

AUDITOR'S REPORT & NOTES TO THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Progressive Life Insurance Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Progressive Life Insurance Company Limited ("the Company"), which comprise the balance sheet as at December 31, 2016, and life revenue account, statement of changes in shareholders' equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS); the Companies Act, 1994; the Insurance Act, 2010; the Insurance Rules, 1958; the Securities and Exchange Ordinance, 1969; the Securities and Exchange Rules, 1987; and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion:

- (a) As explained in note 14.03 of the financial statements, the Company has 51% shareholding in its subsidiary company namely Galaxy Capital Ltd. and the investment in shares of this company was Taka 30,855,000. According to BFRS 10, para 04: "Consolidated Financial Statements", the subsidiary should have been consolidated because it is controlled by the Company. The Company has not consolidated the financial statements of subsidiary (Galaxy Capital Ltd.) resulting in violation of that particular BFRS. If Galaxy Capital Ltd. had been consolidated, elements in the accompanying financial statements would have been materially affected;
- (b) No computation has been made for current tax as per Schedule IV of the Income Tax Ordinance, 1984. As disclosed in note 13.01 in the accompanying financial statements, income tax provision has been made on lump sum basis. As the amount of provision could not be calculated in accordance with the provision of Schedule IV of the Income Tax Ordinance, 1984, hence profit may be overstated or understated to the extent of such provision;
- (c) The Company has incurred an excess of 16% management expenses in the year 2016 from allowable limit mentioned in Section 62 of the Insurance Act, 2010.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its

cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs); the Companies Act, 1994; the Insurance Act, 2010; the Insurance Rules 1958; the Securities Exchange Rules, 1987 and other applicable laws and regulations.

Emphasis of Matter

Without further modifying our opinion we draw attention to following notes to the financial statements:

- a) As disclosed in Annexure A of note 14 of the financial statements, management describes the reason for not charging depreciation on Flats at Eastern Arzoo, 61, Bijoynagar, Dhaka (2nd, 4th, 8th floor (2732 sq.ft.) & 7th floor, (unit 7/1-8, 3777 sq. ft.)).
- b) In Annexure A of note 14 of the financial statements, management has disclosed that, the flat in Chattogram, address # Zahura Tower, 1401 Sheikh Mujib Road, Agrabad C/A, Chattogram purchased at a price of Tk. 34,689,801 for which legal proceeding about ownership is under process in the Joint 2nd District Judge, Chattogram vide case no. 62/12.
- c) In note 3.13.b of the financial statements which describes, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company has not filed any return of income for any of the assessment years after the assessment year 2014-15;
- d) According to note 4.05 of the financial statements, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company could not submit "Quarterly Financial Statements" to the Exchange and the Commission in accordance with the Regulation 17 of Dhaka Stock Exchange (Listing) Regulations, 2015. The Company has submitted its all un-audited Quarterly Financial Statements up to the 1st Quarter of 2018 to the BSEC on 25 July 2018;
- e) As disclosed in note 4.06 to the financial statements that, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, Annual Financial Statements the Company could be not audited within 120 days from the date on which it's financial year ends and a copy of such Audited Financial Statements could not be submitted to the Commission and the Stock Exchange within 14 days according to Regulation 18 of Dhaka Stock Exchange (Listing) Regulations, 2015;
- f) According to note 4.07 of the financial statements, legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company has not held any general meeting as its annual general meeting since 2013 in accordance with Section 81 of the Companies Act, 1994;
- g) As disclosed in note 4.08 to the financial statements that, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. So that, the Company has not filed Schedule-X: "annual list of members and summary" to the Registrar in each year since 2013 according to Section 36 of the Companies Act, 1994;
- h) As disclosed in Note 4.09 to the financial statements, the Company does not make actuarial valuation and investigate its financial status of the life insurance business by an actuary according to the regulatory procedure and in a prescribed manner in each year since 2013 in accordance with Section 30 of the Insurance Act, 2010. As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. On September 11, 2017 the Company has appointed Dr. Mohammad Sohrab Uddin, Ph.D, AIA, Consulting Actuary, to Complete Actuarial valuation of the policy liabilities as at 31 December 2013, 2014 and 2015 respectively; and
- i) As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, The Company could not provide the financial statements and auditor's certified copy on details of deposited money and assets of the "Life Insurance Fund" within 6 months from the end of year 2016 to the authority in accordance with Section 32 and Section 26(3) respectively of the Insurance Act, 2010, which disclosed in Note 4.10 to the financial statements.

Other Matter


The financial statements of Progressive Life Insurance Company Limited for the year ended December 31, 2015, were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants who expressed qualified opinion on those statements on 24th May 2017.

Report on Other Legal and Regulatory Requirements

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

- c) The balance sheet, life revenue accounts and statement of changes in shareholders' equity, and statements of cash flow of the Company dealt with by the report are in agreement with the books of account;
- d) The expenditure incurred were for the purpose of the Company's business;
- e) As per Section 62 (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 of the Company; and
- f) As per Regulation 11 of Part 1 of the Third Schedule of the Insurance Act 1938 as amended, we certify that to the best of our information and as shown by its books, the Company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Date: 17 February, 2019


Hussain Farhad & Co.
Chartered Accountants

Progressive Life Insurance Co. Ltd.

BALANCE SHEET

As at 31 December 2016

Amount (In Taka)

CAPITAL AND LIABILITIES	Notes	31-12-2016	31-12-2015
Authorized share capital	5.01	<u>750,000,000</u>	<u>750,000,000</u>
Authorized 75,000,000 ordinary shares of Taka 10 each			
Issued, subscribed and paid-up capital	5.02	128,657,760	128,657,760
12,865,776 ordinary shares of Taka 10 each called and paid-up in full			
Balance of funds and accounts	6.00	2,709,459,316	2,700,668,840
Life insurance fund			
Fair value change account	7.00	(1,298,136)	(4,805,908)
Amount due to other persons or bodies carrying on insurance business	8.00	19,250,273	14,541,764
Liabilities and provisions		446,165,646	340,065,123
Estimated liabilities in respect of outstanding claims whether due or intimated	9.00	315,981,311	235,056,882
Sundry creditors	10.00	125,737,448	99,948,985
Premium deposits	11.00	261,242	1,333,316
Other deposits	12.00	4,185,645	3,725,940
		<u>3,302,234,859</u>	<u>3,179,127,578</u>

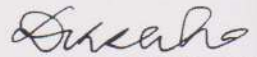
These financial statements should be read in conjunction with the annexed notes from 1 to 29.



Moshihor Rahman ACS
Company Secretary



Bipul Chandra Nath ACA
Chief Financial Officer



Dipen Kumar Saha Roy FCA
Chief Executive Officer

Place: Dhaka

Date: 17 February, 2019

BALANCE SHEET

As at 31 December 2016

Property and Assets	Notes	Amount (In Taka)	
		31-12-2016	31-12-2015
Loans on insurer's policies within their surrender value	13	30,500,177	27,473,464
Investments	14	2,163,526,089	2,131,871,764
Statutory deposit with Bangladesh Bank		15,000,000	15,000,000
Investment in government securities		1,507,356,652	1,512,378,389
Investment in equity shares of the companies		36,566,810	38,566,810
Investment in shares and others		83,149,999	82,218,857
Land and building (at cost less accumulated depreciation) [Annexure - A]		521,452,628	483,707,708
Interest, dividends and rents accruing but not due	15	170,842,662	139,281,307
Amounts due from other persons or bodies carrying on insurance business		329,042	329,042
Advances and deposits	16	104,068,956	101,452,603
Sundry debtors	17	1,630,754	1,780,754
Outstanding premium	18	49,187,192	48,086,943
Cash and cash equivalents	19	761,170,702	701,944,673
Stamps, printing and stationaries in hand	20	3,813,739	5,102,241
Fixed assets (at cost less accumulated depreciation)	21	17,165,547	21,804,788
		3,302,234,859	3,179,127,578

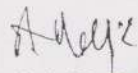
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Nazim Tazik Chowdhury
Director



Mezanur Rahman
Director



Abdul Malik
Chairman

As per our report of same date



Hussain Farhad & Co.
Chartered Accountants

Progressive Life Insurance Co. Ltd.
Life Revenue Account

For the year ended 31 December 2016

DEBIT

Amount (In Taka)

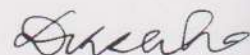
Particulars	Notes	31-12-2016	31-12-2015
Claim under policies (including provision for claims due or intimated), less re-insurance			
By death		12,661,680	18,303,478
By maturity		400,302,175	313,049,920
By surrender		20,094,579	20,289,927
By survival benefit		174,905,261	240,835,885
By group claim		6,491,600	2,270,760
By hospitalization		3,227,769	3,940,523
		617,683,064	598,690,493
By profit commission		3,441,067	170,607
		621,124,131	598,861,100
Expenses of management [Annexure - B]		380,068,150	423,856,595
Other expenses			
Depreciation on fixed assets		7,671,972	15,559,093
Depreciation on building		698,958	698,958
Realized loss on investments		3,531,817	-
Income tax expenses		10,000,000	10,000,000
		21,902,747	26,258,051
Balance of fund at the end of the year as shown in the Balance Sheet		2,709,459,316	2,700,668,840
		<u>3,732,554,343</u>	<u>3,749,644,586</u>



Moshior Rahman ACS
Company Secretary



Bipul Chandra Nath ACA
Chief Financial Officer



Dipen Kumar Saha Roy FCA
Chief Executive Officer

Place: Dhaka

Date: 17 February, 2019

Life Revenue Account

For the year ended 31 December 2016

CREDIT

Amount (In Taka)

Particulars	Notes	31-12-2016	31-12-2015
Balance of life fund at the beginning of the year		2,700,668,840	2,629,255,191
Premium less re-insurance	22		
First year premium (ILP)		136,949,843	149,220,496
First year premium (Sujon Bima)		28,531,800	41,494,001
First year premium (Islami Bima Takaful)		6,066,328	11,221,003
First year premium (Surrud Bima)		11,644,362	18,848,550
First year premium (Darussalam Bima)		942,590	1,251,171
		184,134,923	222,035,221
Renewal premium (ILP)		501,347,302	542,349,632
Renewal premium (Sujon Bima)		60,691,713	73,918,118
Renewal premium (Islami Bima Takaful)		11,486,961	7,761,108
Renewal premium (Surrud Bima)		9,644,168	6,312,831
Renewal premium (Darussalam Bima)		3,711,843	2,610,945
		586,881,987	632,952,634
Group life and health insurance premium		34,518,333	35,194,042
Total gross premium		805,535,243	890,181,897
Less: Re-insurance premium		7,697,055	9,052,236
Net premium		797,838,188	881,129,661
Interest, dividends and rents	23	233,785,545	238,590,102
Other income	24	261,770	669,632
		234,047,315	239,259,734
		3,732,554,343	3,749,644,586

First year premium, where, the maximum premiums Paying period is;

Single	10,344,999	9,045,965
Two Years	-	-
Three Years	-	-
Four Years	-	-
Five Years	36,080	61,491
Six years	21,023	51,948
Seven Years	21,987	427,738
Eight Years	42,939	154,452
Nine Years	291,682	54,403
Ten Years	347,073	1,107,731
Eleven Years	4,158,211	216,398
Twelve Years & Above	168,870,929	210,915,095
Total:	184,134,923	222,035,221

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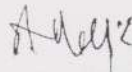
As per our report of same date



Nazim Tazik Chowdhury
Director



Mezanur Rahman
Director



Abdul Malik
Chairman




Hussain Farhad & Co.
Chartered Accountants

Progressive Life Insurance Co. Ltd.
Statement of Changes in Shareholders' Equity
 For the year ended 31 December 2016

Amount (In Taka)

Particulars	Share capital	Bonus share	General reserve	Reserve for exceptional losses	Retained earnings	Total
Equity as at 01 January 2015	109,032,000	19,625,760	-	-	-	128,657,760
Addition during the year	-	-	-	-	-	-
Equity as at 31 December 2015	109,032,000	19,625,760	-	-	-	128,657,760
Equity as at 01 January 2016	109,032,000	19,625,760	-	-	-	128,657,760
Addition during the year	-	-	-	-	-	-
Equity as at 31 December 2016	109,032,000	19,625,760	-	-	-	128,657,760

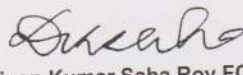
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Moshihor Rahman ACS
Company Secretary



Bipul Chandra Nath ACA
Chief Financial Officer



Dipen Kumar Saha Roy FCA
Chief Executive Officer



Nazim Tazik Chowdhury
Director



Mezanur Rahman
Director




Abdul Malik
Chairman


Progressive Life Insurance Co. Ltd.
Statement of Cash Flows

For the year ended 31 December 2016

Particulars	Amount (In Taka)	
	31-12-2016	31-12-2015
Cash flows from operating activities		
Collection from premium	803,362,920	893,988,685
Other income received	261,770	669,632
Payment for claims	(540,199,702)	(533,028,774)
Payment for management expenses, commissions, re-insurance and other expenses	(366,579,598)	(425,319,970)
Cash generated from operations	(103,154,610)	(63,690,427)
Tax paid during the year	(4,938,598)	(15,676,798)
Net cash used in operating activities	(108,093,208)	(79,367,225)
Cash flows from investing activities		
Acquisition of fixed assets	(3,032,731)	(11,579,906)
Loans on insurer's policies within their surrender value	(6,021,216)	(5,812,710)
Collection of loans on insurer's policies within their surrender value	2,994,503	2,556,461
Investment in shares and government securities	6,114,042	(157,360,855)
Investment in equity shares of companies	2,000,000	127,500,000
Loan to Alpha Capital Management Limited and Galaxy Capital Limited	1,484,326	(1,409,865)
Investment in land and building	(38,443,878)	(10,000)
Interest, dividends and rents received	202,224,190	200,882,868
Net cash flows from/(used in) investing activities	167,319,236	154,765,993
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	59,226,029	75,398,768
Cash and cash equivalents at the beginning of the year	701,944,673	626,545,905
Cash and cash equivalents at the end of the year	761,170,702	701,944,673



Moshihor Rahman ACS
Company Secretary



Bipul Chandra Nath ACA
Chief Financial Officer




Dipen Kumar Saha Roy FCA
Chief Executive Officer



Nazim Tazik Chowdhury
Director



Mezanur Rahman
Director



Abdul Malik
Chairman


Progressive Life Insurance Co. Ltd.

Statement of Life Insurance Fund


As at 31 December 2016

Amount (In Taka)

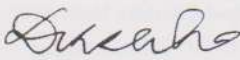
Particulars	31-12-2016	31-12-2015
A) Property and Assets		
Loans on insurer's policies within their surrender	30,500,177	27,473,464
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000
Investment in government securities	1,507,356,652	1,512,378,389
Investment in equity shares of the companies	36,566,810	38,566,810
Investment in shares and others	83,149,999	82,218,857
Land and building (at cost less accumulated depreciation)	521,452,628	483,707,708
Interest, dividends and rents accruing but not due	170,842,662	139,281,307
Amounts due from other persons or bodies carrying on insurance business	329,042	329,042
Advances and deposits	104,068,956	101,452,603
Sundry debtors	1,630,754	1,780,754
Outstanding premium	49,187,192	48,086,943
Fixed deposits with banks	517,935,479	499,935,479
Current accounts and STD accounts with banks	198,724,274	100,374,940
Cash in hand - Head Office	234,847	729,749
Branch petty cash	44,276,102	45,505,584
Collection in hand	-	55,398,921
Stamps, printing and stationaries in hand	3,813,739	5,102,241
Fixed assets (at cost less accumulated depreciation)	17,165,547	21,804,788
	3,302,234,859	3,179,127,579
B) Liabilities and provisions		
Amounts due to other persons or bodies carrying on insurance business	19,250,273	14,541,764
Estimated liabilities in respect of outstanding claims whether due or intimated	315,981,311	235,056,882
Sundry creditors	125,737,448	99,948,985
Premium deposits	261,242	1,333,316
Other deposits	4,185,645	3,725,940
Fair value change account	(1,298,136)	(4,805,908)
	464,117,783	349,800,978
Gross fund (A-B)	2,838,117,076	2,829,326,600
Less: Issued, subscribed and paid-up capital	128,657,760	128,657,760
	2,709,459,316	2,700,668,840



Moshihor Rahman ACS
Company Secretary



Bipul Chandra Nath ACA
Chief Financial Officer



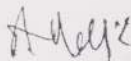
Dipen Kumar Saha Roy FCA
Chief Executive Officer



Nazim Tazik Chowdhury
Director



Mezanur Rahman
Director



Abdul Malik
Chairman


Progressive Life Insurance Co. Ltd.

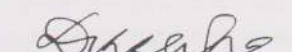
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Classified Summary of the Assets in Bangladesh
As at 31 December 2016

Class of assets	Book Value	Market Value	Remarks
Loans	30,500,177	30,500,177	
On insurer's policies within their surrender	30,500,177	30,500,177	Realizable value
Investments	2,163,526,089	2,163,526,089	
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000	At Cost
Investment in government securities	1,507,356,652	1,507,356,652	At Cost
Investment in equity shares of the companies	36,566,810	36,566,810	Realizable value
Investment in shares and others	83,149,999	83,149,999	Market Value
Land and building (at cost less accumulated depreciation)	521,452,628	521,452,628	At Cost
Cash and cash equivalents	761,170,702	761,170,702	
Fixed deposits with banks	517,935,479	517,935,479	Realizable value
Current accounts and STD accounts with banks	198,724,274	198,724,274	Realizable value
Cash in hand - Head Office	234,847	234,847	Realizable value
Branch petty cash	44,276,102	44,276,102	Realizable value
Interest, dividends and rents accruing but not due	170,842,662	170,842,662	Realizable value
Amounts due from other persons or bodies carrying on insurance business	329,042	329,042	Book Value
Other assets	175,866,187	175,866,187	
Advances and deposits	104,068,956	104,068,956	Book Value
Sundry debtors	1,630,754	1,630,754	Book Value
Outstanding premium	49,187,192	49,187,192	Book Value
Stamps, printing and stationaries in hand	3,813,739	3,813,739	At Cost
Fixed assets (at cost less accumulated depreciation)	17,165,547	17,165,547	WDV
Total assets	3,302,234,859	3,302,234,859	

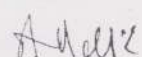

Washihor Rahman ACS
Company Secretary


Bipul Chandra Nath ACA
Chief Financial Officer


Dipen Kumar Saha Roy FCA
Chief Executive Officer


Nazim Tazik Chowdhury
Director


Mezanur Rahman
Director


Abdul Malik
Chairman

Progressive Life Insurance Company Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1.00 LEGAL STATUS AND NATURE OF BUSINESS

1.01 Establishment and status of the Company

Progressive Life Insurance Company Limited (hereinafter referred to as "the Company") was incorporated as a public limited Company in Bangladesh on 06 January 2000 under the Companies Act, 1994 and commenced its operation after obtaining the then registration certificate from the Chief Controller of Insurance, Government of the People's Republic of Bangladesh on 27 February 2000. The Company is listed in both Dhaka and Chittagong Stock Exchanges as a publicly traded Company. The Registered office of the Company is located at National Scout Bhaban, 70/1 Inner Circular Road, Kakrail, Dhaka-1000, Bangladesh.

1.02 Nature of business

Progressive Life Insurance Company Limited is engaged in all kinds of the life insurance business whether individual or group including pension, health, etc. It also operates micro life insurance business under name of Sujan Bima, Surrid Bima, Darussalam Bima, Progressive Deposit Pension Scheme (DPS) and Progressive Islami Bima Prakalpa (Takaful) etc.

2.00 Basis of presentation and statement of compliance

2.01 Basis of presentation

- (a) "These financial statements have been prepared on the format of financial statements prescribed in the Insurance Act 1938 (as amended in 2010), Insurance Rules 1958, Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) and relevant schedules of the Companies Act, 1994, the Securities and Exchange Rules, 1987 as amended and relevant circular and directives of Securities and Exchange Commission following Generally Accepted Accounting Principles (GAAP) applicable in Bangladesh.

Where the requirement of the companies Act, 1994, the Insurance Act, 1938 (as amended in 2010), the Securities and Exchange Rules, 1987 differ with the requirement of these standards, the requirement of the Companies Act, 1994, the Insurance Act, 1938 (as amended in 2010), and the Securities and Exchange Rules, 1987 take precedence;"

The elements of financial statements have been measured on "Historical Cost" basis, which provided in the "Framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

- (b) The Balance Sheet has been prepared in accordance with the regulations contained in Part I of the First Schedule and as per Form 'A' as set forth in Part II of that schedule and the Revenue Account of life insurance business has been prepared in accordance with the regulations as contained in Part I of the Third Schedule and as per Form 'D' as set forth in Part II of that schedule of the Insurance Act, 1938 as amended the Insurance Act, 2010.

2.02 Statement of compliance

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

- Going Concern;
- Accrual unless stated otherwise except for Cash Flows Statement;
- Historical cost convention;
- The Insurance Act 1938 (as amended in 2010);
- The Insurance Rules 1958;
- Provisions of the Companies Act 1994;
- The Securities and Exchange Commission (SEC) Rules 1987;
- Dhaka Stock Exchanges (listing) Regulations 2015;
- Income Tax Ordinance 1984;
- The Bangladesh Financial Reporting Standards (BFRS) Which have been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- Any other applicable laws, regulations, covenants, conventions and practices prevailing with the Insurance Industry in Bangladesh.

2.03 Responsibility for preparation and presentation of financial statements

The management is responsible for the preparation and presentation of financial statements under section 183 of The Companies Act, 1994 and as per the provision of Bangladesh Accounting Standard (BASs) and Bangladesh Financial Reporting Standard (BFRSs) the "Framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB) as adopted in Bangladesh.

2.04 The functional and presentation currency

The financial statements are presented in Bangladeshi Taka, which is the company's functional and presentation currency.

2.05 Use of critical accounting estimates and judgments

The presentation of financial statements in conformity with the generally accepted accounting principles and standards require that the Company's management make estimates and assumptions that affect the reported amounts of income and expenses for the year and reported balances of assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances on the date of financial statements. Actual results could differ from the estimates. Any revision to the accounting estimate is recognized prospectively.

2.06 Reported period

The financial statements of the Company cover one financial year from 01 January to 31 December of the calendar year.

2.07 Components of financial statements

The financial statements includes the following components:

- (a) Balance Sheet as at 31 December 2016;
- (b) Life Revenue Account for the year ended 31 December 2016;
- (c) Statements of Changes in Equity for the year ended 31 December 2016;
- (d) Statement of Cash Flows for the year ended 31 December 2016;
- (e) Statement of Life Insurance Fund as at 31 December 2016;
- (f) Classified Summary of the Assets (Form "AA") in Bangladesh as at 31 December 2016;
- (g) Accounting policies and notes to the financial statements for the year ended 31 December 2016.

2.08 Statement of cash flows

Cash flows statement is prepared in accordance with BAS-7 and Cash Flows from operating activities have been presented under direct method as outlined in the Part III of Securities and Exchange Rules, 1987 as amended which was added by the notification no SEC/Section 7/SER/03/132 dated on 29 December 1997 of Bangladesh Securities and Exchange Commission (BSEC).

Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the company's financial statements for the year ended 31 December 2015.

The significant accounting policies adopted in the preparation of these Financial Statements are set out below.

3.01 Revenue recognition

Revenue is recognized after satisfying all the conditions for revenue recognition as provided BAS-18: "Revenue" in compliance with BFRS-4 "Insurance Contract." The income from premium is comprised of the total amount of premium earned on various classes of life insurance business during the year, the gross amount of premium earned against various policies, the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of account of the Company. While preparing the final statement of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims have been given effect to the accounts at the end of the year.

3.1.1 Individual life policies

Individual life first year, renewal and single premiums are recognized once the related policies are issued/renewed against receipt and realization of premium.

Collectable amount of premiums due and outstanding in the month of December 2016 are recognized as revenue.

Uncollected premium from lapsed policies is not recognized as income until such policies are revived.

3.1.2 Group life and health policies

The premiums of group policies are recorded after receipt of the premiums and in certain circumstances premiums falling due under the policies within the financial period are also recognized if this premiums are subsequently received.

3.02 Interest, dividends and rents

Investment income

Interest incomes on investments are recognized on accrual basis for the number of days held taking into account effective yield on the instruments.

- i) Loans against the security of life insurance policies are allowed to the policy holders to the extent of 90% of surrender value of the respective policy provided the policy has been enforced for not less than two years;
- ii) Interest on policy loans is accounted on cash realized basis;
- iii) Dividend income is accounted for when the dividend is received;
- iv) Profit/(loss) arising on the sale of listed equity shares is recognized on the basis of the settlement date;
- v) Rental income is recognized on accrual basis, except the cases that are under litigation.

3.03 Premium deposit

Premium deposit represents premium received but risk has not yet been accepted because of pending underwriting decision as at 31 December 2016.

3.04 Re-insurance

This represent provisional amount payable to the re-insurer for the 12 (twelve) months ended on 31 December 2016. Provision has been made on the basis of best available information.

3.05 Claims costs

Claims costs consist of the policy benefit amount and claim settlement costs, where applicable.

Death claims are accounted for on receipt of information up to the end of the period are considered for accounting of such claims.

Maturity claims also include amounts payable on lapsed policies which are accounted for on the date of maturity of policies.

Amount recoverable from re-insurers are accounted for in the same period as the related claim and are reduced from claims.

3.06 Fixed assets and depreciation

Fixed assets are reported at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the assets to its working condition for its intended use. Fixed assets of small value are fully charged to the revenue account in the year of its purchases. Subsequent expenditures incurred on existing fixed assets are expensed out except where such expenditure increases the future economic benefits from the existing assets.

Depreciation

Depreciation is calculated on straight line method to write off the assets over their expected useful lives. Depreciation on addition made during the year is charged from the month of purchase and up to the previous month of sale. Methods and rates of computing depreciation are consistently applied. The annual depreciation rates are as follows:

Category of fixed assets	Rate (%)
Furniture and fixtures	15
Electrical equipment	20
Office renovation	20
Computer and computer accessories	20
Office equipment	20
Motor vehicles	20
Buildings	2.5

3.07 Impairment of assets

The carrying amount of its assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, impairment loss is recognized wherever carrying amount of an assets exceeds its recoverable amounts. Impairment loss is recorded on judgmental balance sheet is, for which provision may differ in the future years based on the actual experience. There is no impairment in 2016.

3.08 Intangible assets

Expenditure incurred on major application software and their customization or further development is recognized as an intangible asset. Intangible assets are reported as acquisition value with deductions for impairment losses, if any. Intangible asset comprises system software which is stated at cost of acquisition, including any cost attributable for bringing the same to its working condition less accumulated amortization. Software are amortized using the straight line method over their useful lives (five years). Any expenses on software for support and maintenance payable annually are charged to Life Revenue Account.

3.09 Stamps, printing and stationeries in hand

Stock of stamps, printing and stationeries in hand etc. are valued at cost determined on FIFO basis as at 31 December 2016.

3.10 Investments

Classification of investments

Investment with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold up to its maturity are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up/interest rates are classified as available for sale.

Valuation of investments

i) Debt securities

Debt Securities with fixed income (Bangladesh Government Treasury Bond), private and public bonds and debentures are categorized by class and are accounted for "held to maturity" and have been valued at cost. The discount in respect of the debt securities which is the difference between the purchase price and the redemption amount is amortized and recognized in the Revenue Account on straight line basis over the remaining period to maturity of these securities. For fair presentation, premium, if any, premium on acquisition of those bonds and debentures are however charged to Life Revenue Account over the period of investment.

ii) Investment in shares

"The valuation method of investment in shares is accounted for available for sale. Available for sale investment are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loan and receivables (b) held-to-maturity (c) financial assets at fair value through profit or loss. Listed shares are measured at fair value on the balance sheet date and the change in the carrying amount of shares is taken at ""Fair Value Change Account"".

iii) Loan

Loans in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable value.

iv) Other investment

All other investments are recognized as per Rule 7(b) of Part I of the First Schedule of the Insurance Act, 1938.

3.11 Employee benefits

The Company offers a number of benefit plans, which includes contributory provident fund and gratuity which have been accounted for in accordance with the provision of Bangladesh Accounting Standard-19, "Employee Benefits." Bases of enumerating the above benefits schemes operated by the company are outlined below.

Contributory provident fund

The Company operates a contributory provident fund @ 10% for its permanent employees. The fund is administered separately by a Board of Trustees and is funded by equal contribution from the Company and the employees.

Gratuity

Employees of the Company, who served the Company for ten years or above is entitled to get gratuity benefit at rates determined by the Service Rules of the fund. The provision has been made in respect of all eligible employees and reflected in these financial statements. Presently gratuity is being paid at the time of the final settlement of the respective employees.

3.12 Management expenses, commissions and claims

Management expenses

Management expenses inclusive of commissions, salaries, office rent and training expenses, etc. have been charged to life revenue account.

Commissions

(i) Agent commissions

Commissions to insurance agents (less re-insurance) represent first year commission, renewal commission, progressive deposit pension scheme commission and group commission.

(ii) Allowances and commissions (other than commission)

Allowance and commissions (other than commissions to insurance agents less re-insurance) represent employer of agents and supervisor officers salaries and allowances including various incentives and expenses.

Claims

Claims under policies by death, survival, surrender, maturity etc. are considered to be incurred when intimation is received. Provision for outstanding claims has been made based on the intimation of claim received during the year.

3.13 Taxation

Current Tax

a) Provision for Taxation is based on taxable income determined under the Fourth Schedule of the Income Tax Ordinance 1984 and best judgment of the management. In the absence of actuarial valuation for the purpose of determination of profit and tax liability, charge for the current tax has been made on lump sum basis.

b) A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh on the name of the Company's affairs which are yet to resolve. Due to this reason, the Company does not file any return of income for any of the assessment years after the assessment year 2014-15.

3.14 Risk minimization strategies

3.14.1 Individual life product

Insurance underwriting risk is the risk that the company will suffer losses due to economic situation or the rate of occurrence of an incident contrary to the forecast made at the time of setting up the premium rate.

"The underwriting risk arises from death and sometimes due to permanent disability and critical illness. The company may get exposed to poor risk due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims or poor persistency. The Company may also face the risk of poor investment return and inflation of business expenses. The Company faces the risk of under pricing particularly due to nature of long term contract. In addition to this, due to poor persistency, the Company would be unable to recover expense of policy acquisition. **The Company manages this risk through its underwriting, re-insurance, claims handling policy and other related internal control mechanisms.** The Company has a well-defined policy and avoids selling policies to high risk individuals. Underwriting procedures

and rules are structured to enable the Company to strike a balance between mitigating risk, ensuring control and providing better service. This puts a check on anti-selection.

The Company seeks to reduce its risk exposure by reinsuring certain levels of risk with renowned re-insurance General Insurance Corporation (GIC), India.

The Company also provides quality service to the policyholders and checks to minimizing fake sale and avoids poor persistency. A regular monitoring of lapse rate is conducted. The Company has procedures in place to ensure avoidance of payment of fraudulent claim. The claim committee reviews high sum assured and early claims for verification and detailed investigation of all doubtful and early claims are conducted. The Company maintains adequate liquidity to cater for potentially sudden and high cash requirement.

3.14.2 Group life

"The major risk underwritten by the Company is death which depends on mortality. Other risk underwritten includes disability and major diseases.

Risk increase as a result of business procurement without following underwriting guidelines, business procurement at low premium rate due to tough market competition and fraudulent claims. Non receipt of premium in due time is an additional factor.

The Company manages these risks through proper underwriting, re-insurance, effective claims handling and other claim control mechanism. The Company also avoids underwriting group business with employees exposed to hazardous profession pricing is done in line with actuarial guideline, experience and the mortality exposure the concerned group facts. Moreover, premium rates of existing groups are also reviewed from time to time on the basis of claim experience, re-insurance arrangement are made by the Company with renowned reinsurer to limit the risk at affordable level. Besides, the company avoids payment of fraudulent claims through claim investigation strict monitoring is in place to keep the outstanding balance of premium at a minimum."

3.14.3 Group life

"The major risk underwritten by the Company is death which depends on mortality. Other risk underwritten includes disability and major diseases.

Risks increase as a result of increasing incidences of fatal diseases, accident and catastrophic events, fraudulent practices, health over consciousness of insured etc. Consistent increase in charges of various hospital services, lack of adequate claim control mechanism and business procurement at low price in the competitive market are additional factors.

The Company manages these risks through proper underwriting and other related claim control mechanism, premium rate review on claim experience and hospital agreements with discount facility etc.

The Company has a well-defined medical underwriting policy to avoid underwriting Group Health business with potentially high health risk. Any pre-existing conditions are also screened at this stage. Health plans are designed and terms conditions are set in such a way that abuses of benefit utilization are minimized. Pricing is done in consultation with actuarial department on the basis of actual claim experience. Company has also pre-determined charges for certain illness and investigations with its panel hospitals. Those are treated as "Standard Rate" which is applied to restrict settlement of inflated bills. The Company avoids settlement of any fraudulent claims through claims investigations which is managed by experienced technical staff."

3.14.4 Liquidity risk

Liquidity risk means the Company is unable to meet funding requirements. Company has diversified funding sources to mitigate the risk and assets are managed considering balance of cash and cash equivalents and readily marketable securities.

3.14.5 Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in securities and deposits considering change of interest rate in the market, minimize risks by monitoring changes in interest rates and diversifying investment.

3.14.6 Credit risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The management monitors credit risk by review of credit exposure and assessment of credit worthiness.

3.14.7 Market risk

"Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Company is exposed to market risk with respect to its investment.

The Company continues to adopt a prudent policy in respect of investments. The fund of the Company has been invested as per provision of the Insurance Act. The investments are mainly in Government Securities. Fixed Deposit Receipts (FDR) with various commercial banks and financial institution having acceptable performance parameters and rating and equity shares in listed companies having good and positive fundamental and technical attributes.

The Company also limits market risk maintaining a diversified profile and by continuous monitoring of developments in Government Securities (Bonds) equity and term finance certificates market. In addition, the Company actively monitors the key factors that affect the underlying value of these securities."

3.14.8 Re-insurance risk

The Company seeks to reduce its risk exposure by reinsuring certain levels of risk with re-insurer. Re-insurer does not relieve the Company from its obligation to policyholders and as a result, the Company also remains liable for the portion of outstanding claims reinsured to the extent that re-insurer does not meet the obligations ultimately under the reinsurance agreements. In order to minimize the risk the Company has obtained re-insurance cover from renowned re-insurer Score Global-SE, Singapore Branch with proven sound financial health.

3.14.9 Foreign currency risk

As at the balance sheet date there are no financial instruments denominated in foreign currency. Therefore, the Company is not exposed to risk from any foreign currency exchange rate risk fluctuation.

3.14.10 Operational risk

Operational risk arise from error and fraud due to lack of internal control and compliance. Management through internal audit and compliance department controls operational procedures of the Company. Internal audit and compliance department undertakes periodic and special audit of the service cells, agency offices and departments at the head office for review of the operation and compliance of statutory requirements. The audit committee of the board subsequently reviews the reports of the Internal Audit and Compliance Department.

4.00 Additional information on financial statements

4.01 Date of authorization for issue of the financial statements

On 17 February 2019 the Board of Directors reviewed the financial statements and authorized for issuance of the same.

4.02 Directors' responsibility statement

The Board of Directors' take the responsibility for the preparation and fair presentation of the financial statements.

4.03 Segment reporting

The company operates only life insurance business.

4.04 Events after the reporting period

Dividend

As per BAS-10 " Events after the reporting period", Dividend declared after the reporting period should not be classified as a liability at the reporting period as the proposed does not represents a present obligation under BAS-37 "Provision, contingent liabilities and contingent assets". Hence for the year 2016 has not been charged to the life revenue account and not shown as a liability at the reporting period.

There are no other events identified after the date of the balance sheet which require adjustment or disclosure in the accompanying financial statements.

4.05 Quarterly Financial Statements to the Exchange and the Commission

"A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company could not submit "Quarterly Financial Statements" to the Exchange and the Commission in accordance with the Regulation 17 of Dhaka Stock Exchange (Listing) Regulations, 2015.

The Company has submitted its all un-audited Quarterly Financial Statements up to the 1st Quarter of 2018 to the BSEC on 25 July 2018."

4.06 Audit of Annual Financial Statements

A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, Annual Financial Statements of the Company could be not audited within 120 days from the date on which it's financial year ends and a copy of such Audited Financial Statements could not be submitted to the Commission and the Stock Exchange within 14 days according to Regulation 18 of Dhaka Stock Exchange (Listing) Regulations, 2015.

4.07 Annual General meeting (AGM)

A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company has not held any general meeting as its annual general meeting since 2013 in accordance with Section 81 of the Companies Act, 1994.

4.08 Annual Return to RJSC

As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this matter, the Company does not file Schedule-X: "annual list of members and summary" to the Registrar in each year since 2013 according to Section 36 of the Companies Act, 1994.

4.09 Actuarial Valuation and Investigation

The Company does not make actuarial valuation and investigate its financial status of the life insurance business by an actuary according to the regulatory procedure and in a prescribed manner in each year since

2013 in accordance with Section 30 of the Insurance Act, 2010. As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh on the name of the Company's affairs which are yet to resolve. On September 11, 2017 the Company has been appointed Dr. Mohammad Sohrab Uddin, Ph.D, AIA, Consulting Actuary, to Complete Actuarial valuation of the policy liabilities as at 31 December 2013, 2014 and 2015 respectively.

4.10 Report to the Authority (IDRA)

As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, The Company could not provide the financial statements and auditor's certified copy on details of deposited money and assets of the "Life Insurance Fund" within 6 months from the end of year 2016 to the authority in accordance with Section 32 and Section 26(3) respectively of the Insurance Act, 2010.

4.11 General

"Previous year's figures have been regrouped, rearranged or reclassified wherever considered necessary with conform to current period presentation. Amounts and others disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Amount presented have been rounded off to the nearest taka. figures in brackets () indicate deduction/ negative balances."

Amount (In Taka)

Notes	31-12-2016	31-12-2015
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5.00 Share capital

5.01 Authorized capital

750,000,000 750,000,000

The authorized capital of the Company is Taka 750,000,000 divided into 75,000,000 ordinary shares of Taka 10 each.

5.02 Issued, subscribed and paid up capital

12,865,776 ordinary shares of Taka 10 each fully paid up.

Category of shareholders

	Share holding		
Sponsors	45.28%	58,261,200	58,261,200
General public including institutional investors	54.72%	70,396,560	70,396,560
	<u>100%</u>	<u>128,657,760</u>	<u>128,657,760</u>

Distribution schedule of paid up capital

As per listing rule of the Stock Exchanges, a distribution schedule of each class of equity shares and the number of shareholders and percentage as at 31 December 2016 are given below:

Category of share holders	Share holding range	No. of shares	No. of share holders	Share holdings %
Sponsors	50000-100000	85,771	1	0.67
	100001-200000	155,252	1	1.21
	200001-300000	811,453	3	6.31
	300001-400000	1,481,513	4	11.52
	400001-500000	2,282,697	5	17.74
	500001-1000000	1,009,431	1	7.85
Sub total		5,826,117	15	45.28
General public including institutional investors	001-50000	2,167,755	1057	16.85
	50001-100000	798,864	10	6.21
	100001-200000	652,236	5	5.07
	200001-300000	-	-	-
	300001-400000	324,272	1	2.52
	400001-500000	859,677	2	6.68
	500001-1000000	741,000	1	5.76
	1000001-2000000	1,495,855	1	11.63
Sub total		7,039,659	1077	54.72
Grand total		12,865,776	1092	100

6.00 Life insurance fund

Opening balance	2,700,668,840	2,629,255,191
Add: Surplus of Life Revenue Account during the year	8,790,476	71,413,649
	<u>2,709,459,316</u>	<u>2,700,668,840</u>

The surplus of Life Revenue Account after adjusting the re-insurance premium, commission and claims thereon and setting of the management expenses has been carried forward to the life fund along with the surplus brought forward from previous year.

		<i>Amount (In Taka)</i>	
	Notes	31-12-2016	31-12-2015
7.00 Fair value change account			
Market value (quoted market price) of listed shares	14.04.2	38,974,594	36,559,126
Less: Book value of listed shares		40,272,729	41,365,034
		<u>(1,298,136)</u>	<u>(4,805,908)</u>
8.00 Amounts due to other persons or bodies carrying on insurance business			
Opening balance		14,541,764	9,691,130
Add: Provision made during the year		4,708,509	4,850,634
		19,250,273	14,541,764
Less: Payment made during the year		-	-
		<u>19,250,273</u>	<u>14,541,764</u>
<p>The amount represents the balance payable to Jibon Bima Corporation (JBC) and General Insurance Corporation of India (GIC) & Score Global-SE Singapore Branch on account of share of re-insurance premium.</p>			
9.00 Estimated liabilities in respect of outstanding claims whether due or intimated			
Death claim		8,492,483	10,818,086
Survival benefit		24,563,556	49,164,226
Maturity claim		278,280,191	172,254,417
Hospitalization claim		531,881	1,093,913
Group claim		4,113,200	1,726,240
		<u>315,981,311</u>	<u>235,056,882</u>
10.00 Sundry creditors			
Office rent		1,420,436	1,036,125
Auditors' fees		1,170,400	900,400
Actuarial fees		1,600,000	1,200,000
Tax deducted at source		2,737,646	5,306,321
Income tax payable	10.01	83,130,631	73,130,631
Provident fund payable		1,455,242	860,916
Provident fund loan payable		727,945	262,695
Excess deposits		102,932	5,644
Security deposits		749,491	115,950
VAT payable		590,655	531,680
Gas, water and electricity		308,198	289,673
Group life endowment scheme payable		1,317,645	968,872
Commission payable		2,875,175	2,652,093
Provision for gratuity		16,608,924	12,490,008
Salary and allowances		4,009,430	194,081
Salary and allowances (development)		6,356,750	-
Repair and maintenance (car)		-	3,896
Provision for general charges		152,805	-
Provision for legal expenses		423,143	-
		<u>125,737,448</u>	<u>99,948,985</u>

Notes	Amount (In Taka)	
	31-12-2016	31-12-2015
10.01 Income tax payable		
Opening Balance	73,130,631	63,130,631
Add: Provision made during the year	10,000,000	10,000,000
	83,130,631	73,130,631
Less: Paid during the year	-	-
	83,130,631	73,130,631

In the absence of actuarial valuation for the purpose of determination of profit and tax liability, tax provision for 2016 has been made on lump sum basis.

11.00 Premium deposits

Opening balance	1,333,316	669,209
Add: Advance premium received during the year	261,242	1,316,444
	1,594,558	1,985,653
Less: Adjustment made during the year	1,333,316	652,337
	261,242	1,333,316

Premium deposits represent receipts in advance which can not be appropriated towards premium before fulfillment the underwriting requirements and hence policies were not issued/adjusted within 31 December 2016.

12.00 Other deposits

Opening balance	3,725,940	3,387,080
Add: Deposit received during the year	462,705	338,860
	4,188,645	3,725,940
Less: Adjustment made during the year	3,000	-
	4,185,645	3,725,940

13.00 Loans on insurer's policies within their surrender value

Opening balance	27,473,464	24,217,215
Add: Loan disbursed during the year	6,021,216	5,812,710
	33,494,680	30,029,925
Less: Realized during the year	2,994,503	2,556,461
	30,500,177	27,473,464

14.00 Investments

Statutory deposit with Bangladesh Bank	14.01	15,000,000	15,000,000
Investment in government securities	14.02	1,507,356,652	1,512,378,389
Investment in equity shares of the companies	14.03	36,566,810	38,566,810
Investment in shares and others	14.04	83,149,999	82,218,857
Land and building	Annexure -A	521,452,628	483,707,708
		2,163,526,089	2,131,871,764

14.01 Statutory deposit with Bangladesh Bank

	15,000,000	15,000,000
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The above amount is invested in 5 years National Investment Bond and deposited with Bangladesh Bank as statutory deposit.

14.02 Investment in government securities

	1,507,356,652	1,512,378,389
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The above balance is invested in the form of 10 years Bangladesh Government Treasury Bond (BGTB).

Amount (In Taka)

Notes	31-12-2016	31-12-2015	
14.03 Investment in equity shares of the companies			
Central Depository Bangladesh Limited	5,711,810	5,711,810	
Equity shares of Alpha Capital Management Limited (A full-fledged merchant banker)	-	2,000,000	
Equity shares of 51 % of Galaxy Capital Limited (a member of the Chittagong Stock Exchange)	30,855,000	30,855,000	
	36,566,810	38,566,810	
14.04 Investment in shares and others			
Investment in shares	14.04.1	55,824,594	53,409,126
Loan to Galaxy Capital Limited		27,325,405	27,325,405
Loan to Alpha Capital Management Limited		-	1,484,326
		83,149,999	82,218,857
14.04.1 Investment in shares			
a) Investments made in placement shares			
(i) Saif Power Tech		14,000,000	14,000,000
(ii) Energy Prima (within the lock in period)		2,850,000	2,850,000
b) Investments in listed shares	14.04.2	38,974,594	36,559,126
		55,824,594	53,409,126

14.04.2 Investment in listed shares (as at 31st December 2016)

Sl. No.	Name of instruments (code names)	No. of shares	Average cost (per unit)	Book value	Market value (quoted price)
1	GREENDELTA	1,817	89.33	162,317.14	90,304.90
2	OLYMPIC	5,250	118.20	620,549.91	1,616,475.00
3	OAL	11,100	21.33	236,798.11	288,600.00
4	POPULARLIF	94,358	78.87	7,442,124.44	6,586,188.40
5	RUPALILIFE	9,817	100.92	990,750.53	361,265.60
6	FAREASTLIF	12,500	69.23	865,368.87	846,250.00
7	CVOPRL	10,863	260.88	2,833,957.66	2,245,382.10
8	GBBPOWER	15,000	16.88	253,272.49	304,500.00
9	PRIMEFIN	15,000	26.43	396,472.50	147,000.00
10	PREMIERLEA	284,000	12.87	3,654,819.11	4,032,800.00
11	RAHIMAF00	3,000	65.33	195,975.00	386,100.00
12	IFADAUTOS	3,794	75.46	286,287.74	380,158.80
13	MJLBD	5	86.44	432.21	598.00
14	EMERALDOIL	28,427	42.32	1,203,030.23	1,120,023.80
15	GHAIL	500	35.18	17,587.64	26,750.00
16	CNATEX	101,200	8.88	898,976.26	1,133,440.00
17	ITC	195,917	47.93	9,390,581.33	9,266,874.10
18	AMANFEED	78,200	72.73	5,687,829.73	5,380,160.00
19	ACMELAB	9,870	108.63	1,072,211.92	977,130.00
20	SPCL	1,074	147.31	158,207.78	146,171.40
21	SHASHADNIM	50,116	77.92	3,905,178.67	3,638,421.60
	Total	931,808	43.22	40,272,729.27	38,974,593.70

Amount (In Taka)

	31-12-2016	31-12-2015
Opening balance	139,281,307	101,574,073
Add. : Accrued during the year	232,328,529	212,991,188
	371,609,836	314,565,261
Less: Realized during the year	200,767,174	175,283,954
	<u>170,842,662</u>	<u>139,281,307</u>

15.00 Interest, dividends and rents accruing but not due

Opening balance
Add. : Accrued during the year

Less: Realized during the year

Amount (In Taka)

Notes	31-12-2016	31-12-2015	
16.00 Advances and deposits			
Advances			
Office rent	16.01	5,605,080	5,477,008
Travelling and conveyance		803,445	1,282,483
Salary and allowances (staff)		444,000	996,449
Advance income tax	16.02	92,414,147	87,475,549
Other advance		2,142,117	1,089,183
LeadSoft Bangladesh Limited		2,100,000	2,100,000
		103,508,788	98,420,672
Deposits			
Security deposits with brokerage house	16.03	391,837	2,863,601
Security deposit - T & T		168,330	168,330
		560,167	3,031,931
16.01 Office rent		104,068,956	101,452,603
Opening balance			
Add: Advance made during the year		5,477,008	5,457,626
		2,218,240	2,112,990
Less: Adjustment made during the year		7,695,248	7,570,616
		2,090,168	2,093,608
		5,605,080	5,477,008
16.02 Advance income tax			
Opening balance		87,475,549	71,798,751
Add: Advance income tax paid during the year		4,938,598	15,676,798
		92,414,147	87,475,549
Less: Adjustment made during the year		-	-
		92,414,147	87,475,549
16.03 Security deposits with brokerage house		391,837	2,863,601

This amount represents money lying with Parkway Securities Limited, Galaxy Capital Limited and Green Delta Securities Limited as at the end of outline and normal investment activities in shares as at 31 December 2016.

17.00 Sundry debtors

Opening balance		1,780,754	-
Add: Addition during the year			1,980,754
		1,780,754	1,980,754
Less: Realized during the year		150,000	200,000
		1,630,754	1,780,754

18.00 Outstanding premium

Opening balance		48,086,943	51,229,624
Add: Accrued during the year		49,187,192	48,086,943
		97,274,135	99,316,567
Less: Realized during the year		48,086,943	51,229,624
		49,187,192	48,086,943

The amount represents accrued outstanding premium and realized during the year as per realized basis for the month of January 2016.

Notes	Amount (In Taka)	
	31-12-2016	31-12-2015
19.00 'Cash and cash equivalents		
Fixed deposits with banks	517,935,479	499,935,479
Current accounts and STD accounts with banks	198,724,274	100,374,940
Cash in hand - Head Office	19.01 234,847	729,749
Branch petty cash	19.02 44,276,102	45,505,584
Collection in hand	19.03 -	55,398,921
	761,170,702	701,944,673
19.01 Cash in hand - Head Office		
Head office - Corporate	231,295	559,457
Central office - Sujon Bima Division	3,552	170,292
	234,847	729,749
19.02 Branch petty cash		
Individual Life Product (ILP)	35,882,006	37,545,107
Sujon Bima Division	4,946,483	5,166,619
Islami Bima (Takaful)	3,167,325	2,414,096
Surrud Bima	277,073	351,927
Darussalam Bima	3,215	27,835
	44,276,102	45,505,584
19.03 Collection in hand		
Opening balance	55,398,921	61,988,590
Add: Addition during the Year	-	55,398,921
	55,398,921	117,387,511
Less: Realized during the Year	55,398,921	61,988,590
	-	55,398,921

This amount represents collection of premium through cheques, demand drafts, fund transferred from BM collection A/C and non-operative collection accounts of various branches of Company's banks of Individual Life Product, Sujon Bima Division, Islami Bima (Takaful), Surrud Bima and Darussalam Bima which were not received within 31 December 2015. However Taka 55,398,921 deposited to the Company's bank accounts during the year 2016.

20.00 Stamps, printing and stationeries in hand

Policy and revenue stamps	692,305	1,934,443
Printing materials and stationeries	3,121,434	3,167,798
	3,813,739	5,102,241

21.00 Fixed assets (at cost less accumulated depreciation)

(Amount in Taka)

Sl. No.	Particulars	C O S T				Rate (%)	D E P R E C I A T I O N				Written down value as at 31st December 2015	
		Balance as at 1st January 2016	Addition during the year	Disposal	Balance as at 31st December 2016		Balance as at 1st January 2016	Charged during the year	Disposal	Balance as at 31st December 2016		Written down value as at 31st December 2016
01	Furniture and fixtures	37,701,700	1,064,522	-	38,766,222	15	35,027,950	1,627,789	-	36,655,739	2,110,483	2,673,750
02	Electrical equipments	6,485,414	512,089	-	6,997,503	20	5,122,040	584,769	-	5,706,809	1,290,694	1,363,374
03	Office renovation	27,662,007	437,235	-	28,099,242	20	19,503,356	2,307,560	-	21,810,915	6,288,327	8,158,651
04	Computer and computer accessories	13,458,050	1,008,760	-	14,466,810	20	10,180,067	1,025,911	-	11,205,978	3,260,832	3,277,983
05	Office equipments	14,716,897	10,125	-	14,727,022	20	12,474,607	674,271	-	13,148,878	1,578,144	2,242,290
06	Motor vehicles	110,235,310	-	-	110,235,310	20	106,215,987	1,434,672	-	107,650,660	2,584,650	4,019,323
07	Accounting software	85,000	-	-	85,000	20	15,563	17,000	-	32,583	52,417	69,417
Total (31-12-2016)		210,344,378	3,032,731	-	213,377,109		188,539,590	7,671,972	-	196,211,562	17,165,547	21,804,788
Total (31-12-2015)		198,764,472	11,579,906	-	210,344,378		172,980,497	15,559,093	-	188,539,590		

Amount (In Taka)

	31-12-2016	31-12-2015
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22.00 Premium less re-insurance

Types of premium	Gross premium	Re-insurance premium	Net premium	Net premium
First year premium	184,134,923	261,919	183,873,004	221,958,571
Renewal premium	586,881,987	152,008	586,729,979	631,417,828
Group premium	34,518,333	7,283,128	27,235,205	27,753,262
	<u>805,535,243</u>	<u>7,697,055</u>	<u>797,838,188</u>	<u>881,129,661</u>

23.00 Interest, dividends and rents

Interest on government securities	162,608,263	156,133,003
Interest on fixed deposit receipts (FDR)	63,620,785	51,980,019
Interest on short term deposits	1,724,389	3,172,812
Interest on loan and advances	1,035,393	1,336,876
Rent income from house property	1,939,646	463,800
Realized gain on investments	-	3,337,923
Share dividend	2,857,069	22,165,669
	<u>233,785,545</u>	<u>238,590,102</u>

24.00 Other income

Alteration fees	69,737	66,408
Duplicate policy documents fees	137,072	76,266
Miscellaneous income	52,789	374,935
Late fees	2,172	152,023
	<u>261,770</u>	<u>669,632</u>

25.00 Payments/perquisites to directors/officers

The aggregate amounts paid/provided during the year in respect of directors and officers of the Company as defined in the Securities and Exchange Rule, 1987 are disclosed below:

Directors' Fees	416,250	827,000
Basic salary	34,798,920	63,857,014
House rent	17,399,460	31,928,507
Other allowances and perquisites	41,605,735	19,186,046
	<u>94,220,365</u>	<u>115,798,567</u>

26.00 Related party transactions

The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard-24 "Related Party Disclosures". The terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

Name of the related parties	Nature of transaction	Opening balance as at 01 January 2016	Transaction during the year		Closing balance as at 31st December 2016
			Debit	Credit	
Galaxy Capital Management Limited	Loan paid	27,325,405		-	27,325,405
Alpha Capital Management Limited	Loan paid	1,484,326	105,320	1,589,646	-
		<u>28,809,731</u>	<u>105,320</u>	<u>1,589,646</u>	<u>27,325,405</u>

Amount (In Taka)

27.00 Disclosure as per requirement of Schedule XI, Part II of the Company Act, 1994

Employee position for Progressive Life Insurance Company Limited

- (i) Number of employees drawing salary below Taka 3,000 per month
 (ii) Number of employees drawing salary of Taka 3,000 or above per month

	31-12-2016	31-12-2015
	31.12.2016	31.12.2015
	0	72
	612	701
	<u>612</u>	<u>773</u>

Disclosure as per requirement of Schedule XI, Part II, Para 4

There is no payment to directors of the Company, other than meeting attendance fees.

The directors of the Company did not take any benefit from the Company.


- (a) Expense reimbursed to the managing agent - Nil
 (b) Commission or other remuneration payable separately to a managing agent or his associate - Nil
 (c) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the Company - Nil
 (d) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year - Not applicable
 (e) Any other perquisites or benefit in cash or in kind stating - Nil
 (f) Other allowances and commission including guarantee commission - Nil
 (g) Pensions, etc.-
 (i) Pensions - Nil
 (ii) Gratuities - Yes
 (iii) Payment from provident fund - Yes
 (iv) Compensation for loss of office - Nil
 (v) Consideration in connection with retirement from office - Nil


28.00 Capital expenditure commitment

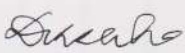
The Company has entered into a contract with the Lead Soft Bangladesh Limited as on 26 June 2014 for procurement of accounting software. The agreement value is Taka 9,000,000 out of which Taka 2,100,000 was paid and thereby, remaining amount of Taka 6,900,000 will be paid as per terms and conditions of the contract

29.00 Contingent liability

There is no claim against the company not acknowledged as at 31 December 2016



 Moshior Rahman ACS
 Company Secretary


 Bipul Chandra Nath ACA
 Chief Financial Officer


 Dipen Kumar Saha Roy FCA
 Chief Executive Officer


 Nazim Tazik Chowdhury
 Director


 Mezanur Rahman
 Director


 Abdul Malik
 Chairman

Progressive Life Insurance Company Limited
Schedule of Land and Building
 As at 31st December 2016

Annexure -A

Sl. No.	Particulars	C O S T			Rate (%)	D E P R E C I A T I O N			Written Down Value as at 31 December 2015	
		Balance as at 1st January 2016	Addition during the year	Balance as at 31st December 2016		Balance as at 1st January 2016	Charged during the year	Balance as at 31st December 2016		
01	Navana Rahim Arient, 39, Kakrail (1st floor) Dhaka - 1000	1690 Sft.	-	27,958,320	2.5	2,096,874	698,958	2,795,832	25,162,488	25,861,446
02	Eastern Arzoo (P-1), 61, Bijoy Nagar, Dhaka - 1000	2732 Sft.	-	39,664,349	-	-	-	-	39,664,349	39,664,349
03	Eastern Arzoo (P-2), 61, Bijoy Nagar, Dhaka - 1000	3777 Sft.	-	59,227,576	-	-	-	-	59,227,576	59,227,576
04	Zahura Tower, 1401, Sheikh Mujib Road, Agrabad C/A, Chattogram	9500 Sft.	-	34,689,801	-	-	-	-	34,689,801	34,689,801
05	Land at Altabnagar, L # 44, Road # 18 Avenue # 12, Sector # 3, Rampura, Dhaka	7.08 Kathas	-	89,478,761	-	-	-	-	89,478,761	89,478,761
06	Land at Altabnagar, M # 39, Road # 18, Avenue # 12, Sector # 3, Rampura, Dhaka	8.54 Kathas	1,011,665	108,450,965	-	-	-	-	108,450,965	107,439,300
07	Land at Altabnagar, K # 7, Main Road, Sector # 1, Rampura, Dhaka	5 Kathas	593,615	62,163,615	-	-	-	-	62,163,615	61,570,000
08	Land at Srimongal Bus Malik Samity, Moulvibazar	30 Kathas	-	65,776,475	-	-	-	-	65,776,475	65,776,475
09	Building at Moulvibazar, Building floor 1 to 10th floor (19950 Sft)	19950 sft	26,724,903	26,724,903	-	-	-	-	26,724,903	-
10	Land measuring 5 Satak at Moulvibazar	5 Satak	10,113,695	10,113,695	-	-	-	-	10,113,695	-
	Total (31-12-2016)		485,804,582	38,443,878	524,248,460	2,096,874	698,958	2,795,832	521,452,628	483,707,708
	Total (31-12-2015)		485,794,582	10,000	485,804,582	1,397,916	698,958	2,096,874		

Notes:

* Based on the straight-line method of depreciation and annual rate of 2.5% for the building as per the company policy, management has decided not to charge depreciation of Tk. 12,609,393 on the opening balance and 2,472,298 on the current year of Building at Moulvibazar (1 to 10 Floor, 19950 sq. ft.) and Flats at Eastern Arzoo, 61, Bijoy Nagar, Dhaka (2nd, 4th, 8th floor (2732 sq.ft.) & 7th floor, (unit 7/1-8, 3777 sq. ft.)) since those were not registered on that period.

** The flat in Chattogram, address# Zahura Tower, 1401 Sheikh Mujib Road, Agrabad C/A, Chattogram at a price of Tk. 34,689,801 for which legal proceeding about ownership is under process in the Joint 2nd District Judge, Chattogram vide case no. 62/12.

Progressive Life Insurance Company Limited
Schedule of Expenses of Management

Annexure - B

For the year ended 31st December 2016

Amount (In Taka)

Particulars	31-12-2016	31-12-2015
Expenses of management		
a) Commission to insurance agents (less that on re-insurance)	105,615,438	128,827,884
b) Allowances and commission [other than commission included in sub-item (a) preceding]	96,019,011	93,859,109
Sub-Total	201,634,449	222,686,993
Salaries [other than to agents and those contained in item (b) above]	87,509,227	106,428,357
Gratuity	4,419,306	4,757,701
Festival bonus	6,294,888	8,543,210
Contribution to employees provident fund	4,145,812	4,044,252
Travelling and conveyance	5,290,376	5,305,412
Directors' fees	416,250	827,000
Auditors' fees	270,000	550,000
Actuarial fees	400,000	400,000
Medical fees	262,014	357,444
Legal and professional fees	1,659,156	1,410,097
Insurance policy stamps	2,094,986	1,585,569
Revenue and non judicial stamps	994,531	1,281,152
Advertisement and publicity	531,808	596,645
Printing and stationery	2,759,974	2,442,999
Office rent	35,859,702	33,574,604
Fuel, oils and lubricants	1,533,228	1,716,574
Repair and maintenance (car)	4,973,621	6,957,540
Papers, periodicals and books	81,459	82,848
Telephone, fax and internet	1,775,899	1,841,946
Gas, electricity and water	3,232,058	3,357,047
Postage and telegram	566,174	797,822
Recruitment and training expenses	444,992	383,607
Fees, subscription and donation	1,053,862	546,070
Company registration and renewal fee	3,031,599	2,869,242
Entertainment	1,719,298	2,396,080
Employees' group and hospitalization insurance premium	181,491	1,031,048
Insurance premium (car)	408,097	566,176
Carriage and wages	152,154	160,080
Bank charges	1,772,532	2,379,492
Repairs and maintenance (computer)	667,948	650,822
Prize and award	18,250	655,220
Crockeries and cutleries	39,762	58,224
CDBL charges	32,252	61,307
Repair and maintenance (office)	2,310,394	1,874,697
Development meetings	247,560	284,321
Meeting expenses	163,992	266,581
Iftar Mahfil	42,126	-
General expenses	1,076,922	128,415
Sub-Total	178,433,701	201,169,602
Total	380,068,150	423,856,595