insurance & Claim	(121,804,596)	(132,555,379)
Net cash flow from operating activities	83,919,194	53,777,574
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Addition)	(1,834,060)	(1,495,665)
Investment Enhancement	(131,828,694)	(14,386,738)
Net cash flow from investing activities	(133,662,754)	(15,882,403)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital (Right Share Issued)	-	26,136,000
Overdraft	99,999,700	
Dividend Paid	(38,944)	(267,181)
Net cash flow from Financing activities	99,960,756	25,868,819
D. Net inflows/(out flows) for the year (A+B+C)	50,217,196	63,763,990
E. Opening Cash and Bank balance	237,340,612	173,576,622
F. Closing Cash and Bank balances (D + E)	287,557,808	237,340,612
Net operating cash flow per share (NOCFPS)	42.95	31.66


The annexure notes form an integral part of these Financial Statements

Signed in terms of our separate report of even date



(Md. Zahid Anwar Khan)
Managing Director


(Shafina Shahreen)
Director


(Md. Tayabur Rahman)
Director


(Alhaj Md. Abu Taher Chowdhury)
Chairman

Dhaka, April 18, 2011


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited
SCHEDULE OF FIXED ASSETS AS ON DECEMBER 31, 2010

Sl. #	Particulars	Cost		Rate of Dep	Depreciation		Written Down value as on 31/12/10
		As on 01/01/10	Addition During the year		As on 01/01/10	Charge During the period	
1	Furniture & Fixture	7,257,650	43,120	10%	5,770,746	153,002	1,377,022
2	Office Decoration	20,053,253	15,460	10%	15,786,506	428,221	3,853,986
3	Office Equipment	9,398,064	261,000	15%	6,984,896	401,125	2,273,043
4	Electrical Equipment	746,258	34,300	15%	499,276	42,192	239,090
5	Motor Vehicle	19,228,544	1,440,300	20%	14,340,609	1,265,647	5,062,588
6	Telephone Installation	2,483,773	38,080	20%	2,340,102	36,350	145,401
7	Air Cooler	3,099,050	-	15%	2,815,999	42,458	240,593
8	Sundry Assets	683,135	1,800	25%	605,735	19,800	59,400
	Sub total	62,949,727	1,834,060		49,143,869	2,388,795	13,251,123
10	Land & Land Development						
a.	7-8 Motijheel	267,930,000	-				267,930,000
b.	Kawranbazar	43,200,000	-				43,200,000
	Sub total	311,130,000	-		49,143,869	2,388,795	311,130,000
	Grand Total :	374,079,727	1,834,060		49,143,869	2,388,795	324,381,123

Form "AA"





CLASSIFIED SUMMARY OF ASSETS AS ON DECEMBER 31, 2010

(In Taka)


PARTICULARS	BOOK VALUE AS PER BALANCE	MARKET VALUE	REMARKS
National Investment Bond	4,500,000	4,500,000	Not quoted in market Realisable value
Investment in Share	60,792,064	58,696,281	do
Investment in CIC Investment Ltd.	99,999,700	99,999,700	do
In Fixed deposit with Bank	267,573,630	267,573,630	do
In STD A/C. with Banks	14,512,308	14,512,308	do
Cash in Hand	3,480,228	3,480,228	do
Accrued interest	13,642,657	13,642,657	do
At call on short notice	1,991,642	1,991,642	do
OTHER ASSETS:			
Amount due from other Persons or bodies carrying on insurance business	95,833,449	95,833,449	do
Sundry Debtors	84,885,239	84,885,239	do
Stock in Stationery	456,056	456,056	At cost
Security Deposit	162,175	162,175	do
Stamps in hand	305,437	305,437	do
Fixed Assets (at cost Less Depreciation)	324,381,123	324,381,123	Depreciated value (Except Land and Development Cost)
Total	972,515,708	970,419,925	

Certificate u/s 7 (a) of part of the first schedule to the Insurance Act, 1938. Certificate that the value of all assets have been reviewed, that the said costs have been set forth in the balance sheet at amounts not exceeding their realizable or market value.

Notes form the integral part of these financial statements.

 (Md. Zahid Anwar Khan) Managing Director	 (Shafina Shahreen) Director	 (Md. Tayabur Rahman) Director	 (Alhaj Md. Abu Taher Chowdhury) Chairman
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Dhaka, April 18, 2011


G. Kibria & Co.
Chartered Accountants

Central Insurance Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2010

1.00 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICES:

A. NOTES GENERAL

A.01 BUSINESS DESCRIPTION:

The Central Insurance Co. Ltd. was incorporated as a Public Limited Company on November 12, 1987 under the Companies Act, 1913 having registered office in Bangladesh. The Company went into public issue during 1994 and its shares are listed with both Dhaka and Chittagong Stock Exchanges of Bangladesh.

The principal place of business of the Company is at Uttara Bank Bhaban (13th Floor), 90-91, Motijheel C/A, Dhaka-1000, Bangladesh which is also the Registered Office of the Company.

The Company is engaged in GENERAL INSURANCE business within the meaning of Insurance Act, 1938.

The Company has form another subsidiary company viz; Central Insurance Investment Ltd. with a view to carry out business activity of Merchant Bank.

A.02 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Financial Statements have been prepared on going concern basis under historical cost convention, cash flow statement has been prepared on Direct Method and accrual basis of accounting has been followed.

A.03 COMPLIANCE WITH LOCAL LAWS:

The financial statements have been prepared in compliance with requirement of the Companies Act, 1994, Securities & Exchange Rules 1987, Insurance Act, 1938, Insurance Rules 1958 and other relevant local laws. The cash flow from operating activities are computed under direct method.

A.04 COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS:

The financial statements have been prepared as on December 31, 2010 in compliance with requirement of the International Accounting Standards (IAS) International Financial Reporting Standard (IFRS) approved by the International Accounting Standard Board (IASB) and as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh accounting Standards (BAS) and regulations applicable in Bangladesh.

A.05 REPORTING CURRENCY:

The financial statements are presented in Bangladesh currency (Taka) which have been rounded off to the nearest Taka where indicated otherwise.

A.06 ACCOUNTING PERIOD:

The Financial period of the Insurance Company covers one year from January 01, 2010 to December 31, 2010.

A.07 GENERAL:

i) Figures of previous periods have been rearranged wherever necessary to conform the current period's presentation.

ii) Figures have been rounded off to the nearest Taka.

B. SIGNIFICANT ACCOUNTING POLICIES:

B.01 INVESTMENT:

- Investment are stated at cost of acquisition.
- Income on Investment, Other than shares are accounted for on accrual concept basis.
- Dividend income on Investment in shares are accounted for the year of receipt of such dividend.
- Gain on sale of shares are accounted for, on actual realization basis.

B.02 FIXED ASSETS:

All assets of the Company shown in financial statement that are with in the scope of BAS-36, are in physical existence and valued on more than their recoverable amount following International Accounting Standards adopted by ICAB, disclosures with regards to "Impairment of Assets" as per BAS 36 have not been considered necessary.

Fixed Assets stated at cost of acquisition less accumulated depreciation thereon as at Balance Sheet date. Depreciation charged on diminishing balance method. A comprehensive fixed Assets Register is to be introduced by the Company which at present are not maintaining.

2 (Two) Car No. 14-9185 and 14-9186 purchased through lease finance. Entire amount of lease installments have been paid off and the cars were not registered in the name of Company. So cars were not included as assets the Company.

Land and land development stated at revalued price during the year [Note 16.00] and no depreciation has been charged on the value of land and land development. Depreciation charged on all other fixed assets at a rate mentioned below :

a) Furniture and fixtures	10%
b) Office Equipment	15%
c) Office decoration	10%
d) Air Cooler	15%
e) Motor Vehicles	20%
f) Telephone Installation	20%
g) Sundry Assets	25%
h) Electrical Equipments	15%

B.03 SHARE OF PUBLIC SECTOR BUSINESS:

Company's share of public sector business is accounted for in the period for four quarters commencing from January 2009 to December 2009 for which the complete statement of accounts from Sadharan Bima Corporation (SBC) has been received and which was consistently followed by the Company.

B.04 PROVISION FOR TAX:

During the year under audited provision for income tax has been made @ 42.50% as per financial Act 2010 in addition provision also made to meet up the short fall of the previous year.

B.05 CLASSIFIED SUMMARY OF ASSETS:

The valuation of all assets as at December 31, 2010 as shown in the Balance Sheet and in the classified summary of Assets on Form "AA" annexed with the report with the report have been reviewed and the said assets have been set-forth in the Balance Sheet at amount not exceeding their realizable or market value in aggregate except cost of shares.

B.06 EMPLOYEE'S BENEFIT PLAN:

Company has not introduced gratuity fund for its permanent employees despite provision in service rule of the Company and Board resolution in this regard as well. But company provides @ 10% of basic salary of the employee to contributory provident fund which is wholly administrated by a Board of Trustees.

B.07 EARNING PER SHARE (EPS):

The company calculates Earning Per Share (EPS) in accordance with the International Accounting Standards - IAS-33 "Earning Per share" as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

B.08 RESERVE FOR EXCEPTIONAL LOSSES:

Provision for the said reserve has been made in the accounts to cover the liabilities for insurance claims and other unforeseen losses.

B.09 REVENUE RECOGNITION:

Revenues are generated from premium income received against the insurance policies and by adjusting the deposit premium received against Cover Note and from business of share trade in the stock market.

B.10 CASH & CASH EQUIVALENTS:

According to BAS-7 "Cash flow statement" Cash comprises cash in hand and demand deposit and cash equivalents are short term, high liquid investments that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value, BAS-1 "Presentation of Financial Statement" also provides that cash equivalents are those which have no restriction in use considering the provision of BAS-7 and BAS-1, cash in hand and Bank balance have been considered as cash and Cash equivalents.

B.11 DEFERRED TAX LIABILITIES

Provision for deferred tax liabilities has been calculated as per BAS-12.

	31st December 2010	31st December 2009
3.00 RESERVE OR CONTINGENCY ACCOUNT:	Tk. 327,856,938	Tk. 299,903,621
This has been made up as under:		

A. Reserve for Exceptional Loss :		
Balance as on January 01, 2010	299,617,944	77,909,305
Add: Reserve made during the year	12,087,766	11,109,001
Add: General Reserve for the year	10,000,000	4,000,000
Add: Investment Equalization Fund	6,000,000	-
Add: Revaluation Reserve for the year		206,599,638
	327,705,710	299,617,944
B. Profit & Loss Appropriation Account :		
Undistributed Profit up to Balance Sheet Date	151,228	285,677
	Total Taka: 327,856,938	299,903,621

4.00 BALANCE OF FUND & ACCOUNT:	Tk. 48,351,064	Tk. 44,436,002
This has been made up as under:		

Fire Revenue Account	13,101,048	13,680,975
Marine Revenue Account	24,667,052	22,869,250
Motor Revenue Account	7,860,847	6,157,490
Miscellaneous Revenue Account	2,722,117	1,728,287
	Total Taka: 48,351,064	44,436,002

5.00 DEPOSIT PREMIUM :	Tk. 1,875,683	Tk. 1,743,858
The above balance represents the premium, stamp duty and VAT received against cover-notes for which policies have not yet been issued.		

6.00 ESTIMATED LIABILITY IN RESPECT OF OUTSTANDING CLAIMS AT THE END OF THE PERIOD WHETHER DUE OR INTIMATED :	Tk. 28,321,679	Tk. 20,111,539
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The break up of the above is as under:		
Fire Insurance	13,902,347	8,950,735
Marine Insurance	12,765,625	10,187,417
Motor Insurance	1,568,990	788,670
Miscellaneous Insurance	84,717	184,717
	Total Taka: 28,321,679	20,111,539

	31st December 2010	31st December 2009
7.00 AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	Tk. 102,320,313	Tk. 92,796,941

The break up of the above is as follows:

Sadharan Bima Corporation	100,768,236	89,744,864
Other Insurance Companies of Bangladesh	1,552,077	3,052,077
Total Taka:	102,320,313	92,796,941

8.00 PROVISION FOR BONUS SHARE :7,20,000	Tk. 29,304,990	Tk. 25,482,600
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The above balance represents provision for Bonus shares for the year 2010 @ 15% on its paid up capital subject to approval by the shareholders in the subsequent Annual General Meeting.

9.00 SUNDRY CREDITORS :	Tk. 130,508,554	Tk. 76,011,212
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This has been made up as under

Provision for Income Tax	85,971,852	64,954,621
Bills Payable	6,999	455,877
Advance Rent Receive	10,311,809	6,526,487
Provision for Audit Fee	55,000	50,000
Income Tax Deduction at source	896,912	621,900
Income Tax Deduction from Office Rent	-	6,156
VAT deducted at source	94,758	20,175
Dividend Payable	30,998,350	26,884,277
Deferred Income Tax	500,000	350,000
Provision for Bonus	1,672,874	1,600,435
Deduction Against Provident Fund Loan	-	23,884
Total Taka:	130,508,554	101,493,812

10.00 BANK OVERDRAFT :	Tk. 137,914,877	Tk. 25,976,345
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The above mentioned overdrawn facility was allowed by the bank as mentioned below against lien of Fixed Deposit of the Company.

Uttara Bank Ltd. Corporate Branch	-	15,039,919
National Bank Ltd., Babu Bazar Branch	16,471,154	7,658,095
BASIC Bank Ltd., Main Branch	-	3,278,331
NCCBL, Foreign Exchange Branch	59,207,479	-
Bank Asia, MCB Dilkusha Branch	12,161,218	-
Prime Bank Ltd., Motijheel Branch	50,075,026	-
Total Taka:	137,914,877	25,976,345

	31st December 2010	31st December 2009
11.00 INVESTMENT:	Tk.165,291,764	Tk. 33,463,070

This is made up as follows.

National Investment Bond (NIB)	4,500,000	4,500,000
Investment in Share	60,792,064	28,963,070
Investment in CIC Investment Ltd.	99,999,700	-
Total Taka:	165,291,764	33,463,070

Value of share has been shown at cost price which was inflated by Tk. 2,095,783 as per market price as on 31.12.2010 and are shown in annexure-1. Moreover unquoted shares also shown at cost price. Considering the instability in stock market the company has made a provision for Tk. 6,000,000 to compensate the future cost.

12.00 INTEREST, DIVIDEND & RENT OUTSTANDING:	Tk. 13,642,657	Tk. 11,209,775
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The amount represents interest receivable on National Investment Bond (NIB) and Fixed Deposit Receipts (FDR) as on the date of Balance Sheet.

13.00 AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS:	Tk. 95,833,449	Tk. 86,225,791
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The break up of the above is as follows:

Sadharan Bima Corporation	92,319,724	82,712,066
Other Insurance Companies of Bangladesh	3,513,725	3,513,725
Total Taka:	95,833,449	86,225,791

14.00 SUNDRY DEBTORS :	Tk. 84,885,239	Tk. 62,325,421
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The break up of the above is as follows:

Advance Against Salary	34,550	99,498
Advance Against Office Rent	2,358,981	740,799
Advance Income Tax	79,553,899	60,334,249
Advance Against Printing	500,000	-
Advance Ag. Share Application (IPO)	-	41,000
Advance Income Tax Against House Rent	1,690,482	1,059,875
Advance Against Survey Fee	50,000	50,000
Advance Against CIC Investment	676,227	-
Bills Receivable	21,100	-
Total Taka:	84,885,239	61,174,546

The above debts are considered good for realization / adjustment.

15.00 CASH AND BANK BALANCES:	Tk. 287,557,808	Tk. 237,340,612
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The break up of the above is as follows :

A) At Bank		
Short term Deposit	14,512,308	10,821,235
Current Deposit	1,991,642	240,602
Fixed Deposit	267,573,630	222,177,234
	284,077,580	233,239,071
B) Cash in Hand	3,480,228	4,101,541
	287,557,808	237,340,612

	31st December 2010	31st December 2009
16.00 LAND & LAND DEVELOPMENT COST :	Tk. 311,130,000	Tk. 311,130,000

The above value represents the revalued price of Land and Land Development at the Balance Sheet date. They has employed an independent valued viz. A. Wahab & Co., Chartered Accountant during the year 2009 and the value arrived as under:

Land at Kawran Bazar Area	43,200,000	43,200,000
Land and building at Motijheel	267,930,000	267,930,000
	311,130,000	311,130,000

17.00 OTHER FIXED ASSETS :	Tk. 13,251,123	Tk. 13,805,858
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The above balance represents written down value of the fixed assets as balance sheet date, Details of the fixed assets are shown in Schedule A.

18.00 STOCK OF STATIONERY :	Tk. 456,056	Tk. 432,188
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The stock of stationery was valued at cost price.

19.00 SECURITY DEPOSIT :	Tk. 162,175	Tk. 162,175
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This represents the security money deposited against Bangladesh Telephone & Telegraph Board (BTTB), Bangladesh Power Development Board (BPDB) and Dhaka Electric Supply Authority (DESA).

20.00 INSURANCE STAMP IN HAND :	Tk. 305,437	Tk. 251,228
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This represents unused insurance stamp in hand at the end of the period and was valued at cost price.

21.00 PREMIUM LESS RE-INSURANCE :	Tk. 120,877,662	Tk. 111,090,006
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This represents net premium from Direct Business and Government Business.

Class of Business	Gross Premium	Re-Insurance Accepted	Re-Insurance Ceded	31-12-2010 Net Premium	31-12-2009 Net Premium
Fire	77,620,883	-	44,868,263	32,752,620	34,202,438
Marine	79,921,330	-	18,253,699	61,667,631	57,173,126
Motor	20,365,676	-	713,558	19,652,118	15,393,724
Misc.	22,193,388	-	15,388,095	6,805,293	4,320,718
Total Tk.	200,101,277	-	79,223,615	120,877,662	111,090,006

21.00A Compliance of Section 40C of Insurance Act, 1938

The Section 40C deals with the limitation of Expenses of Management of General Insurance business and in the light of the Section 40C and Rule 40 the Insurance Rule, 1958 the contravention figure of Management Expenses is given below:

Class	level of Premium	Rate	Allowable Expenses	actual Expenses	Variance	Remarks
Income from Non Marine Business						
First	10,000,000	30%	3,000,000			
Next	10,000,000	25%	2,500,000			
Next	10,000,000	24%	2,400,000			
Next	10,000,000	24%	2,400,000			
Next	10,000,000	23%	2,300,000			
Next	10,000,000	22%	2,200,000			
Next	12,500,000	18%	2,250,000			
Balance	47,679,947	16%	7,628,792			
Sub-Total	120,179,947		24,678,792			
Income from Marine Business						
First	10,000,000	18%	1,800,000			
Next	10,000,000	15%	1,500,000			
Next	10,000,000	15%	1,500,000			
Next	10,000,000	13%	1,300,000			
Next	10,000,000	13%	1,300,000			
Next	10,000,000	13%	1,300,000			
Next	12,500,000	11%	1,375,000			
Balance	7,421,330	10%	742,133			
Sub-Total	79,921,330		10,817,133			
Total:	200,101,277		35,495,925	40,344,505	(4,848,580)	Adverse

No provision for income tax has been made for excess management expenses as per 4th Schedule of Income Tax Ordinance, 1984 because the company has applied for condonation of contravention of Section 40C of the Insurance Act, 1938.

NOTES ON OTHERS

22.00 EARNING PER SHARES-BASIS:

Weighted average number of ordinary shares outstanding during the period.

In computing the basic EPS for the period ended as on December 31, 2010 the total number of shares including the bonus shares have been considered as the basis for weighted average number of shares outstanding during the period as on December 31, 2010.

The Computation of EPS is given below:

Date	No. of Shares	Period	Days	Weight	Weighted average
01.01.08	1,698,840	01.01.10 to 31.12.10	365	365	317.39
04.05.09	254,826	28.06.10 to 31.12.10	187	187	24.39
Total	1,953,666		552	552	341.78

Earning Attributable to ordinary shareholders

$$\text{EPS} = \frac{54,543,183 \times 365}{1,953,666 \times 341.78}$$

Weighted average earning per shares during the period = 29.81

23.00 CLAIMS AGAINST COMPANY NOT ACKNOWLEDGED AS DEBT:

There was no claim against Company, which is not acknowledged as debt other than normal course of business.

24.00 CONTINGENT LIABILITIES:

There was no contingent liabilities other than normal course of business.

25.00 CREDIT FACILITIES

There was no credit facility available to the Company under any contract and availed of as on December 31, 2010 other than trade available in the ordinary course of business.

26.00 MISC. EXPENSES

No single transaction under this head of accounts Miscellaneous exceeded Tk. 5,000.

27.00 Capital Expenditure Commitment :

There was no capital expenditure commitment as at 31st December 2010.

28.00 There were 332 numbers of employees and out of which 318 number of employees have drawn salary over Tk. 3,000/- per month and remaining 14 number of employees have drawn salary less than Tk. 3,000/- per month.

29.00 There was no bank guarantee issued by the Company on behalf of their directors.

30.00 Auditors were paid only statutory audit fee duly approved by the Shareholders in the last AGM.

31.00 There was no capital work in progress at the end of the Accounting year.

32.00 No Expenses were paid as Royalty and Salary to Technical Experts etc.

33.00 During the year the Company was not entered into any agreement with the third party

34.00 There was no event occurred after Balance Sheet date, which might effect financial position of the Company as on Balance Sheet date.

Central Insurance Company Limited

INVESTMENT IN SHARE AS ON 31-12-2010

Annexure-1

Sl. No.	Name of Items	No. of Share	Book Value	Market Value as on 30.12.10
1	ACI	5,000	2,484,900	1,863,000
2	BEXIMCO	6,000	1,709,310	1,869,000
3	BRAC Bank Ltd.	40	23,371	34,250
4	Central Depository Bangladesh Ltd.	256,945	4,416,700	4,416,700
5	Eastland Insurance	1,000	1,566,240	1,594,250
6	Fareast Islami Life Insurance Ltd.	1,856	5,000	745,555
7	GMG Air Lines Ltd.	100,000	5,000,000	5,000,000
8	Grameen Mutual Fund (One)	10,000	1,170,401	1,047,000
9	Green Delta Mutual Fund	100,000	1,000,000	1,000,000
10	IBBL Mudaraba Perpetual Bond	500	460,652	481,500
11	ICB 1st NRB	2,000	1,058,266	1,181,500
12	ICB AMCL 1st Mututal Fund	4,000	2,862,673	3,158,000
13	ICB AMCL Islamic Mututal Fund	3,000	1,490,175	1,449,000
14	ICB Islamic Bank Ltd.	200	2,000	3,880
15	Khulna Power Co. Ltd.	56,415	9,002,405	6,352,329
16	Lafarge Surma Cement	1,000	582,722	563,750
17	M I Cement Factory Ltd.	32,338	3,608,921	3,608,921
18	MJL Bangladesh Ltd.	40,191	6,125,108	6,125,108
19	National Bank Ltd.	190	11,154	36,404
20	National Tubes	1,000	1,848,956	1,470,500
21	Orion Laboratories Ltd.	25,000	2,500,000	2,500,000
22	Pragati General Insurance Ltd.	5	5,088	7,785
23	RAK Ceramics (BD.) Ltd.	5,118	245,664	878,249
24	Singer BD Ltd.	1,000	7,525,741	7,169,500
25	Titas Gas	650	644,115	649,350
26	United Leasing Company	2,000	4,002,943	3,464,000
27	United Airways	2,750	1,439,560	2,026,750
	Total :	658,198	60,792,064	58,696,281

History of the Company

Corporate Information

First Board Meeting	: 18th March, 1988
Date of incorporation	: 12th November, 1987
Obtained certificate for commencement of business	: 12th November, 1987
Registered with the Department of Insurance	: 30th November, 1987
Commencement of Business	: 10th December 1987
First Dividend declared	: 1992
Listing on Dhaka Stock Exchange	: 20th March, 1995
Listing on Chittagong Stock Exchange	: 22nd October, 1995
Prospectus issued for public subscription	: 22nd September 1994
Subscription Opened	: 19th December, 1994
Subscription Closed	: 28th December, 1994
Public Subscription	: Tk. 3.00 crore
Amount over subscription	: Tk. 32,38,24,500.00
First Trading of shares on Dhaka Stock Exchange	: 20th March, 1995
First Trading of shares on Chittagong Stock Exchange	: 22nd October, 1995
Market Price of each share as introduce in DSE	: Tk. 177.17
1st AGM in participation of public shareholders at Sonargaon Hotel	: 7th August, 1995
Issuance of 1st Bonus Share	: 11th September, 2004
Agreement Sign with CDBL	: 23rd July, 2005
Issuance of 1st Right Share	: 24th April 2006

Capital structure & Share Value

Authorised Capital	: Tk. 30.00 crore
Issued, Subscribed & Paid-up Capital	: Tk. 19,53,66,600.00
Number of shares issued	: 19,53,666
Face Value	: Tk. 100.00
Market Lot	: 20
Number of shareholders as on 31 December 2010	: 4,031 nos.
First election of Public Directors	: 26th November, 1997
Book Value per share	: Tk. 267.32
Market Price – DSE in 2010	: (High) 1,350, (Low) Tk. 639.50
Market Price – CSE in 2010	: (High) 1,345, (Low) Tk. 600

List of the Branches

- | | |
|---|---|
| 01 LOCAL OFFICE
Mr. Md. Shamsul Karim
Deputy Managing Director (Dev.) & Incharge. | 15 NARSINGDI BRANCH
Mrs. Tangema Sultana (Ruma)
Assistant Vice President (Dev.) & Incharge |
| 02 MOULVI BAZAR BRANCH
Mr. S. M. Shahidullah
Deputy Managing Director (Dev.) & Incharge | 16 FARIDPUR BRANCH
Mr. Md. Abdul Haque
Asstt. Vice President (Dev.) & Incharge |
| 03 NARAYANGANJ BRANCH
Al-Haj Khabir Uddin Ahmed
Deputy Managing Director (Dev.) & Incharge | 17 MYMENSINGH BRANCH
Mr. Md. Abdur Rouf
Asstt. Vice President (Dev.) & Incharge |
| 04 AGRABAD BRANCH
Mr. Md. Mozammel Hoque Chy.
Deputy Managing Director (Dev.) & Incharge | 18 DINAJPUR BRANCH
Mr. Md. Kafilwara Masud
Assistant Vice President (Dev.) & Incharge |
| 05 NAWABPUR BRANCH
Mr. Md. Badrul Amin
Deputy Managing Director (Dev.) & Incharge | 19 JESSORE BRANCH
Mr. Md. Kamal Hossain
Asstt. Vice President (Dev.) & Incharge |
| 06 MOTIJHEEL BRANCH
Mr. Md. Badrul Munir
Sr. Executive Vice President (Dev.) & Incharge | 20 KUSHTIA BRANCH
Mr. Ali Hossain Akhter
Vice President (Dev.) & Incharge |
| 07 SK. MUJIB ROAD BRANCH
Mr. Nur Mohammed
Executive Vice President (Dev.) & Incharge | 21 VIP ROAD BRANCH
Mr. Md. Shah Alam
Senior Manager & Incharge |
| 08 JUBILEE ROAD BRANCH
Alhaj Md. Abdur Rouf
Sr. Vice President (Dev.) & Incharge | 22 RANGPUR BRANCH
Mr. M. A. Halim Kanoon
Senior Manager (Dev.) & Incharge |
| 09 DILKUSHA BRANCH
Mr. Golam Mohammad Abdul Khaleque
Sr. Vice President (Dev.) & Incharge | 23 BOGRA BRANCH
Mr. A.B.M. Siddque
Sr. Manager (Dev.) & Incharge |
| 10 NEWMARKET BRANCH
Mr. Md. Sujjad Hossain
Sr. Vice President (Dev.) & Incharge | 24 SYLHET BRANCH
Mr. Azad Bakth Chowdhury
Senior Manager (Dev.) & Incharge |
| 11 KHATUNGANJ BRANCH
Mr. Md. Ali Sarwar Titu
Sr. Vice President (Dev.) & Incharge | 25 BARISAL BRANCH
Mr. Md. Shahidul Haque
Sr. Manager (Dev.) & Incharge |
| 12 KAWRAN BAZAR BRANCH
Mr. Md. Anwar Hossain
Vice President (Dev.) & Incharge | 26 COMILLA BRANCH
Mr. Md. Abul Hashem Mojumder Pervez
Manager (Dev.) & Incharge |
| 13 RAJSHAHI BRANCH
Mr. Md. Yeasin Ali
Vice President (Dev.) & Incharge | 27 PABNA BRANCH
Mr. Md. Abdul Quddus
Manager (Dev.) & Incharge |
| 14 BANGSHAL BRANCH
Mr. Jainal Abedin
Asstt. Vice President & Incharge | |

