

"If you have any query about this document, you may consult issuer, issue manager and underwriter"

PROSPECTUS

For

Public Offering of 900,000 Ordinary Shares of Tk. 100.00 Each (At Par)
Totaling Tk. 90,000,000.00

Of

Takaful Islami Insurance Limited

Opening Date for Subscription: 25.08.2008

Closing Date for Subscription: 31.08.2008

For Non-Resident Bangladeshi (NRBs) Quota Subscription Closes on: 09.09.2008



Manager to the Issue

Prime Finance & Investment Limited

63, Dilkusha C/A (3rd Floor), Dhaka-1000, Phone: 9563883, Fax: 9563692
E-mail: info@primefinance.net, Website: www.primefinance.net

Underwriters

Prime Finance & Investment Limited

63, Dilkusha C.A. (3rd Floor), Dhaka-1000

Uttara Finance And Investment Limited

Jiban Bima Tower (6th Floor), Dilkusha C.A. Dhaka-1000

Union Capital Limited

Noor Tower (5th Floor), 1/F Free School Street
73, Sonargaon Road Dhaka-1205

Grameen Capital Management Limited

Grameen Bank Bhaban, Mirpur-2, Dhaka-1216

Bankers to the Issue

Islami Bank Bangladesh Limited

Southeast Bank Limited

AL-Arafah Islami Bank Limited

National Bank Limited

Shahjalal Islami Bank Limited

Investment Corporation of Bangladesh

Standard Chartered Bank

Credit rating Report by Credit Rating Agency of Bangladesh Limited (CRAB)

Long Term: BB1 & Short Term: ST-4

Issue Date of The Prospectus: 26.06.2008

The issue shall be placed in "N" Category

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"



TAKAFUL ISLAMI INSURANCE LIMITED

42, DILKUSHA C/A (7TH FLOOR), DHAKA-1000, BANGLADESH

PHONE: 9570928-30; FAX: 880-2-9568212

E-mail: takaful@dhaka.net Website: www.takaful.com.bd

**Availability of Prospectus**

The Prospectus of **Takaful Islami Insurance Limited** may be obtained from the Issuer Company, The Issue Manager, The Underwriters and The Stock Exchanges as follows:

| Issuer Company | Contact Person | Telephone Number |
|---|---|----------------------------------|
| Head Office Takaful Islami Insurance Limited 42, Dilkusha C.A., (7 th Floor), Dhaka-1000. | Mr. Abul Kalam Azad Sr. DGM & Company Secretary | 9570928-30 |
| Manager to the Issue | Contact Person | Telephone Number |
| Prime Finance & Investment Limited 63, Dilkusha C.A., (3 rd Floor), Dhaka-1000. | Mr. Md. Rezaul Haque Vice President | 9563883 |
| Underwriters | Contact Person | Telephone Number |
| Prime Finance & Investment Limited 63, Dilkusha C.A., (3 rd Floor), Dhaka-1000. | Mr. Md. Rezaul Haque Vice President | 9563883 |
| Uttara Finance And Investment Limited Jiban Bima Tower (6th Floor), 10 Dilkusha C.A., Dhaka-1000 | Mr. S.M. Shamsul Arefin Managing Director and CEO | 9568207 |
| Union Capital Limited Noor Tower (5 th Floor), 1/F Free School Street 73, Sonargaon Road Dhaka-1205 | Mr. Ramendra Nath Paul Managing Director (C.C.) | 9662888 |
| Grameen Capital Management Limited Grameen Bank Bhaban, Mirpur-2, Dhaka-1216 | Mr. Md. Aliuzzaman Managing Director | 9005257-69 |
| Stock Exchanges | Available at | Telephone Number |
| Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka-1000. | DSE Library | 9564601-7 |
| Chittagong Stock Exchange Limited (CSE) CSE Building, 1080 Sheikh Mujib Road, Agrabad Chittagong-4100. | CSE Library | (031) 714632-3 (031) 720871-3 |

Prospectus is also available on the websites www.secdb.org, www.primefinance.net, www.takaful.com.bd, www.dsebd.org, www.csebd.com and public reference room of the Securities and Exchange Commission (SEC) for reading and study.



Corporate directory

| | |
|---|---|
| Address | Takaful Islami Insurance Limited 42, Dilkusha C.A., (7th Floor), Dhaka-1000, Bangladesh Contact number: 9570928-30 E-mail: takaful@dhaka.net Website: www.takaful.com.bd |
| Auditors | A. Hoque & Co. Chartered Accountants Khan Mansion (5 th Floor), 107, Motijheel C.A., Dhaka-1000. Tel: 9564295 & G. Kibria & Co. Chartered Accountants Shadharan Bima Sadan (5 th Floor) 24-25, Dilkusha C.A., Dhaka-1000 Tel: 9568071 |
| Issue Manager | Prime Finance & Investment Limited 63, Dilkusha C.A., (3 rd Floor), Dhaka-1000, Tel: 9563883 |
| Company Secretary & Compliance Officer | Mr. Abul Kalam Azad Sr. DGM & Company Secretary Tel: 7162305 |



| Item | Page No. |
|---|-----------------|
| Disclosure in respect of issuance of securities in demat form | 5 |
| Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969 | 5 |
| General information | 8 |
| Declarations and due diligence certificates | 8 |
| Declaration about the responsibility of the Directors including the CEO of the Company in respect of the prospectus | 8 |
| Consent of the Directors to Serve | 9 |
| Declaration about filing of prospectus with the Registrar of Joint Stock Companies & Firms (RJSC) | 9 |
| Due Diligence Certificate of Manager to the Issue | 9 |
| Due Diligence Certificates of the Underwriter(s) | 10 |
| Risk factors & management perceptions about the risks | 10 |
| Capital structure | 11 |
| Use of proceeds | 11 |
| Description of business | 11 |
| Company at a glance | 11 |
| Nature of business | 11 |
| Principal products and services and market for the product | 12 |
| Relative contribution to income | 12 |
| Associate, subsidiary/related holding company | 12 |
| Distribution of products/services | 12 |
| Competitive condition in business | 12 |
| Sources and availability of raw materials and the names of the principal suppliers | 12 |
| Sources of, and requirement for power, gas and water or any other utilities | 12 |
| Customer providing 10% or more of the company's products /service | 12 |
| Material patents, trademarks, licenses or royalty agreements | 12 |
| Number of employees | 12 |
| Description of property | 13 |
| Plan of operation and discussion of financial condition | 13 |
| Internal and external sources of cash | 13 |
| Material commitment for capital expenditure | 13 |
| Causes for Material changes from period to period | 13 |
| Seasonal aspect of the Company's business | 13 |
| Known trends, events or uncertainties | 14 |
| Changes in the assets of the Company used to pay off any liabilities | 14 |
| Loan taken from holding/parent company or subsidiary company | 14 |
| Loan given to holding/parent company or subsidiary company | 14 |
| Future contractual liabilities | 14 |
| Future capital expenditure | 14 |
| VAT, income tax, customs duty or other tax liability | 14 |
| Operating lease agreement | 14 |
| Financial lease commitment | 15 |
| Personnel related scheme | 15 |
| Breakdown of issue expenses | 15 |
| Revaluation of assets | 16 |
| Transactions with holding/subsidiary company or associated companies and the issuer | 16 |
| Declaration for Insurance Company | 16 |
| Auditors certificate about issue of shares other than for cash | 16 |
| Material information which is likely to have an impact | 16 |
| Directors and officers | 17 |
| Information regarding directorship | 17 |
| Directors' involvement in other organization | 17 |
| Family relationship between the directors and Officers | 19 |
| Family relationship between the directors and Officers | 19 |
| Short bio-data of the directors | 19 |
| Credit Information Bureau (CIB) report | 21 |
| Description of senior executives and officers | 22 |
| Involvement of Directors and Officers in certain legal proceedings | 22 |
| Certain Relationships and Related Transactions | 22 |
| Transaction with related parties | 22 |
| Executive compensation | 23 |
| Remuneration paid to top five salaried officers | 23 |
| Aggregate amount of remuneration paid to Directors and Officers | 23 |
| The amount of remuneration paid to any Director who was not an Officer during the last accounting year | 23 |
| Future compensation | 23 |
| Pay increase intention | 23 |



| | |
|--|-----------|
| Options granted to Directors, Officers and Employees | 23 |
| Transaction with the Directors and Subscribers to the Memorandum | 23 |
| Tangible assets per share | 24 |
| Ownership of the Company's securities | 25 |
| Shareholding structure as on 31 December, 2007 | 25 |
| Securities owned by the Officers | 25 |
| Determination of Offering Price | 26 |
| Market for the Securities being Offered | 27 |
| Description of Securities outstanding or being Offered | 27 |
| Dividend, voting, pre-emption rights | 27 |
| Conversion and liquidation rights | 27 |
| Dividend policy | 27 |
| Other rights of shareholders | 28 |
| Debt securities | 28 |
| Lock-in on Sponsors' share | 28 |
| Refund of Subscription money | 29 |
| Subscription by and refund to Non-Resident Bangladeshi (NRB) | 29 |
| Availability of Securities | 29 |
| Offer | 29 |
| Application for subscription | 30 |
| Banker to the Issue | 31 |
| Allotment | 32 |
| Underwriting of shares | 32 |
| Principal terms and conditions of underwriting agreement | 32 |
| Auditors' report to the shareholders of Takaful Islami Insurance Limited as on 31 December, 2007 | 33 |
| Auditors' report under section 135(1), para 24(1) of part II of schedule III to Companies Act, 1994 | 64 |
| Auditors certificate regarding calculation of Ratios and EPS | 71 |
| Auditors's report regarding classified summary of assets as on 31 December, 2007 | 72 |
| Special report of the auditor regarding paid up capital | 73 |
| Additional disclosure by the Auditor | 74 |
| Additional Disclosure by the Management | 79 |
| Application forms | 80 |
| Shariah Council | 84 |
| Additional Disclosure by The Management regarding rectification/amendment in the audited accounts 31 st December, 2007 and entitlement of dividend for the year ended 2007 | 85 |



Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialized form only and for this purpose Takaful Islami Insurance Limited has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, All transfer/transmission, splitting, and conversion will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 9,00,000 ordinary shares of Tk.100.00 each at par worth Taka 9,00,00,000.00 (Taka Nine Crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue Manager within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07 (seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced **after 25 (twenty five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.



11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue manager). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **6 (six) weeks** from the date of the subscription closure) if any of the following events occur:
 - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.
17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk. 5,000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
- 19. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
21. Lottery (if applicable) shall be held within **5 (five) weeks** from closure of the subscription date.
22. The company shall issue share allotment letters to all successful applicants within **6 (six) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest through Account Payee Cheque/refund warrants with Bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet/Bogra, as the case may be **subject to condition 19 above**.
- Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus.** A compliance report in this regard shall be submitted to the Commission within **7(seven) weeks** from the date of closure of subscription.
23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.
24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten



- shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15 (fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.
25. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in of three years** from the date of issuance of prospectus or commercial operation, whichever comes later; Provided that the persons, other than directors and those who hold 5% or more shares, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.
 26. Either a Jumbo Share (one for each of the existing Sponsors/Directors/Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period **or** Sponsors/Directors /Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-25 above**.
 27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within **one week** of listing of the shares with the stock exchange(s).
 28. In case of dematerialization of shares held by the existing Sponsors/Directors/Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).
 29. The company shall apply to the stock exchanges for listing within **7 (seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
 30. The company shall not declare any benefit other than cash dividend based on the financial statements for the period ended December 31, 2007.

Part –B

1. The issue manager (i.e Prime Finance & Investment Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/ inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).
8. **Directors on the company's Board:** This will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (including rights/bonus) will be made in dematerialized form only. An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).
2. The issue manager shall also ensure due compliance of all above.



General Information

The Prospectus has been prepared by **Prime Finance & Investment Limited** from information supplied by **Takaful Islami Insurance Limited** (the Company) and also several discussions with the Chairman, Managing Director, Directors and related Executives of the Company which is publicly available. The Board of Directors of **Takaful Islami Insurance Limited** hereby confirms that to the best of their knowledge and belief the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by **Takaful Islami Insurance Limited** (the Company) or the **Prime Finance & Investment Limited** (Issue Manager).

The Issue, as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this prospectus can be obtained from the head office of Takaful Islami Insurance Limited, Prime Finance & Investment Limited, the Underwriters, and the Stock Exchanges where the securities will be traded.

Declarations and due diligence certificates

Declaration about the Responsibility of the Directors and CEO of the Company "Takaful Islami Insurance Limited" in respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-
(Md. Fazle Azim)
Chairman

Sd/-
(Khondaker Mesbahuddin Ahmed)
Vice-Chairman

Sd/-
(Emdadul Haque Chowdhury) (Emdad)
Director

Sd/-
(Anwar Hossain Khan)
Director

Sd/-
(Mrs. Nasreen Haque)
Director

Sd/-
(Anwar Hossain Chowdhury)
Director

Sd/-
(Abul Hashem)
Director

Sd/-
(Hasnain Harun)
Director

Sd/-
(Al-Haj Tofazzal Hossain)
Director

Sd/-
(Mrs. Shamima Haidar Chowdhury)
Director

Sd/-
(Mrs. Ferdous Rahman)
Director

Sd/-
(Md. Touhidur Rahman)
Director

Sd/-
(Samsul Arefin Khaled)
Director

Sd/-
(Mrs. Amena Shaheen)
Director

Sd/-
(Md. Mofiz Uddin)
Director

Sd/-
(Muhammad Nurul Islam)
Director

Sd/-
(A.K.M. Rafique Ullah)
Director

Sd/-
(Mrs. Manwara Sultana)
Director

Sd/-
(Md. Humayun Kabir Patwary)
Director

Sd/-
(Waliul Huq)
Director

Sd/-
(Begum Husne Jahan)
Director

Sd/-
(Abul Kashem Chowdhury)
Managing Director



Consent of the Director(s) to Serve as Director(s)

We hereby agree that we have been serving as Director(s) of Takaful Islami Insurance Limited and continue to act as a Director of the Company.

| | | |
|---|--|--|
| Sd/- (Md. Fazle Azim) Chairman | Sd/- (Khondaker Mesbahuddin Ahmed) Vice-Chairman | Sd/- (Emdadul Haque Chowdhury)(Emdad) Director |
| Sd/- (Anwer Hossain Khan) Director | Sd/- (Mrs. Nasreen Haque) Director | Sd/- (Anwar Hossain Chowdhury) Director |
| Sd/- (Abul Hashem) Director | Sd/- (Hasnain Harun) Director | Sd/- (Al-Haj Tofazzal Hossain) Director |
| Sd/- (Mrs. Shamima Haidar Chowdhury) Director | Sd/- (Mrs. Ferdous Rahman) Director | Sd/- (Md. Touhidur Rahman) Director |
| Sd/- (Samsul Arefin Khaled) Director | Sd/- (Mrs. Amena Shaheen) Director | Sd/- (Md. Mofiz Uddin) Director |
| Sd/- (Muhammad Nurul Islam) Director | Sd/- (A.K.M. Rafique Ullah) Director | Sd/- (Mrs. Manwara Sultana) Director |
| Sd/- (Humayun Kabir Patwary) Director | Sd/- (Waliul Huq) Director | Sd/- (Begum Husne Jahan) Director |

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies & Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, vide RJSC's Receipt No. 0175716 dated 26/06/2008

Due Diligence Certificate of Manager to the Issue

Sub: Public offer of 900,000 Ordinary Shares of TK. 100.00 each of Takaful Islami Insurance Limited

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- (a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) all the legal requirements connected with the said issue have been duly complied with; and
- (c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-

Md. Akter Hossain Sannamat FCA, FCS

Managing Director

Prime Finance & Investment Limited



DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER (S)

Sub: Public Offer of 900,000 Ordinary Shares of Tk. 100.00 each of Takaful Islami Insurance Limited

We, the under-noted Underwriter(s) to the abovementioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company; -

WE CONFIRM THAT:

- (a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- (b) we shall subscribe and take up the un-subscribed securities against the abovementioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- (c) this underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-
Managing Director
Prime Finance & Investment Ltd.

Sd/-
Managing Director
Union Capital Limited

Sd/-
Chief Executive Officer
ICB Capital Management Limited

Sd/-
Managing Director
Uttara Finance And Investment Limited

Risk factors & Management perceptions about the risks

The Company is operating in a field involving a great deal of external/internal risk factors and the management of Takaful Islami Insurance Limited perceives the risk factors which are as follows simultaneously: -

Interest rate risks

Increase in interest rates of borrowings could squeeze or eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the business of a company which borrows funds.

Management perception

Company runs its business on the guideline of Islami saria'h. So interest is not involved to its business.

Exchange rate risks

Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely.

Management perception

Takaful insurance company neither has import business and nor has foreign currency loan. For that, exchange rate cannot impact adversely.

Industry risks

The company is operating in highly competitive industry. Inability to cope with pressure for better services or new products to customers by competing organization will hinder the company's growth potentiality.

Management perception

The insurance industry has been evolving with healthy face for last couple of decades and the business of the company is witnessed of continuous growth for proper guidelines of management and attempts of its employee compare to peer organizations.

Market and technology related risks

Liberalization of permission to set up more insurance companies by government and adoption of moderate technology by existing insurance companies may result in severe competition amongst insurers reducing premium income and profitability.

Management perception

Takaful Islami Insurance Limited does not apprehend any loss of business due to its competent management team and expanding trend of insurance business in the country. The company has already proved its leading role by its attractive performance. Management of the company is renowned and resourceful and visionnaire to embrace with modern technology to ensure the better services.



Potential or existing government regulations

Government policy change in respect of imposing new tax, VAT, stamp duty, re-insurance and limitation of investment may also affect smooth functioning insurance business.

Management perception

According to the Insurance Act 1938 and Insurance Rules, 1958, all insurance companies have to comply with the allowable limit of expenses and investment policy. The government, which is the owner of Sadharan Bima Corporation, is not expected to change policies relating to insurance requirements, affecting the income of the insurance companies without proper consequential relief for self-interest.

Potential change in global or national policies

Any structural change in the international insurance business adversely affecting reinsurance operations may have negative impact on the profitability of the Company.

Management perception

The history of insurance/ re-insurance business for over two hundred years proves that any major structural change affecting our reinsurance business is unimaginable. Any such event would create a global destabilization, which the major economics must not cause to happen.

Operational Risk

According to letter no Pro: Bi: Ni: 83/11/2004/2117 dated 12/12/2007 of the Chief Controller of Insurance, a penalty was imposed for failing to float shares to the public from 22/11/2004 til 30/6/2007. A total fine of Tk. 7,64,500 til 30/6/2007 was imposed. The company is liable to pay penalty til it floats shares to the public which may affect the profitability adversely.

Management perception

The Company has paid Tk. 2,18,500 (Two Lac Eighteen Thousand Five Hundred) only on 25-01-2007 vide Bangladesh Bank chalan no GA KA -2/65 dated 25/01/2007 and Tk 7,64,500 vide Bangladesh Bank chalan no 70/2 dated 12/03/2008 for the non compliance of IPO. Now the company is going for initial public offering (IPO) of share. Penalty amount if any after settlement with the controller of insurance may be paid from the normal business operation which does not impede profitability of the Company.

Capital structure

The capital structure of Takaful Islami Insurance Limited before and after IPO will be as under:

| | |
|--|-----------------------------------|
| A. Financial structure prior to Initial Public Offering (IPO) | (Amount in Taka) |
| Issued & fully paid up capital as on 31.12.2007 | <u>Tk. 6,00,00,000.00</u> |
| B. Financial structure after Initial Public Offering (IPO) | |
| IPO | |
| a) Initial Public Offer (Non Resident Bangladeshi) | Tk. 90,00,000.00 |
| b) Initial Public Offer (Mutual Fund) | Tk. 90,00,000.00 |
| c) Initial Public Offer (General Public) | Tk.7,20,00,000.00 |
| Total | <u>Tk.90,000,000.00</u> |
| C. Total capital structure after IPO (A+B) | <u>Tk. 15,00,00,000.00</u> |

Use of proceeds

The public issue is the compliance of statutory requirement of the company. The proceeds will strengthen the capital base of the company and will be used for investment, which will augment the business of the company.

Description of Business

Company at a glance

Takaful Islami Insurance Limited was incorporated as "SEARS INSURANCE COMPANY LIMITED" on December 21, 1999 as a public company limited by shares and obtained business commencement certificate on December 21, 1999 under Companies Act, 1994 and registered under the Department of Insurance on May 22, 2001 under Section 3 of the Insurance Act, 1938. The company changed its name to "TAKAFUL ISLAMI INSURANCE LIMITED" on December 27th 2001 under section 11, sub-section (5), Act VIII of the Companies Act 1994. The authorized capital of the company is Tk. 20.00 crore divided into 2,000,000 ordinary shares of Tk. 100.00 each. The sponsors/subscribers have already contributed to the paid-up capital of Tk. 60,000,000.00 as per requirement of the provision contained under the seventh schedule of the Insurance Act 1938, The Insurance Rules 1958 and Memorandum and Articles of Association of the company. Now the company proposes to raise the paid-up capital to Tk. 150,000,000.00 by issuing 900,000 ordinary shares of Tk. 100.00 each by way of Initial Public Offering (IPO).

Nature of business

Takaful Islami Insurance Limited is the prominent insurance company of the country, which operates its insurance business on the basis of Islami Saria'h law.

**Principal product and services**

The Company is carrying out following types of insurance/reinsurance businesses:

- (i) Fire insurance business
- (ii) Marine cargo insurance business
- (iii) Marine hull insurance business
- (iv) Motor insurance business
- (v) Miscellaneous business

Market for the product

The Company has number of financial products, market for which is spread all over the country.

Relative contribution to sales and income of each product that accounts for more than 10% of company's total revenue (as per audited accounts)

| Particulars | 31-12-2007 | (%) | 31-12-2006 | (%) |
|---------------------------------------|--------------------|------------|-------------------|------------|
| | Amount in Taka | | Amount in Taka | |
| Profit, interest, dividends and rents | 98,17,823 | 31.35 | 90,17,173 | 61.57 |
| Other Income | 62,51,542 | 20.00 | 0 | 0 |
| Revenue Income | 1,52,40,212 | 48.67 | 56,27,549 | 38.42 |
| Total | 3,13,09,577 | 100 | 14,644,722 | 100 |

Associate, subsidiary/related holding company

The Company has no associate, subsidiary/related holding company.

Distribution of Products/Services

The Company conducts the business operations under the supervision of Board of Directors and the legal framework of the Insurance Act. 1938 and Insurance Rules 1958, as amended from time to time. The Company operates its business through the Head Office at 42, Dilkusha Commercial Area (7th Floor), Dhaka-1000 and 27 Branches throughout the country with the professional staff/executives. The Company also engages the services of research, experts and surveyors for professional assistance wherever necessary. Accounting and technical staffs provide the back office support in issuance of "Policy-Covers" and "Claim-settlements".

Competitive condition in the Business

After liberation in 1971, the insurance industry was nationalized and was controlled by two state owned institutions namely Sadharan Bima Corporation for general insurance and Jiban Bima Corporation for life Insurance (with the exception of American Life Insurance Co. in the private sector), there are at present 43 general insurance and in the private sector. Over the years general insurance business has grown very competitive as the economic growth, especially the private sector industrial growth, has not been as expected. It is however need to mention that despite tough competition, the company's business operations show satisfactory performance. So far already 35 insurance companies have gone Public (Including 9 life insurance companies) and their shares are all traded.

Sources and availability of raw materials and the names of the principal suppliers

The Company being a service provider operates on the basis of professional expertise relevant to insurance industry. Its' product is a service and its' raw materials are human resources. The Company has procured the experienced professional personnel from the existing insurance companies including Sadharan Bima Corporation.

Sources of, and requirement for power, gas and water or any other utilities

The Company does not require such utilities except for ordinary use in office work.

Names of the customer who purchase 10% or more of the Company's products/service

The Company has no such type of customer.

Material patents, trademarks, licenses or royalty agreements

The Company has no material patents, trademarks, license or royalty agreement.

Number of employees

(as on 31 December, 2007)

The total number of employees as on 31/12/2007 is 587 persons. All the above stated employees are full-time.

**Description of property**

1. The principal plant and other property as shown in the fixed asset schedule of the audited accounts as on 31 Decemeber, 2007 are located at 42, Dilkusha C/A and the property are purchase in brand new condition.
2. The company owns the entire property and none is on leased or borrowed.
3. The property of the company is not mortgaged with any one nor they're any lien on them.

Plan of operation and discussion of financial condition**Internal and external sources of cash**

Internal Sources of Cash

(as per audited accounts)

| Particulars | 31-12-2007 | 31-12-2006 | 31-12-2005 |
|--|-------------------|-------------------|-------------------|
| Share Capital | 60,000,000 | 60,000,000 | 60,000,000 |
| Reserve & Surplus | 24,289,213 | 7,914,724 | 1,026,195 |
| • Reserve for exceptional lossess | | | |
| • Balance of Profit & Loss Appropriation Account | | | |
| Total | 84,289,213 | 67,914,724 | 61,026,195 |

External Sources of Cash

| | | | |
|------------------|-------------------|-------------------|-------------------|
| Premium Deposits | 3,976,810 | 6,070,380 | 9,666,565 |
| Total | 88,266,023 | 73,985,104 | 70,692,760 |

Material commitment for capital expenditure

The Company has not yet made any material commitment for capital expenditure except for those that are required in the course of carrying out of normal business operations.

Causes for material changes from period to period

The Company's gross premium and other income as well as operating expenses and net income have continued to change or increase due to business promotion efforts of the Directors and Management staff. The following Table shows the year to year financial performance of the Company and which is increasing due to the companys long terms vision in this sector, experienced top tier Management, favorable economic and government rules sand regulations which may absolutely contributing for growth of the industry.

[as per audited accounts]

| Particular | 2007 | 2006 | 2005 |
|---|-------------------|-------------------|-------------------|
| | Taka | Taka | Taka |
| Operating Income | | | |
| Interest and Dividend Income | 9,817,823 | 9,017,173 | 8,769,184 |
| Miscellaneous Income | 1,000 | - | - |
| Profit on sale on shares | 4,879,353 | - | - |
| Profit on sale of motor car | 1,371,189 | - | - |
| Profit/Loss from Revenue Account | | | |
| Fire Revenue Account | (4,200,003) | (6,890,885) | 18,996 |
| Marine Cargo Revenue Account | 17,815,230 | 12,278,388 | 12,266,590 |
| Marine Hull Revenue Account | (207,080) | 390,687 | (694,299) |
| Motor Revenue Account | 1,003,955 | 296,535 | (436,097) |
| Miscellaneous Revenue Account | 828,110 | (447,176) | (230,958) |
| Total Operating Income (A) | 31,309,577 | 14,644,722 | 19,693,416 |
| Operating Expenses | | | |
| Directors Fee | 242,000 | 228,000 | 220,000 |
| Advertisement | 1,040,711 | 863,834 | 678,856 |
| Subcription & Donation | 791,000 | 370,000 | 332,422 |
| Legal Expenses | 127,200 | 108,645 | 127,678 |
| Preliminary Expenses | - | 10,669 | 10,669 |
| Lease Rental | - | - | 1,459,290 |
| Registration & Renewal | 714,664 | 787,304 | 439,388 |
| Salary & Allowance (Head Office) | - | - | 4,490,310 |
| Depreciation | 905,387 | 962,741 | 891,101 |
| Festival Bonus | - | - | 1,901,400 |
| Audit Fee | 117,750 | 75,000 | 25,000 |
| Total Operating Expenses (B) | 3,938,712 | 3,406,193 | 10,576,114 |
| Net Income (A - B) | 27,370,865 | 11,238,529 | 9,117,302 |

Seasonal aspect of the Company's business

There is no seasonal aspect in insurance business in the country.

**Known trends, events or uncertainties**

Political unrest, hartal, flood and natural calamities are the known events that may affect the business operations of the Company.

Changes in the assets of the company used to pay off any liabilities

No asset of the company has been disposed off to pay the liabilities.

Loan taken from holding / parent company or subsidiary company

The company has no holding/parent or subsidiary company. So loan taking from or giving to such concerns does not arise.

Loan given to holding/ parent company or subsidiary company

The Company has not given any loan to its holding/ parent company or subsidiary company.

Future contractual liabilities

The Company does not have any plan within next one year to contract any new liabilities except those that are required by way of insurance / reinsurance contract in the ordinary business operations.

Future capital expenditure

The company does not has any plan for any large capital expenditure in the near future.

VAT, income tax, customs duty or other tax liability**VAT**

VAT is paid on monthly basis. The Company has no outstanding VAT upto March 2008. Since the VAT is being paid by the Company on monthly basis, there is no VAT liability. There is no case pending with the VAT authority against the Company.

Income Tax

| Assessment year | | Status |
|-----------------|---|---|
| 2002-2003 | : | Assessment completed with nil tax |
| 2003-2004 | : | Assessment completed with nil demand of notice |
| 2004-2005 | : | Do |
| 2005-2006 | : | Assessment completed with refundable amount Tk. 11,94,740 |
| 2006-2007 | : | Assessment completed Net Tax Demand Tk. 1,29,90,550 against which appeal is made on 7/1/2008 which is not yet settled |
| 2007-2008 | : | The Income Tax return has been submitted to concerned department on 15/7/2007 and it is under process of assessment |

Custom duty or other liabilities

There are no dues outstanding on account of custom duty.

Operating lease agreement

Operating Lease during last five years:

| Particulars of Leased Premises | Area (sft.) | Monthly Amount (in Taka) | Date of Expiry |
|--------------------------------|-------------|--------------------------|----------------|
| Head Office | 3,800 | 54,150 | 30-11-2010 |
| Local Office | 1,000 | 11,000 | 31-07-2008 |
| Dilkusha Corporate Branch | 600 | 6,600 | 31-07-2008 |
| Motijheel Branch | 600 | 10,800 | 30-06-2008 |
| B.B.Avenue Branch | 1,000 | 11,000 | 30-08-2008 |
| Elephant Road Branch | 945 | 11,665 | 31-08-2009 |
| Imamgang Branch | 350 | 7,000 | 30-04-2008 |
| Malibagh Branch | 400 | 4,400 | 31-07-2008 |
| Bangshal Branch | 400 | 5,000 | 30-06-2010 |
| Paltan Branch | 400 | 4,400 | 31-07-2008 |
| Kawran Bazar Branch | 400 | 4,400 | 31-07-2008 |
| Agrabad Branch | 900 | 15,300 | 30-11-2008 |
| Khatungang Branch | 500 | 5,500 | 30-04-2010 |
| Chowmuhini Branch | 500 | 2,500 | 31-12-2010 |
| Comilla Branch | 500 | 4,000 | 28-02-2011 |
| Sylhet Branch | 548 | 5,480 | 14-08-2009 |
| Dinajpur Branch | 450 | 1,500 | 30-06-2008 |
| Rajshahi Branch | 1,000 | 5,500 | 31-12-2011 |
| Saidpur Branch | 200 | 2,000 | 31-12-2011 |
| Bogra Branch | 400 | 2,500 | 31-10-2009 |
| Khulna Branch | 570 | 3,400 | 31-07-2008 |
| Jessore Branch | 500 | 2,500 | 30-04-2009 |
| Faridpur Branch | 450 | 3,000 | 30-09-2008 |
| Barisal Branch | 800 | 5,000 | 30-06-2008 |
| Jhenaidah Branch | 600 | 1,500 | 30-04-2010 |



| | | | |
|--------------------|------|-------|------------|
| Mymensingh Branch | 600 | 3,000 | 31-01-2009 |
| Mohakhali Branch | 400 | 5,200 | 31-11-2010 |
| Narayanganj Branch | 500 | 3,500 | 31-03-2009 |
| Narsingdi Branch | 1750 | 4,000 | 30-06-2010 |
| Kishoreganj Branch | 700 | 2,500 | 31-07-2009 |

Financial lease commitment

Details of financial lease is as follows

| Name of Lessor | Assets- Nos | Lease Amount | Period | Monthly Rental | Expiration of Lease |
|---------------------------------------|----------------|--------------|--------|----------------|---------------------|
| M/s. Islamic Finance & Investment Ltd | Motor Car - 01 | 1,222,000.00 | 3 yrs | 44,180.00 | 10/02/2009 |
| Do | Motor Car - 03 | 3,343,000.00 | 3 yrs | 120,860.00 | 20/03/2009 |
| Do | Motor Car- 03 | 24,30,000.00 | 3 yrs | 87,850.00 | 10/04/2010 |
| Do | Motor Car- 01 | 11,35,000.00 | 3 yrs | 41,050.00 | 05/07/2010 |
| Do | M. Bus- 01 | 15,35,000.00 | 3 yrs | 55,500.00 | 20/07/2008 |

Personnel related scheme

The company considers its human resources as the most valuable asset of the company and has been continuing to train, equip, and groom fresh recruits for building a strong foundation. In order to enhance and advance the professional ability and knowledge of the employees, regular training programs are organized at different professional institutions. Besides, TIIL has a well-designed compensation plan for attracting highly skilled professional staff with high degree of integrity. Employee's performance is regularly evaluated and a good number of them have been promoted as reward for their good contribution to the company. The company has introduced schemes of festival bonus.

Breakdown of issue expense

The total IPO expenses are estimated as follows:

| Particulars | Nature of Expenditure | Amount in Taka |
|---|-----------------------|-------------------|
| Manager to the Issue Fee | Fixed | 450,000 |
| Underwriting commission | Fixed | 450,000 |
| SEC fee: | | |
| Application fee | Fixed | 10,000 |
| Consent fee | Fixed | 135,000 |
| Fees related to the stock exchanges: | | |
| Application fee (DSE) | Fixed | 5,000 |
| Annual fee for DSE and CSE | Fixed | 100,000 |
| Listing fees for stock exchanges (DSE & CSE) | Fixed | 650,000 |
| CDBL fees and expenses: | | |
| Documentation fee | Fixed | 2,500 |
| Annual fee | Fixed | 50,000 |
| Initial Public Offering fee | Fixed | 22,500 |
| Commission expenses: | | |
| Bankers to the issue commission | Variable | 3,150,000 |
| Reporting Charges | | |
| Auditors certification fee | Fixed | 100,000 |
| Expenses related to printing and publications: | | |
| Abridged version of prospectus | Fixed | 200,000 |
| Notice for prospectus, lottery, refund | Fixed | 240,000 |
| Printing of prospectus and forms | Fixed | 300,000 |
| Distribution of Prospectus and Collection forms and data processing | Variable | 3,200,000 |
| Lottery related expenses including BUET fee | Fixed | 500,000 |
| Distribution of allotment letters and refund warrants | Variable | 500,000 |
| Other expenses | Variable | 50,000 |
| Total | | 10,115,000 |



Revaluation of assets

No revaluation has been made in the company's assets and liabilities.

Transactions with holding /subsidiary company or associate company and the Issuer

The Company has no holding /subsidiary company or associate company hence no transaction has taken place with them.

Declaration for Insurance Company

We hereby declare that all requirements have been met as specified in the Insurance Act, 1938 (Act No IV of 1938) have been adhered to.

| | | |
|---|--|---|
| Sd/- (Md. Fazle Azim) Chairman | Sd/- (Khondaker Mesbahuddin Ahmed) Vice-Chairman | Sd/- (Emdadul Haque Chowdhury) (Emdad) Director |
| Sd/- (Anwer Hossain Khan) Director | Sd/- (Mrs. Nasreen Haque) Director | Sd/- (Anwar Hossain Chowdhury) Director |
| Sd/- (Abul Hashem) Director | Sd/- (Hasnain Harun) Director | Sd/- (Al-Haj Tofazzal Hossain) Director |
| Sd/- (Mrs. Shamima Haidar Chowdhury) Director | Sd/- (Mrs. Ferdous Rahman) Director | Sd/- (Md. Touhidur Rahman) Director |
| Sd/- (Samsul Arefin Khaled) Director | Sd/- (Mrs. Amena Shaheen) Director | Sd/- (Md. Mofiz Uddin) Director |
| Sd/- (Muhammad Nurul Islam) Director | Sd/- (A.K.M. Rafique Ullah) Director | Sd/- (Mrs. Manwara Sultana) Director |
| Sd/- (Md. Humayun Kabir Patwary) Director | Sd/- (Waliul Huq) Director | Sd/- (Begum Husne Jahan) Director |

Auditors' certificate about issue of shares other than for cash

A special report from the auditor's

We have verified the Cash Book, Share Register and other related documents of Takaful Islami Insurance Limited and confirm that the Company has not allotted / issued any shares for consideration other than cash.

| | | |
|---|---|--|
| Dated: 22nd March, 2008 Place: Dhaka, Bangladesh | Sd/- A. Hoque & Co. Chartered Accountants | Sd/- G. Kibria & Co. Chartered Accountants |
|---|---|--|

Material information which is likely to have an impact

There is no other material information which is likely to have an impact on the offering or change of the terms and conditions under which the offer has been made to the public.

**Directors and officers****Information regarding directorship**

| I. No. | Name | Age | Position | Date of becoming first Director | Expiry of current term |
|--------|---------------------------------|--------|---------------|---------------------------------|------------------------|
| 1. | Mr. Mohammad Fazle Azim | 65 yrs | Chairman | 19-05-01 | 2008 |
| 2. | Mr. Khondaker Mesbahuddin Ahmed | 64 yrs | Vice Chairman | 19-05-01 | 2008 |
| 3. | Mr. Emdadul Haque Chowdhury | 53 yrs | Director | 19-05-01 | 2010 |
| 4. | Mr. Anwar H. Chowdhury | 53 yrs | Director | 19-05-01 | 2008 |
| 5. | Mr. Anwar Hossain Khan | 48 yrs | Director | 19-05-01 | 2008 |
| 6. | Mr. Md. Tauhidur Rahman | 58 yrs | Director | 19-05-01 | 2009 |
| 7. | Mr. Samsul Arefin Khaled | 39 yrs | Director | 19-05-01 | 2009 |
| 8. | Mrs. Amena Shaheen | 43 yrs | Director | 19-05-01 | 2009 |
| 9. | Mr. Md. Humayun Kabir Patwary | 47 yrs | Director | 02-05-02 | 2009 |
| 10. | Mr. Abul Hashem | 30 yrs | Director | 19-05-01 | 2009 |
| 11. | Al-Haj Tofazzal Hossain | 52 yrs | Director | 19-05-01 | 2009 |
| 12. | Mr. A.K.M. Rafiqullah | 56 yrs | Director | 19-05-01 | 2010 |
| 13. | Mr. Waliul Huq | 50 yrs | Director | 02-05-02 | 2009 |
| 14. | Mr. Muhammad Nurul Islam | 61 yrs | Director | 28.07.2007 | 2010 |
| 15. | Mrs. Nasreen Haque | 41 yrs | Director | 29.05.2007 | 2010 |
| 16. | Mr. Hasnain Harun | 26 yrs | Director | 19-05-01 | 2008 |
| 17. | Mr. Md. Mofiz Uddin | 46 yrs | Director | 31-12-99 | 2008 |
| 18. | Mrs. Shamima Haider Chowdhury | 45 yrs | Director | 19-05-01 | 2010 |
| 19. | Mrs. Husne Jahan | 33 yrs | Director | 19-05-01 | 2010 |
| 20. | Mrs. Ferdous Rahman | 39 yrs | Director | 19-05-01 | 2008 |
| 21. | Mrs. Manwara Sultana | 46 yrs | Director | 19-05-01 | 2010 |

Directors' involvement in other organization(s)

| Sl. No. | Name of Director | Name of the Organizations | Status |
|---------|---------------------------------|---|---|
| 1 | Mr. Md. Fazle Azim | 1. Capital Credit Co-operative Society Ltd. 2. Chowdhury and Company | Chairman Proprietor |
| 2 | Mr. Khondaker Mesbahuddin Ahmed | 1. Aqua Consultant & Associate Ltd. 2. Al-Arafah Islami Bank Ltd. 3. HURDCO Ltd. 4. Central Hospital Ltd. | Managing Director Director Director Director |
| 3 | Mr. Emdadul Haque Chowdhury | 1. Saint Garments Ltd. 2. Eian Apparels Ltd. 3. Stage II Ltd. 4. DN Securities Ltd. 5. Lucky Corner 6. Kattali Textile Ltd. 7. Lucky Shipping | Chairman & MD Do Do Do Do Do Do |



| | | | |
|----|-------------------------------|--|--|
| 4 | Mr. Anwar Hossain Chowdhury | 1. A.J International 2. A.J Embroidery Ltd. 3. A.J. Super Garments Limited 4. Islamic Finance & Investment Ltd. 4. a) Lucky Star Apparels Ltd. b) A.J Fashions Ltd. c) Sears Accessories Ltd. 5. Bangladesh Institute of Communication and Studies and Public Relation (BICSPR) | President Chairman Managing Director Director Managing Director Managing Director Chairman Chairman |
| 5 | Mr. Anwar Hossain Khan | 1. Shahjalal Islami Bank Ltd. 2. Fareast Finance & Investment Ltd. 3. Modern Diagnostic Centre Ltd. 4. Modern Diabetic Center Ltd. 5. Haji Shakwat Anwar eye Hospital | Director Do Chairman & MD Managing Director Managing Director |
| 6 | Mr. Md. Tauhidur Rahman | 1. Fresh Foods Ltd. 2. Sea Fresh Ltd. 3. Shahjalal Islami Bank Ltd. 4. Euro Trande Ltd 5. Libas Textile Ltd 6. Fresh Trading Ltd | Managing Director Do Director Managing Director Managing Director Managing Director |
| 7 | Mr. Samsul Arefin Khaled | 1. Popular Life Insurance Ltd. 2. Moon Light Garments Ltd. 3. Khaled Shipping Lines Ltd. 4. Mohammadi Navigations Ltd. 5. Ehsan Garments Ltd. 6. Bass Computonix Ltd. 7. Nourish Poultry & Hatchery Ltd. | Director Do Do Do Do Do Do |
| 8 | Mrs. Amena Shaheen | 1. Chattragram Multi Purpose Development Ltd. 2. Surgyscope Pvt. Ltd. | Director Do |
| 9 | Mr. Humayun Kabir Patwary | 1. Park Trading Corporation 2. Chattragram Multi Project Development Pvt. Ltd. 3. Chittagong Metropolitan Hospital | Proprietor Director Do |
| 10 | Mr. Abul Hashem | 1. Ambia Apparels Ltd. 2. Ambia Sweaters Ltd. 3. Tejarat Trading 4. Ambia Accessories Ltd. 5. Ambia Steel & Re-rolling Mills Ltd. 6. Patenga Builders Corp. Ltd. 7. Ocean Construction Ltd. 8. Ambia Ship Breakers Ltd. | Director Do Do Do Do Do Do Do |
| 11 | Al-Haj Tofazzal Hossain | 1. Shahjalal Islami Bank Ltd. 2. Everbest Textile (Pvt.) Ltd. 3. Fareast Finance & Investment Ltd. | Director Managing Director Director |
| 12 | Mr. A.K.M. Rofiqullah | Srijanee Printers | Proprietor |
| 13 | Mr. Waliul Huq | 1. Candid Printing & Packaging 2. Candid Advertising | Proprietor Do |
| 14 | Muhammad Nurul Islam | Nil | Nil |
| 15 | Mrs. Nasreen Haque | 1. Saint Garments Ltd. 2. Eian Apparels Ltd. 3. Stage II Ltd. 4. Lucky Corner 5. Kattali Textile Ltd. | Director Do Do Do Do |
| 16 | Mr. Hasnain Harun | 1. Rubia Vegetable Oil Mills Ltd. | Director |
| 17 | Mr. Md. Mofiz Uddin | 1. R.R. Securities Ltd. 2. Capital Credit Co-operative Society Ltd. 3. Homeland Life Insurance Ltd. | Director Do Do |
| 18 | Mrs. Shamima Haider Chowdhury | 1. Sajeeb Corporation 2. Hashem Foods Ltd. 3. Mermaid Sweaters Ltd. | Proprietor Director Director |
| 19 | Mrs. Husne Jahan | Nil | |



| | | | |
|----|----------------------|--|-------------------|
| 20 | Mrs. Ferdous Rahman | Silvia Ship Trade (BD) Ltd. Intraport Maritime Ltd. | Shareholder Do |
| 21 | Mrs. Manwara Sultana | Nil | Nil |

Family relationship between the Directors and Officers

There is no family relationship between the Directors and Officers.

Family relationship among the Directors

There is no family relationship among the Directors.

Short bio-data of the Directors**Mr. Md. Fazle Azim**

Chairman

Mr. Md. Fazle Azim was born in the year 1944 in a respectable Muslim family of Laxmipur. He was a student of Dhaka College and did his Masters in Economics from Dhaka University. He took teaching as profession for quite some times and was a Professor of Economics in a Govt. College. He was the Editor of a prominent monthly magazine The Dhaka Digest and Executive Director of The Daily Sangram. He emerged as a business personality during eighties of the last century as a garments manufacturer and he owned two business houses M/s. Chowdhury & Co. Besides Takaful Islami Insurance Ltd. he is also the Chairman of the Capital Credit Co-operative Society Ltd. He was director of Islami Bank Bangladesh Limited., one of the Premier Banking Institutions of Bangladesh, for about 11 years. He is the Vice Chairman of Center for National Culture and also Founder Member of Bangladesh Islami University.

Mr. Azim is well known as a social worker and a Islami Scholar and associated with many other Islamic Organizations. He is presently Convener of Islami Insurance Forum and Member of Islami Bank Foundation and Central Shariah Council for Islamic Insurance of Bangladesh.

Mr. Khondaker Mesbahuddin Ahmed

Vice Chairman

Mr. Khondaker Mesbahuddin Ahmed was born in a respectable family of Narsinghdi in the year 1943. He was a brilliant student of Dhaka College. He obtained B.Sc. (Engr.) Degree from BUET in 1965 and M.Sc. (Engr.) from AIT Bangkok in 1977. He started his career as a professional engineer in the WDB and later started Consultancy by establishing a firm of his own. He is regarded as one of the pioneers in the field of consultancy in Bangladesh. He is Managing Director of M/s. Aqua Consultant and Associate Ltd., the prestigious Institution doing consultancy for International Donor Agencies like World Bank, ADB, IDB, DANIDA, JICA etc. funded projects in Bangladesh. He is also the Director of HURDCO Ltd. and one of the Directors of Al-Arafah Islami Bank Ltd. He is also Director of Central Hospital, Dhaka.

He is well known in the business arena of Bangladesh as a very sound and integrated person. He is also associated with various social and philanthropic organizations. He is Life Fellow of Engineers Institution of Bangladesh and Life Member of Sandhani Eye Bank. On many occasions, he traveled USA, UK, French, Belgium, Holand, Germany, Japan, China, Philippine, Singapore, Malaysia, India, KSA, UAE, Nepal, Thailand, and Pakistan.

Mr. Md. Emdadul Haque Chowdhury

Director

Mr. Md. Emdadul Haque Chowdhury is a renowned businessman in garments sector. He was born in a respectable Muslim family in 1957 at Chittagong. His father Late Alhaj Md. Anwar Chowdhury was a business magnet of Chittagong known for his charity and social activities. After graduation from Chittagong University he started his business career in garments sector. He is the Chairman and Managing Director of Saint Garments Ltd. Eian Apparels Ltd., Stage II Ltd., D.N. Securities Ltd., Lucky Corner, Kattali Textile Ltd. and Lucky Shipping. He is also Member of Taxation Sub-Committee CCC & I, Chittagong, Life Member of Chittagong Club, Chittagong Press Club. He was Director of BGMEA. He is also associated with various social, cultural and philanthropic organizations of Chittagong.

Mr. Anwar Hossain Chowdhury

Director

Mr. Anwar Hossain Chowdhury son of Late Bashir Ullah was born in the year 1956 in a respectable Muslim family in Noakhali. He completed his Mechanical Engineering and started his career as a businessman in garment sector. He is the President of A.J International, Chairman A.J. Embroidery Ltd., Managing Director Lucky Star Apparels Ltd., A.J. Fashion Ltd., A.J. Super Garments Ltd., and Sears Accessories Ltd. He is also Chairman of Bangladesh Institute of Communication and Studies of Public Relation (BICSPR), Director of Islamic Finance & Investment Ltd. and Vice Chairman of Eastern University, Dhaka.

Besides, he is associated with many social activities such as he is the Founder Member and Vice Chairman of Lhumb Nagar Academy, Founder of Mukterpur Zame Mosque, Mukterpur Hazi Bashirullah Memorial Primary School, Mukterpur Hafeiza Madrasha of Laxmipur. He is the Chairman of Amela (Governing) Committee, Zamia Zinnuryen, Oshmanabad, Dashgharia, Chatkhil, Noakhali, President of Parakote Dashgharia Union High School, Chatkhil, Noakhali, Life Member of Laxmipur Samity and Member of Capital Recreation Club, Gulshan, Dhaka.

Mr. Anwar Hossain Khan

Director

Mr. Anwar Hossain Khan was born in 1962 in a respectable Muslim family at Noakhali. He obtained B.Com. (Hons) and M.Com. Degree. After completion of his education he has been engaged in Diagnostic business. He is the Chairman & Managing Director of Modern Diagnostic Center Ltd., He is a Member of Governing Council of Prime University. He is the chairman of EC of Shahjalal Islami Bank Ltd. and Director, Fareast Finance & Investment Ltd. He is Managing Director of Modern Diabetic Center Ltd. and Shakhawat Anwar Eye Hospital. His involvement in socio-cultural organizations is also quite notable.



Mr. Touhidur Rahman

Director

Mr. Touhidur Rahman was born in a respectable Muslim family of Patuakhali in 1952. After obtaining Engineering degree, he started his business career in seafood sector as Producer and Exporter. He built up as an astute and efficient businessman and achieved remarkable success in business. He was awarded CIP for Export Performance for several times. He is the Managing Director of Fresh Food Limited, Sea Fresh Ltd., Euro Fresh Ltd., Libas Textile Ltd., Fresh trading Ltd., Sponsor Director of Shahjalal Islami Bank Ltd. and Member of Board of Directors of Prime University. His contribution towards the society is quite remarkable.

Mr. Samsul Arefin Khaled

Director

Mr. Samsul Arefin Khaled comes of a respectable Muslim family of Dhaka. He obtained Masters in Commerce from Dhaka University. He started his career as a businessman in Animal Feed and Hatchery Sector. He is the Director of Ehsan Garments Ltd., Moon Light Garments Limited, Khaled Shipping Lines Ltd., Mohammdi Navigations Ltd., Bass Computonix Ltd., Nourish Poultry Hatchery Ltd. and also the Director of Popular Life Insurance Ltd. He is also associated with various socio-cultural organizations.

Mrs. Amena Shaheen

Director

Mrs. Amena Shaheen was born in a respectable Muslim family in Chittagong in 1963. She obtained Master of Arts and Master of Education from Chittagong University. She is the wife of a renowned physician Dr. A.K.M. Fazlul Haque of Chittagong. She started her career as teacher. She is the Vice Principal of Chittagong Ideal School and College. She is also a Director of Surgyscope Pvt. Ltd., Chattragram Multi Purpose Development Ltd. She is also associated with many socio-religious organizations in Chittagong.

Mr. Humayun Kabir Patwary

Director

Mr. Humayun Kabir Patwary son of Late Yakub Ali Master was born in a respectable Muslim family of Noakhali. He obtained B.Com. (Hons) and M.Com. from Chittagong University. He started his business career as a C & F Agent in Chittagong. He is the owner of Park Trading Corporation. He is also a Director of Chittagong Multi Project Development Ltd., Chattragram Metropolitan Hospital and Chattragram Ideal School and College. He is also associated with various socio-cultural activities.

Mr. Abul Hashem

Director

Mr. Abul Hashem comes of a respectable Muslim family of Chittagong. He obtained B.B.A from Chittagong University. He started his business career in his family business related with construction, ship breaking and garments. He is the Director of Ambia Accessories Ltd., Ambia Apparels Ltd., Ambia Sweaters Ltd., Ambia Steel & Re-rolling Mills Ltd., Ambia Ship Breakers Ltd., Ocean Construction Ltd., Patenga Builders Corp. Ltd. and Tejarat Trading at Chittagong. Mr. Abul Hashem is young and energetic man with a cultural mind.

Alhaj Tofazzal Hossain

Director

Alhaj Tofazzal Hossain son of Alhaj Noor Mohammad hails from a respectable Muslim family of Rupganj, Narayanganj. He did Masters in Sociology from Dhaka University. He started export-import business after completion of education. He is the Managing Director of Ever Best Textile (Pvt.) Ltd. He is a Sponsor Director of Shahjalal Islami Bank Ltd. Director of Fareast Finance and Investment Ltd. and Member of Governing Committee of Prime University. He is associated with many other socio-cultural institutions.

Mr. A.K.M. Rafiqullah

Director

Mr. A.K.M. Rafiqullah son of Shafiullah Amin was born in a respectable Muslim family at Noakhali. He obtained Fazil Degree from Dhaka. After education he started his business career in printing sector. He is the owner of Srijani Printers. He is also associated with many other socio-religious organizations.

Mr. Waliul Huq

Director

Mr. Waliul Huq son of Ehsanul Huq was born in a respectable Muslim family. He obtained M.S.S degree from Dhaka University. He started business career in printing & packaging sector. He is the Proprietor of Candid Printing & Packaging and Proprietor of Candid Advertising. He is also associated with various socio-religious institutions.

Mr. Muhammad Nurul Islam

Director

Mr. Muhammad Nurul Islam was born in a respectable Muslim family in Majdee Court, Noakhali. He started his career as teacher in Saudi Arabia. In 1983, he joined Islami bank Bangladesh Limited. He retired from the Bank as Executive Vice President. He is a reputed scholar and is associated with various Research Institutions.

Mrs. Nasreen Haque

Director

Mrs. Nasreen Haque was born in a respectable Muslim family of chittagong. She is the wife of a renowned businessman Mr. Md. Emdadul Haque Chowdhury. She is the Director of Saint Garments Ltd., Yian Apparels Ltd., Stage II Ltd., Lucky Corner, Kattali Textile Ltd. She is also associated with various socio- cultural activities in Chittagong.



Mr. Hasnain Harun

Director

Mr. Hasnain Harun son of Harun-ur-Rashid was born in a respectable Muslim family of Chittagong. He looks after his family business in Chittagong. He is the Director of Rubia Vegetable Oil Mills Ltd. He is also associated with various socio-cultural Institutions.

Mr. Md. Mofiz Uddin

Director

Mr. Md. Mofiz Uddin, son of late Md. Reza Hossain was born in a respectable Muslim family in Mirpur, Dhaka. He did his Masters in Management from Dhaka University. He started his business career in the year 1990. Mr. Md. Mofiz Uddin earned name and fame in business community for his remarkable business activities particularly in the field of General Insurance and Life Insurance, Stock Market and Co-operative sector. Presently he is holding position as Chairman of R.R. Securities Ltd. (Member of Chittagong Stock Exchange), Director, Homeland Life Insurance Ltd. and Capital Credit Co-operative Society Ltd. He is the Member of the Apex Club (Member of WOCO) and also Life Member of Apex Foundation. He led the National Association of Apex Clubs of Bangladesh as National President for the year 2003. Presently, he is holding the position as Vice Chairman of Asia Pacific Region, World Council of service club (WOCO). He has traveled many countries of Asia, Europe, America, Africa and Australia.

Mrs. Shamima Haider Chowdhury

Director

Mrs. Shamima Haider Chowdhury wife of Mr. Abul Hashem was born in a respectable Muslim family of Noakhali. She is the proprietor of Sajeeb Corporation, Director of Hashem Foods Ltd. and Mermaid Sweaters Ltd. She is also associated with socio-cultural activities.

Mrs. Husne Jahan

Director

Mrs. Husne Jahan was born in a respectable Muslim family of Noakhali. She obtained Masters Degree in Psychology from Dhaka University. She is a Professor of Al-Hera College, Shyamoli, Mohammadpur, Dhaka. She is also associated with socio-cultural activities.

Mrs. Ferdous Rahman

Director

Mrs. Ferdous Rahman was born in a respectable Muslim family of Noakhali. She is the wife of Mr. Mujibur Rahman Milon. She is a shareholder of Silvia Ship Trade (BD) Ltd. and Intraport Maritime Ltd. She is also associated with various socio-cultural activities.

Mrs. Manwara Sultana

Director

Mrs. Manwara Sultana, B.A. was born in a respectable Muslim family of Laxmipur. She is associated with various socio-cultural activities.

Mr. Abul Kashem Chowdhury

Managing Director

Mr. Abul Kashem Chowdhury was born in 1945. He has graduated from the University of Karachi in Commerce. Mr. Chowdhury started his insurance career with the Pakistan Insurance Corporation in 1966 in its Head Office, Karachi. After liberation of Bangladesh, he joined Bangladesh Insurance Corporation vis-à-vis Sadharan Bima Corporation & served for 31 years discharging his duties in various positions such as Administration, Branches & Re-Insurance Division. During his association with Sadharan Bima Corporation, Mr. Chowdhury took part and successfully completed various training course at home & abroad including training in Manila, the Philippines and in London, UK. He joined Provati Insurance Co. Ltd. in 1997 as Sr. Deputy General Manager and held the charge of Managing Director before he left the Company in 2004. He also served South Asia Insurance Co. Ltd. as Managing Director (C.C.). He joined Takaful Islami Insurance Limited as Managing Director on & from 1st November, 2006.

Credit Information Bureau (CIB) report

Neither Takaful Islami Insurance Limited nor any of its Directors or Shareholders who hold 5% or more shares in the paid up capital of the Company is loan defaulter in terms of the CIB report of the Bangladesh Bank.

**Description of other Senior Executives and Officers**

| Name | Designation | Date of Joining in The Company | Educational Qualification | Name(s) of organization(s) where worked during the last five years |
|----------------------------|--|--------------------------------|---------------------------|--|
| Mr. Abul Kashem Chowdhury | Managing Director | 01-11-2006 | B.Com. | 1. Provati Insurance Company Limited 2. South Asia Insurance Company Limited 3. Takaful Islami Insurance Limited |
| Mr. Abul Kalam Azad | Sr. Dy. General Manager & Company Secretary | 01-08-2001 | M. Com., ABIA | Takaful Islami Insurance Limited |
| Mr. Moinul Ahsan Chowdhury | Sr. Dy. General Manager (Head of Finance & Accounts) | 09-10-2001 | M. Com., CFC | Takaful Islami Insurance Limited |
| Mr. Abul Kalam | Sr. Asstt. General Manager (Head of Underwriting) | 15-04-2003 | B.Sc. | Takaful Islami Insurance Limited |
| Mr. Mohammad Salim | Asstt. General Manager (Head of Claim & R/I) | 09-10-2001 | M.S.S., MBA, ABIA | Takaful Islami Insurance Limited |

Involvement of Directors and Officers in Certain Legal Proceedings

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

- Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.
- Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
- Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

Certain Relationships and Related Transactions**Transaction with related parties**

Neither proposed any transaction nor had any transaction during the last two years with following related parties:

- any director or executive officer of the company;
- any nominee for director or officer;
- any person owning 5% or more of the outstanding stock of the company;
- any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons except the transactions as disclosed in note 42 of the related party transaction.
- Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries / holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transactions as disclosed in note 42 of the related party transaction.
- The Company has not taken or given any loan from or to any Director or any other persons connected with the Director. The company has not taken any loan from any person who did not have any stake in the Issuer Company except the transactions as disclosed in note 42 of the related party transaction.
- The information is already included in directors and officer's part of the prospectus.
- The Directors are taking only fees for attending meeting (disclose in the "Executive compensation" part of the Prospectus) of the Board of Directors. Directors fee is disclosed in profit and loss account. No other pecuniary or non-pecuniary interest enjoyed by a director as disclosed in note 43 of the audit report.

**Executive Compensation****Remuneration paid to top five salaried officers**

| Sl. No. | Name of the Employees | Designation | Amount paid for the Year ended 31-12-2007 |
|----------------|------------------------------|--------------------------|--|
| 1 | Mr. Abul Kashem Chowdhury | Managing Director | 960,000 |
| 2 | Mr. Md. Bazlul Quader | Asstt. Managing Director | 578,100 |
| 3 | Mr. Md. Shamsul Islam | Asstt. Managing Director | 507,900 |
| 4 | Mr. A.F.M. Nazrul Islam | Asstt. Managing Director | 528,480 |
| 5 | Mr. Md. Badiuzzaman Lasker | General Manager | 464,880 |

Aggregate amount of remuneration paid to Directors and Officers

| Group | Amount paid in 2007 (Amount in Taka) |
|--------------------|---|
| Directors' fee | 242,000 |
| Salary & Allowance | 34,094,201 |

The amount of remuneration paid to any Director who was not an Officer during the last accounting year

The Company did not pay any amount to any Director who was not an Officer, during the last accounting year.

Any contract with any Director or Officer providing for the payment of future compensation

There is no contract with any Director or Officer for future compensation.

Pay increase intention

Besides normal increment, additional salary increment may be considered.

Options granted to Directors, Officers, and Employees

The company did not grant any option to any officer, director and other employees of the company.

Transaction with the Directors and Subscribers to the Memorandum**(a) Value received by the company during last five years**

The Directors and Subscribers to the memorandum have not received any benefits directly or indirectly other than dividend and Directors fees during the last five years. The issuer also has not received any assets, services or other consideration from its Directors and Subscribers to the memorandum except fund against allotment of shares.

(b) Assets acquired or are to be acquired from the Directors and Subscribers to the Memorandum

No asset were acquired or are to be acquired from the Directors and Subscriber to the memorandum.

**Tangible assets per share****Auditor Certificate regarding net tangible assets backing per unit at on 31st December, 2007**

This is to certify that the offer price of the common stock of Takaful Islami Insurance Limited has been determined on the basis of Net Assets Value (NAV). Under NAV Method the Financial Calculation presented below is based on the audited accounts as of 31st December, 2007:

| Particulars | Amount (Tk.) |
|---|---------------------|
| A. ASSETS: | |
| Investment at cost | 90,00,000 |
| Investment in Shares | 2,12,10,243 |
| Interest Accrued but not due | 57,66,002 |
| Amount due from other persons or bodies carrying on Insurance Business | 3,73,97,877 |
| Sundry Debtors (Including Advances, Deposits & Prepayments) | 1,36,28,417 |
| Cash and Bank Balances | 10,89,37,192 |
| Other Accounts (Fixed Assets & Stock of Stationery, Stamps) | 67,45,926 |
| Total | 20,26,85,657 |
| B. LIABILITIES: | |
| Balance of Funds and Accounts | 40,509,146 |
| Estimated Liabilities in respect of outstanding claims whether due or intimated | 1,26,54,913 |
| Amount due to other persons or bodies carrying on Insurance Business | 4,60,29,473 |
| Sundry Creditors (Including provision for expenses and Taxes) | 29,59,726 |
| Provision for Income Tax | 63,46,376 |
| Proposed Dividend | 60,00,000 |
| Other Sums Owing (Premium Deposit Account) | 39,76,810 |
| Total | 118,476,444 |
| Net Assets (A-B) | 84,209,213 |
| No. of Shares | 6,00,000 |
| Intrinsic Value / Net Assets Value per Share | 140.34 |

We have examined the above calculation of Net Assets Value (NAV) of Takaful Islami Insurance Limited which appears to be correct.

Dated: 27th May, 2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

**Ownership of the Company's Security**

Shareholding structure as on 31.12. 2007

List of shareholders who owns 5% or more share of the Company

| Sl. No. | Name of the shareholder | Status | Address | No. of shares subscribed | % of holdings |
|---------|---------------------------------|---------------|---|--------------------------|---------------|
| 01 | Mr. Hasnain Harun | Director | House- 6, Road -1, Block -G, Haliashahar Housing Estate, Chittagong. | 90,000 | 15.00 |
| 02 | Mr. Khondaker Mesbahuddin Ahmed | Vice Chairman | Vill.+P.O.-Panchdona, Dist.-Narsingdi. | 45,000 | 7.50 |
| 03 | Mrs. Ferdous Rahman | Director | House-3, Lane-3, Road -1, Block-L, Haliashahar Housing Estate, Chittagong. | 45,000 | 7.50 |
| 04 | Mr. Abul Hashem | Director | Uttar Patenga, Purbakathghar, Patenga, Chittagong. | 45,000 | 7.50 |
| 05 | Mrs. Nasreen Haque | Director | Lucky Group, 316 Sk. Mujib Road, Agrabad C.A. Chittagong. | 45000 | 7.50 |
| 06 | Mr. Md. Humayun Kabir Patwari | Director | Park Trading Corporation Hussain Chamber (1 st Fl) 105, Agrabad C.A, Chittagong. | 40,000 | 6.67 |
| 07 | Mr. Md. Mofiz Uddin | Director | Section-10, Block-B, Lane-12, House-2, Mirpur, Dhaka-1221. | 35,000 | 5.83 |
| 08 | Mr. Anwar H. Chowdhury | Director | 75/1, Indira Road, Flat no. B/3, Dhaka-1215. | 30,000 | 5.00 |
| 09 | Mr. Samsul Arefin Khaled | Director | 760, Satmasjid Road Dhanmond R/A, Dhaka. | 30,000 | 5.00 |
| 10 | Mr. Emdadul Haque Chowdhury | Director | Anwar Manjil, 3, Joynagar, Chalkbazar, Chittagong. | 30,000 | 5.00 |
| 11 | Mrs. Shamima Haidar Chowdhury | Director | 26, O.R. Nizam Road, Panchlish, Chittagong. | 30,000 | 5.00 |
| 12 | Mr. Tauhidur Rahman | Director | 28/3, Babar Road, Block-F, Mohammadpur, Dhaka. | 30,000 | 5.00 |

List of shareholders who owns below 5% share of the Company

| Sl. No. | Name of the shareholder | Status | Address | No. of shares subscribed | % of holdings |
|--------------|--------------------------|-------------|--|--------------------------|---------------|
| 01 | Mr. Anwar Hossain Khan | Director | 26/3, Topkhana Road Eastern Housing, Appt., Flat no. 4/D, Segun Bagicha, Dhaka-1000. | 20,000 | 3.33 |
| 02 | Al-Haj Tofazzal Hossain | Director | Vill.- Noapara, Post-Tarabo, P.S. Rugganj, Narayangonj. | 20,000 | 3.33 |
| 03 | Mrs. Amena Shaheen | Director | 96/A, Jamalkhan Lichu Bagan, Chittagong. | 15,000 | 2.50 |
| 04 | Mr. Md. Fazle Azim | Chairman | Vill.- Dilshadpur, P.O. Radhapur, P.S.+Dist.-Laxmipur, Bangladesh. | 10,000 | 1.67 |
| 05 | Mr. Muhammad Nurul Islam | Director | 12/B, Garden Heights, 13, Eskaton Garden Road, Ramna, Dhaka. | 10,000 | 1.67 |
| 06 | Mr. Waliul Huq | Director | House No. 298, Lane-19/B, New DOHS, Mohakhali, Dhaka. | 10,000 | 1.67 |
| 07 | Mrs. Manwara Sultana | Director | Vill.- West Bancharampur, P.S.+Dist-Laxmipur. | 5,000 | 0.83 |
| 08 | Mr. A.K.M. Rofiquillah | Director | Vill.-Manikyanagar, P.O. Amishapara, P.S. Begumganj, Dist-Noakhali. | 5,000 | 0.83 |
| 09 | Mrs. Husne Jahan | Director | Fatema Monjil 112, Islambagh R/A, Majjid Court, Noakhali. | 5,000 | 0.83 |
| 10 | Mrs. Rahima Begum | Shareholder | Vill: Kamarpur, P.S. Kotwali, Post + Dist: Farid Pur. | 5000 | 0.83 |
| Total | | | | 600,000 | 100% |

Securities owned by the Officers

The Officers of the Company own no shares or any other securities of the Company.

**Determination of offering price**

This is to certify that the offer price of the common stock of Takaful Islami Insurance Limited has been determined on the basis of Net Assets Value (NAV). Under NAV Method the Financial Calculation presented below is based on the audited accounts as of 31st December, 2007:

| Particulars | Amount (Tk.) |
|---|---------------------|
| A. ASSETS: | |
| Investment at cost | 90,00,000 |
| Investment in Shares | 2,12,10,243 |
| Interest Accrued but not due | 57,66,002 |
| Amount due from other persons or bodies carrying on Insurance Business | 3,73,97,877 |
| Sundry Debtors (Including Advances, Deposits & Prepayments) | 1,36,28,417 |
| Cash and Bank Balances | 10,89,37,192 |
| Other Accounts (Fixed Assets & Stock of Stationery, Stamps) | 67,45,926 |
| Total | 20,26,85,657 |
| B. LIABILITIES: | |
| Balance of Funds and Accounts | 40,509,146 |
| Estimated Liabilities in respect of outstanding claims whether due or intimated | 1,26,54,913 |
| Amount due to other persons or bodies carrying on Insurance Business | 4,60,29,473 |
| Sundry Creditors (Including provision for expenses and Taxes) | 29,59,726 |
| Provision for Income Tax | 63,46,376 |
| Proposed Dividend | 60,00,000 |
| Other Sums Owing (Premium Deposit Account) | 39,76,810 |
| Total | 118,476,444 |
| Net Assets (A-B) | 84,209,213 |
| No. of Shares | 6,00,000 |
| Intrinsic Value / Net Assets Value per Share | 140.34 |

We have examined the above calculation of Net Assets Value (NAV) of Takaful Islami Insurance Limited which appears to be correct.

Dated: 27th May, 2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants



Market for the Securities Being Offered

The Issuer shall apply to:

Dhaka Stock Exchange Limited
9/F, Motijheel C/A,
Dhaka-1000.

and

Chittagong Stock Exchange Limited
CSE Building, 1080, Sk.Mujib Road,
Agrabad, Chittagong- 4100.

Within 7(seven) working days from the date of consent accorded by the Commission to issue prospectus.

Declaration about listing of shares with the Stock Exchange(s)

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Company Directors, in addition to the Issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

Description of Securities outstanding or Being Offered

Dividend, voting, pre-emption rights

The share capital of the Company is divided into Ordinary Shares, carrying equal rights to vote and eligible to receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the Company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting—Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by Attorney or proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares of in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

- There is no limitation to pay dividend to common or preferred stock holders because of provisions in debt instruments or otherwise.
- The profits of the Company shall be divisible among the members in proportion to the shares held by them respectively.
- Subject to above the Company in the General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
- No larger dividend shall be declared than is recommended by the Directors but the Company in the General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of net profits of the Company shall (subject to the certificate of the auditors) be conclusive.
- The Directors may from time to time pay to the members such interim dividends as in their judgments the position of the Company justifies.
- A transfer of shares shall pass to the transferee the right to any dividend declared but not paid thereon before the registration of the transfer.

**Other rights of Shareholders**

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The Shareholders holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition Extraordinary General Meeting of the Company as provided for in section 84 of the Companies Act 1994.

Debt Securities

Takaful Islami Insurance Limited has not issued or is planning to issue within six months any debt securities.

Lock-in on Sponsors' Shares

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than Directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

| Sl. No. | Name of Shareholder | Status | No. of Shares hold | Amount Taka | % of holdings | Date of Acquisition | Expire date of Lock in |
|---------|---------------------------------|-------------|--------------------|-------------------|---------------|---------------------|------------------------|
| 1. | Mr. Hasnain Harun | Director | 90,000 | 90,00,000 | 15.00 | 29.5.2007 | 25.6.2011 |
| 2. | Mr. Khondaker Mesbahuddin Ahmed | Director | 45,000 | 45,00,000 | 7.50 | 19.05.2001 | 25.6.2011 |
| 3. | Mrs. Ferdous Rahman | Director | 45,000 | 45,00,000 | 7.50 | 19.05.2001 | 25.6.2011 |
| 4. | Mr. Abul Hashem | Director | 45,000 | 45,00,000 | 7.50 | 28.05.2001 | 25.6.2011 |
| 5. | Mrs. Nasreen Haque | Director | 45,000 | 45,00,000 | 7.50 | 29.05.2007 | 25.6.2011 |
| 6. | Mr. Md.Humayun Kabir Patwari | Director | 40,000 | 40,00,000 | 6.67 | 2.05.2002 | 25.6.2011 |
| 7. | Mr. Md. Mofiz Uddin | Director | 35,000 | 35,00,000 | 5.83 | 29.05.2007 | 25.6.2011 |
| 8. | Mr. Anwar H. Chowdhury | Director | 30,000 | 30,00,000 | 5.00 | 19.05.2001 | 25.6.2011 |
| 9. | Mr. Samsul Arefin Khaled | Director | 30,000 | 30,00,000 | 5.00 | 28.05.2001 | 25.6.2011 |
| 10. | Mr. Emdadul Haque Chowdhury | Director | 30,000 | 30,00,000 | 5.00 | 28.05.2001 | 25.6.2011 |
| 11. | Mrs. Shamima Haidar Chowdhury | Director | 30,000 | 30,00,000 | 5.00 | 28.05.2001 | 25.6.2011 |
| 12. | Mr. Tauhidur Rahman | Director | 30,000 | 30,00,000 | 5.00 | 28.05.2001 | 25.6.2011 |
| 13. | Mr. Anwar Hossain Khan | Director | 20,000 | 20,00,000 | 3.33 | 19.05.2001 | 25.6.2011 |
| 14. | Al-Haj Tofazzal Hossain | Director | 20,000 | 20,00,000 | 3.33 | 28.05.2001 | 25.6.2011 |
| 15. | Mrs. Amena Shaheen | Director | 15,000 | 15,00,000 | 2.50 | 19.05.2001 | 25.6.2011 |
| 16. | Mr. Md. Fazle Azim | Director | 10,000 | 10,00,000 | 1.67 | 19.05.2001 | 25.6.2011 |
| 17. | Mr. Muhammad Nurul Islam | Director | 10,000 | 10,00,000 | 1.67 | 28.07.2007 | 25.6.2011 |
| 18. | Mr. Waliul Haq | Director | 10,000 | 10,00,000 | 1.67 | 2.05.2002 | 25.6.2011 |
| 19. | Mrs. Manwara Sultana | Director | 5,000 | 5,00,000 | 0.83 | 28.05.2001 | 25.6.2011 |
| 20. | Mr. A.K.M. Rofiqullah | Director | 5,000 | 5,00,000 | 0.83 | 28.05.2001 | 25.6.2011 |
| 21. | Mrs. Husne Jahan | Director | 5,000 | 5,00,000 | 0.83 | 19.05.2001 | 25.6.2011 |
| 22. | Mrs. Rahima Begum | Shareholder | 5,000 | 5,00,000 | 0.83 | 28.05.2001 | 25.6.2011 |
| | Total | | 600,000 | 60,000,000 | 100% | | |

**Refund of Subscription Money**

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issuer and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

| | |
|--|-------------------------------|
| Islami Bank Bangladesh Limited | Shahjalal Islami Bank Limited |
| Investment Corporation of Bangladesh (ICB) | Standard Chartered Bank |
| National Bank Limited | The City Bank Limited |
| Southeast Bank Limited | City Bank N.A. |
| AL-Arafah Islami Bank Limited | HSBC |

Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

Subscription by and refund to Non-Resident Bangladeshi (NRB)

- (1) A Non-Resident Bangladeshi (NRB) shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".
- (2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
- (3) Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Availability of securities**Offer**

1. Shares

| Particulars | No. of shares | Amount in Tk. |
|---|----------------|-------------------|
| A. 10% of IPO i.e. 90,000 Ordinary Shares of Tk. 100.00 each shall be reserved for Non Resident Bangladeshis. | 90,000 | 9,000,000 |
| B. 10% of IPO i.e. 90,000 Ordinary Shares of Tk. 100.00 each shall be reserved for Mutual Funds and Collective Investment Schemes registered with the Commission. | 90,000 | 9,000,000 |
| C. The remaining 80% of IPO i.e. 720,000 Ordinary Shares of Tk. 100.00 each shall be opened for subscription by the General Public. | 720,000 | 72,000,000 |
| Total | 900,000 | 90,000,000 |

2. All shares as stated in clause 1.A, 1.B and 1.C shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
3. In case of over-subscription under any of the categories mentioned in 1.A, 1.B and 1.C the Issue Manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
4. In case of under-subscription under any of the 10% categories mentioned in 1.A and 1.B, the un subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct and open lottery of all the applicants added together.
5. In case of under-subscription of the public offering, the un subscribed portion of securities shall be taken up by the underwriter(s).
6. The lottery as stated in clause (3) and (4) shall be conducted in presence of representatives from the Issuer, the Stock Exchanges, and the applicants, if there be any.



7. Application for subscription

- (a) **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
- (b) Application for shares may be made for a minimum lot for **50** ordinary shares to the value of **Tk. 5,000** respectively and should be made on the Company's printed application forms. Application form and prospectus may be obtained from the registered office of the Company, members of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/hand written/typed copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.
- (c) Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.
- (d) Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
- (e) **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- (f) Bangladeshi nationals (including Non-Resident Bangladeshi (NRB) nationals working abroad) and Foreign nationals shall be entitled to apply for shares.
- (g) Payment for subscription by investors other than Non-Resident Bangladeshi (NRB) may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the Bank to which it is sent and be marked "**Takaful Islami Insurance Limited**" and shall bear the crossing "**A/C Payee Only**" and must be drawn on a Bank in the same town of the Bank to which application form is deposited.
- (h) All completed application forms together with remittances for the full amount payable on application shall be lodged by investors other than Non-Resident Bangladeshis (NRB) with any of the Branches of the Bankers to the Issue (vide instructions for application for shares by investors other than Non- Resident Bangladeshis)
- (i) A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee(including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of Subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to Takaful Islami Insurance Ltd. at its registered office. Copies of application form and prospectus shall be available with Bangladesh Embassyt/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, Issue Manager, DSE and CSE.



8. Bankers to the Issue:

Investment Corporation of Bangladesh

Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna
Barishal Branch, Barishal
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra

Al-Arafah Islami Bank Limited

Motijheel, Local Office, Dhaka
Moulvi Bazar Dhaka
Islampur Branch, Dhaka
Dilkusha, Branch, Dhaka
Nawabpur Road Branch, Dhaka
VIP Road Branch, Dhaka
Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Branch, Dhaka
NS Road Branch, Dhaka
Banani Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
Dhanmondi Branch, Dhaka
Mohammadpur Branch, Dhaka
Comilla Branch, Comilla
Zindabazar Branch, Sylhet
Lal Dighir Par Branch, Sylhet
Khatunganj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Barishal Branch, Barishal
Jessore Branch, Jessore
Joydevpur Chowrasta Branch, Joydevpur
Narayanganj Branch, Narayanganj

National Bank Limited

Bangshal Road Branch, Dhaka
Babubazar Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Mohammadpur Branch, Dhaka
Pragati Sarani Branch, Dhaka
Jatrabari Branch, Dhaka
Savar Bazar Branch, Savar, Dhaka
Gazipur Branch, Gazipur
Pagla Bazar Branch, Narayanganj
Narayanganj Branch, Narayanganj
Narshingdi Branch, Narshingdi
Sylhet Branch, Sylhet
Anderkillah Branch, Chittagong
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Pahartali Branch, Chittagong
Tangail Branch, Tangail
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal
Comilla Branch, Comilla

Shahjalal Islami Bank Limited

Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur

Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Baipail (Dhaka EPZ) Branch, Dhaka
Narayanganj Branch, Narayanganj
Satmasjid Road Branch, Dhaka
Banani Branch, Dhaka
Joypara Branch, Dohar, Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Savar Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Muradpur Branch, Chittagong
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Beani Bazar Branch, Sylhet
Moulvibazar Branch, Moulvibazar
Khulna Branch, Khulna

Southeast Bank Limited

Principal Branch, Dhaka
Corporate Branch, Dhaka
Imamgonj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Kakrail Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Aganagar Branch, Dhaka
Shaymoli Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Ashulia Branch (Rural), Ashulia, Dhaka
Joypara Branch (Rural), Dohar, Dhaka
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch, (Islami Banking) Sylhet
Moulvibazar Branch, Moulvibazar
Laldighirpaar Branch, Sylhet
Hetimgonj Branch, Sylhet
Chouhatta Branch, Sylhet
Shahjalal Uposahar Branch, Sylhet
Kulaura Branch (Rural), Moulvibazar
Pathantula Branch, Sylhet
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Halishahar Branch, Chittagong
Pahartali Branch, Chittagong
Chowmuhani Branch (Rural), Noakhali
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, (Islamic Banking) Cox's Bazar
Chhagalnaiya Branch, (Islamic Banking), Feni
Feni Branch, Feni
Bashurhat Branch, (Rural) Noakhali
Rangpur Branch, Rangpur

Islami Bank Bangladesh Limited

Local Office, Dhaka
Foreign Exchange Br., Dhaka
Farmgate Branch, Dhaka
Nawabpur Branch, Dhaka
Gulshan Branch, Dhaka
Narayanganj Branch
Mirpur Branch, Dhaka
C.M.B, Dhaka
New Market Branch, Dhaka
Mouchak Branch, Dhaka
Jatrabari Branch, Dhaka
Uttara Branch, Dhaka
Shyamoli Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Cox's Bazar Branch
Khulna Branch
Barisal Branch
Jessore Branch
Bogra Branch
Rajshahi Branch
Dinajpur Branch
Comilla Branch
Chowmuhani Branch, Noakhali
Feni Branch

Sylhet Branch
Sitakunda Branch
Moulvi Bazar Branch
Kushtia Branch
Pabna Branch

Standard Chartered Bank

Alico Building, Motijheel, Dhaka
Mirpur, Dhaka

1. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound sterling or EURO) by the Bankers to the Issue will be remitted to the Company's **STD A/C # 13100000344** with **Southeast Bank Limited, Motijheel Branch (Islamic Banking) Dhaka**, Bangladesh for this purpose.
2. The subscription money collected from Non-Resident Bangladeshis (NRB) in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

| Sl. No. | Name of the FC Accounts | Account No. | Bank & Branch | Currency |
|---------|---|-------------|--|-----------|
| 1 | Takaful Islami Insurance Limited | 15100000060 | Southeast Bank Limited, Motijheel Branch (Islamic Banking) Dhaka | EURO |
| 2 | Do | 15100000048 | Do | US DOLLAR |
| 3 | Do | 15100000054 | Do | GB POUND |

3. The Company shall close the accounts mentioned above after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

Allotment

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by credited directly to the recipients bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Underwriting of shares

The Initial Public Offering (IPO) is for 9,00,000 ordinary shares of Tk. 100.00 each at par amounting to Tk. 9,00,00,000.00 As per Securities and Exchange Commission (Public Issue) Rules, 2006, 50% of the said amount i.e. 4,50,000 ordinary shares of Tk. 100.00 each at par amounting to Tk. 4,50,00,000.00 has been underwritten by the following institutions:

| Sl. No. | Name and Address of Underwriters | Number of shares | Amount (Tk.) |
|--------------|--|------------------|--------------------|
| 1 | Prime Finance & Investment Limited 63, Dilkusha C/A, (3 rd Floor), Dhaka-1000. | 3,37,500 | 3,37,50,000 |
| 2 | Union Capital Limited Noor Tower (5 th Floor), 1/F Free School Street 73, Sonargaon Road, Dhaka 1205 | 37,500 | 37,50,000 |
| 3 | Uttara Finance & Investment Limited Jiban Bima Tower, Dilkusha C/A Dhaka-1000 | 37,500 | 37,50,000 |
| 4 | Grameen Capital Management Limited Grameen Bank Bhaban Mirpur-2, Dhaka-1215 | 37,500 | 37,50,000 |
| Total | | 4,50,000 | 4,50,00,000 |

Principal terms and conditions of underwriting agreement:

1. If and to the extent that the shares offered to the public by a prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

Financial Statement

AUDITORS' REPORT TO THE SHAREHOLDERS OF "TAKAFUL ISLAMI INSURANCE LIMITED"

We have examined the annexed Balance Sheet of **TAKAFUL ISLAMI INSURANCE LIMITED** as at 31st December, 2007 and the related Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance Revenue Accounts as well the Profit and Loss Account, Profit and Loss Appropriation Account, the related Cash Flow Statement for the year ended 31st December, 2007 and notes to the Financial Statements in which the returns from the branch offices certified by the branch managers have been incorporated. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with approved auditing standards as adopted by the Institute of Chartered Accountants of Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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.

In our opinion, subject to the disclosure as per notes to the financial statements prepared in accordance with approved accounting standards as adopted by the Institute of Chartered Accountants of Bangladesh, give a true and fair view of the state of the company's affairs as of 31st December, 2007 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Insurance Act, 1938, Insurance Rules 1958, the Securities and Exchange Rules, 1987 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 purposes 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 purposes of our audit have been received from branches not visited by us;
- (iii) The company's balance sheet and revenue accounts and its cash flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purposes of the company's business;
- (v) The Balance Sheet and the Revenue Account have been prepared in accordance with the regulations contained in Part I and Part II (Form A) of the First Schedule and Part I and Part II (Form F) of the Third Schedule of Insurance Act, 1938. As per regulation 11 of Part I 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 to outside Bangladesh and that the Company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad;
- (vi) 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 whether directly or indirectly, in respect of Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance businesses transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the Company.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.
BALANCE SHEET AS AT 31ST DECEMBER, 2007

| CAPITAL AND LIABILITIES | NOTE NO. | BALANCE AS AT 31ST DEC., 2007 | BALANCE AS AT 31ST DEC., 2006 |
|---|----------|----------------------------------|----------------------------------|
| AUTHORIZED CAPITAL | 19 | <u>20,00,00,000</u> | <u>20,00,00,000</u> |
| 20,00,000 Ordinary Shares of Tk. 100.00 each | | | |
| ISSUED, SUBSCRIBED AND PAID UP CAPITAL | 20 | 6,00,00,000 | 6,00,00,000 |
| 6,00,000 Ordinary Shares of Tk. 100.00 each | | | |
| RESERVE OR CONTINGENCY ACCOUNT | | | |
| Reserve for Exceptional Losses | 21 | 2,38,85,985 | 76,18,179 |
| Balance of Profit & Loss Appropriation Account | 22 | 4,03,228 | 2,96,545 |
| BALANCE OF FUNDS AND ACCOUNTS | 23 | 4,05,09,146 | 3,07,76,696 |
| Fire Insurance Business Account | | 1,46,91,082 | 94,60,993 |
| Marine Cargo Insurance Business Account | | 2,11,72,902 | 1,59,80,879 |
| Marine Hull Insurance Business Account | | 3,75,515 | 5,06,631 |
| Motor Insurance Business Account | | 36,39,204 | 32,00,679 |
| Miscellaneous Insurance Business Account | | 6,30,443 | 16,27,514 |
| OTHER SUM OWING (PREMIUM DEPOSIT) | 24 | 39,76,810 | 60,70,380 |
| LIABILITIES & PROVISIONS | | 7,39,90,488 | 9,37,16,999 |
| Estimated Liabilities in respect of Outstanding Claims whether due or intimated | 25 | 1,26,54,913 | 5,89,92,485 |
| Amount due to other persons or bodies carrying on Insurance Business | 26 | 4,60,29,473 | 2,92,06,897 |
| Sundry Creditors | 27 | 29,59,726 | 11,67,617 |
| Provision for Income Tax | 28 | 63,46,376 | 13,50,000 |
| Proposed Dividend | 29 | 60,00,000 | 30,00,000 |
| TOTAL CAPITAL AND LIABILITIES | | 20,27,65,657 | 19,84,78,799 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS**TAKAFUL ISLAMI INSURANCE LIMITED**

42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.
BALANCE SHEET AS AT 31ST DECEMBER, 2007

| PROPERTY AND ASSETS | NOTE NO. | BALANCE AS AT 31ST DEC., 2007 | BALANCE AS AT 31ST DEC., 2006 |
|--|-----------------|--------------------------------------|--------------------------------------|
| INVESTMENT-AT COST | | 3,02,10,243 | 2,43,87,390 |
| Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond | 30 | 90,00,000 | 90,00,000 |
| Investment In Shares | | 2,12,10,243 | 1,53,87,390 |
| PROFIT, INTEREST, DIVIDENDS & RENTS (Accrued but not Due) | 31 | 57,66,002 | 1,04,35,288 |
| AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS | 32 | 3,73,97,877 | 5,27,74,067 |
| SUNDRY DEBTORS (Including Advances, Deposits & Pre-payments) | 33 | 1,36,28,417 | 63,12,085 |
| CASH & BANK BALANCES | 34 | 10,89,37,192 | 9,74,92,280 |
| Term / Fixed Deposit Account | | 8,17,00,000 | 7,10,50,000 |
| STD Account | | 1,98,25,738 | 2,19,54,450 |
| Current Account | | 27,49,955 | 8,07,161 |
| Cash in Transit | | 6,00,000 | 3,00,000 |
| Cash in Hand | | 40,61,499 | 33,80,669 |
| OTHER ACCOUNTS | 35 | 68,25,926 | 70,77,689 |
| Fixed Assets - At Cost Less Depreciation | | 64,34,004 | 64,86,674 |
| Stock of Printing & Stationery | | 2,22,500 | 2,10,020 |
| Insurance Stamps in Hand | | 89,422 | 3,15,995 |
| Pre IPO Expenses | | 80,000 | 65,000 |
| TOTAL PROPERTY AND ASSETS | | 20,27,65,657 | 19,84,78,799 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

 Sd/-
MANAGING DIRECTOR

 Sd/-
DIRECTOR

 Sd/-
VICE-CHAIRMAN

 Sd/-
CHAIRMAN

As per our report of even date.

 Place: Dhaka, Bangladesh
 Dated: 22nd March, 2008

 Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

 Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|--|-----------|--------------------|--------------------|--|----------|--------------------|--------------------|
| EXPENSES OF MANAGEMENT (Not Applicable to any Particular Fund or Account) | | 39,38,712 | 34,06,193 | Profit, Interest, Dividends & Rents (Not Applicable to any particular Fund or Account) | 36 | 98,17,823 | 90,17,173 |
| Director's Fee | | 2,42,000 | 2,28,000 | OTHER INCOME | 36.01 | 62,51,542 | |
| Advertisement & Publicity | | 10,40,711 | 8,63,834 | PROFIT /(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS | | 1,52,40,212 | 56,27,549 |
| Subscription & Donation | | 7,91,000 | 3,70,000 | Fire Revenue Account | | (42,00,003) | (68,90,885) |
| Legal & Professional Fees | | 1,27,200 | 1,08,645 | Marine Cargo Revenue Account | | 1,78,15,230 | 1,22,78,388 |
| Preliminary Expenses | | 0 | 10,669 | Marine Hull Revenue Account | | (2,07,080) | 3,90,687 |
| Registration & Renewal | | 7,14,664 | 7,87,304 | Motor Revenue Account | | 10,03,955 | 2,96,535 |
| Depreciation | | 9,05,387 | 9,62,741 | Miscellaneous Revenue Account | | 8,28,110 | (4,47,176) |
| Audit Fee | | 1,17,750 | 75,000 | Net Loss Transferred to Profit & Loss Appropriation Account | | 0 | 0 |
| Net Profit Transferred to Profit & Loss Appropriation Account | | 2,73,70,865 | 1,12,38,529 | | | | |
| Total | | 3,13,09,577 | 1,46,44,722 | | | 3,13,09,577 | 1,46,44,722 |
| Basic Earning Per Share (Value Per Share Tk. 100/- each) | 39 | 25.09 | 10.77 | | | | |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | 2007 TAKA | 2006 TAKA | PARTICULARS | 2007 TAKA | 2006 TAKA |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------|-------------------|
| Balance brought from last year | 0 | 0 | Balance brought from last year | 2,96,545 | 10,26,195 |
| Reserve for Exceptional Losses | 1,62,67,806 | 76,18,179 | Net Profit for the year | 2,73,70,865 | 1,12,38,529 |
| Provision for Taxation | 49,96,376 | 13,50,000 | | | |
| Proposed Dividend | 60,00,000 | 30,00,000 | | | |
| Balance Transferred to Balance Sheet | 4,03,228 | 2,96,545 | | | |
| TOTAL | 2,76,67,410 | 1,22,64,724 | | 2,76,67,410 | 1,22,64,74 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|---|----------|--------------------|--------------------|--|----------|--------------------|--------------------|
| CLAIMS UNDER THE POLICIES | | | | | | | |
| LESS RE-INSURANCE: | | | | | | | |
| Paid during the year | | 5,56,67,074 | (4,70,32,330) | Balance of Account at the beginning of the year | | 94,60,993 | 84,34,542 |
| Add: Total estimated liability in respect of Outstanding claims at the end of the year whether due or intimated | | 80,02,565 | 5,63,47,390 | Premium Less Re-Insurance | | 3,67,27,705 | 2,36,52,483 |
| | | 6,36,69,639 | 93,15,060 | Commission on re-insurance ceded | | 1,17,54,937 | 78,96,567 |
| Less: Outstanding at the end of previous year | | (5,63,47,390) | (51,84,297) | Loss Transferred to Profit & Loss A/c | | 0 | 0 |
| | | 73,22,249 | 41,30,763 | | | | |
| Agency Commission | | 1,40,21,696 | 1,07,52,305 | | | | |
| Expenses of Management | 37 | 2,61,08,611 | 2,25,30,416 | | | | |
| Reserve for un-expired risks being 40% of Premium Income of the year | | 1,46,91,082 | 94,60,993 | | | | |
| Profit transferred to Profit & Loss Account | | (42,00,003) | (68,90,885) | | | | |
| TOTAL | | 5,79,43,635 | 3,99,83,592 | | | 5,79,43,635 | 3,99,83,592 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

MARINE CARGO INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|---|----------|--------------------|--------------------|--|----------|--------------------|--------------------|
| CLAIMS UNDER THE POLICIES | | | | Balance of Account at the beginning of the year | | 1,59,80,879 | 1,37,74,415 |
| LESS RE-INSURANCE: | | | | Premium less Re-Insurance | | 5,29,32,255 | 3,99,52,197 |
| Paid during the year | | 91,433 | 15,65,874 | Commission on re-insurance ceded | | 28,65,325 | 32,98,846 |
| Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 35,27,063 | 15,61,833 | | | | |
| | | 36,18,496 | 31,27,707 | | | | |
| Less: Outstanding at the end of previous year | | (15,61,833) | (10,43,953) | Loss Transferred to Profit & Loss A/c | | 0 | 0 |
| | | 20,56,663 | 20,83,754 | | | | |
| Agency Commission | | 87,45,081 | 69,98,408 | | | | |
| Expenses of Management | 37 | 2,19,88,583 | 1,96,84,029 | | | | |
| Reserve for un-expired risks being 40% of premium income of the year | | 2,11,72,902 | 1,59,80,879 | | | | |
| Profit/(Loss) transferred to Profit & Loss A/C | | 1,78,15,230 | 1,22,78,388 | | | | |
| TOTAL | | 7,17,78,459 | 5,70,25,458 | | | 7,17,78,459 | 5,70,25,458 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MARINE HULL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|---|----------|-------------------|-------------------|--|----------|------------------|------------------|
| CLAIMS UNDER THE POLICIES | | | | Balance of Account at the beginning of the year | | 5,06,631 | 6,89,509 |
| LESS RE-INSURANCE: | | | | Premium Less Re-Insurance | | 3,75,514 | 5,06,631 |
| Paid during the year | | 32,616 | 10,005 | Commission on re-insurance ceded | | 1,75,192 | 1,33,639 |
| Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 0 | 0 | Loss Transferred to Profit & Loss A/C. | | 0 | 0 |
| Less: Outstanding at the end of previous year | | 32,616 | 10,005 | | | | |
| | | 0 | (3,09,787) | | | | |
| | | 32,616 | (2,99,782) | | | | |
| Agency Commission | | 2,31,480 | 1,80,592 | | | | |
| Expenses of Management | 37 | 6,24,807 | 5,51,651 | | | | |
| Reserve for un-expired risks being 100% of premium income of the year | | 3,75,514 | 5,06,631 | | | | |
| Profit Transferred to Profit & Losses Account | | (2,07,080) | 3,90,687 | | | | |
| TOTAL | | 10,57,337 | 13,29,779 | | | 10,57,337 | 13,29,779 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|---|----------|--------------------|--------------------|--|----------|--------------------|--------------------|
| CLAIMS UNDER THE POLICIES LESS RE-INSURANCE: | | | | | | | |
| Paid during the year | | 23,17,945 | 23,76,125 | Balance of Account at the beginning of the year | | 32,00,679 | 18,70,225 |
| Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 11,25,285 | 10,57,259 | Premium Less Re-Insurance | | 90,98,010 | 80,01,698 |
| | | 34,43,230 | 34,33,384 | Commission on re-insurance ceded | | 2,59,838 | 3,43,762 |
| Less : Outstanding at the end of previous year | | (10,57,259) | (19,35,678) | Loss Transferred to Profit & Loss Account | | 0 | 0 |
| | | 23,85,971 | 14,97,706 | | | | |
| Agency Commission | | 19,30,824 | 16,89,897 | | | | |
| Expenses of Management | 37 | 35,98,573 | 35,30,868 | | | | |
| Reserve for un-expired risks being 40% of premium income of the year | | 36,39,204 | 32,00,679 | | | | |
| Profit transferred to Profit & Loss Account | | 10,03,955 | 2,96,535 | | | | |
| TOTAL | | 1,25,58,527 | 1,02,15,685 | | | 1,25,58,527 | 1,02,15,685 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA | PARTICULARS | NOTE NO. | 2007 TAKA | 2006 TAKA |
|---|----------|------------------|-------------------|--|----------|------------------|------------------|
| CLAIMS UNDER THE POLICIES | | | | | | | |
| LESS RE-INSURANCE: | | | | | | | |
| Paid during the year | | 3,06,760 | 1,81,104 | Balance of Account at the beginning of the year | | 16,27,514 | 5,59,024 |
| Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 0 | 26,003 | Premium Less Re-Insurance | | 15,76,107 | 40,68,784 |
| | | 3,06,760 | 2,07,107 | Commission on Re-insurance ceded | | 9,75,065 | 9,58,120 |
| | | (26,003) | 0 | Loss Transferred to Profit & Loss A/C | | 0 | 0 |
| Less: Outstanding at the end of previous year | | | | | | | |
| | | 2,80,757 | 2,07,107 | | | | |
| Agency Commission | | 4,42,411 | 10,09,023 | | | | |
| Expenses of Management | 37 | 19,96,965 | 31,89,460 | | | | |
| Reserve for un-expired risks being 40% of Miscellaneous and Accident | | | | | | | |
| Premium Income of the year | | 6,30,443 | 16,27,514 | | | | |
| Profit Transferred to Profit and Loss Account | | 8,28,110 | (4,47,176) | | | | |
| TOTAL | | 41,78,686 | 55,85,928 | | | 41,78,686 | 55,85,928 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA - 1000.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2007

| PARTICULARS | 31ST DECEMBER, 2007 | 31ST DECEMBER, 2006 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Cash Receipts from Customers and Others | 14,41,67,270 | 11,08,96,212 |
| Cash Paid to Suppliers and Employees | (12,74,17,976) | (8,74,84,135) |
| Cash Generated from Operations | 1,67,49,294 | 2,34,12,077 |
| Interest Paid | 0 | 0 |
| Income Tax Paid & Deducted at Source | 0 | 0 |
| Net Cash Generated from Operating Activities | 1,67,49,294 | 2,34,12,077 |
| Cash Flows from Investing Activities | | |
| Investment in Bonds / Shares | (58,22,853) | (67,84,092) |
| Acquisition of Property, Plant & Equipments etc. | (10,22,529) | (8,51,131) |
| Disposal of Property, Plant and Equip. | 15,41,000 | 0 |
| Net Cash used in Investing Activities | (53,04,382) | (76,35,223) |
| Cash Flows from Financing Activities | | |
| Proceeds from Issuing of Shares | 0 | 0 |
| Proceeds from Short Term Borrowing | 0 | 0 |
| Re-payment of Short Term Loan | 0 | 0 |
| Re-payment of Long Term Loan | 0 | 0 |
| Net Cash Generated/ (Used) in Financing Activities | 0 | 0 |
| Net Increase in Cash and Bank Balances | 1,14,44,912 | 1,57,76,854 |
| Cash and Bank Balances at Beginning of Year | 9,74,92,280 | 8,17,15,426 |
| Cash and Bank Balances at End of Year | 10,89,37,192 | 9,74,92,280 |

Accounting Policies

5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTORSd/-
DIRECTORSd/-
VICE-CHAIRMANSd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTSSd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000

Statement of Changes in Equity For the Year Ended 31st December, 2007

| Particulars | Share Capital | Retained Earnings | Reserve for exceptional losses | Total Equity |
|---|----------------------|--------------------------|---------------------------------------|---------------------|
| Balance as on 1 st January, 2007 | 6,00,00,000 | 2,96,545 | 76,18,179 | 6,79,14,724 |
| Addition during the year | 0 | 0 | 0 | 0 |
| Net Profit for the year | | 106,683 | 1,62,67,806 | 1,63,74,489 |
| As at 31st December, 2007 | 6,00,00,000 | 4,03,228 | 2,38,85,985 | 8,42,89,213 |

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR,
DHAKA-1000.

ACCOUNTING POLICIES AND EXPLANATORY NOTES
FOR THE YEAR ENDED 31ST DECEMBER, 2007

The accounting policies and explanatory notes to the financial statements have been set out below in the manner as prescribed by the *IAS 1 "Preparation and Presentation of Financial Statements"*.

1.00 Corporate Information – Domicile, Legal Form and Country of Incorporation

The Company was incorporated in Bangladesh as a Public Company Limited by Shares on the 27th day of December, 2001 under the Companies Act, 1994. It is noted that the name of Sears Insurance Co. Ltd. has been changed to Takaful Islami Insurance Limited under the provision of Section 11, Sub-Section (5) Act (VII) of 1994.

Address of Registered Office

The registered office of the Company is located at 42, Dilkusha Commercial Area, 7th Floor, Dhaka-1000.

Principal Activities

The principal activities of the Company are general insurance businesses as per Insurance Act, 1938.

Number of Employees

There were 587 employees at the year ended 31st December, 2007.

| Sl. No. | Particulars | No. of Employees |
|--------------|----------------------------------|------------------|
| (i) | Managing Director | 01 |
| (ii) | Assistant Managing Director | 04 |
| (iii) | General Manager | 05 |
| (iv) | Secretary (DGM) | 01 |
| (v) | Deputy General Manager | 22 |
| (vi) | Senior Assistant General Manager | 04 |
| (vii) | Other Employees | 550 |
| Total | | 587 |

2.00 Basis of Presenting Financial Statements

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

Going Concern

Accrual

Historical Cost Convention

Generally accepted accounting principles and practices in Bangladesh

The Companies Act, 1994

The Securities and Exchange Rules, 1987

The Accounting Standards Issued by the Institute of Chartered Accountants of Bangladesh (ICAB).

The Board of Directors are responsible for preparing and presenting the financial statements, who have approved and authorized the issue of these financial statements on 22-03-2008.

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



3.00 **Adoption of International Accounting Standards (IASs)**

In preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following IASs have been adopted by the company, which were issued by the ICAB formulated in the light of the IASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

IAS 1 Presentation of Financial Statements

IAS 2 Inventories

IAS 7 Cash Flow Statements

IAS 10 Events after the Balance Sheet Date

IAS 16 Property, Plant and Equipment

IAS 17 Leases

IAS 18 Revenue

IAS 33 Earnings Per Share

4.00 **Impact of Recently Issued Accounting Standards**

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

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

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

(a) **Revenue Recognition**

Revenue represents invoiced value of policies. Revenue is recognized when policies are made. Invoices were made after satisfying the following conditions as prescribed by *IAS 18 "Revenue Recognition"*:

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

(v) cost relating to the transactions was measured reliably.

(b) **Recognition of Tangible Fixed Assets**

These are capitalized at the cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use and other related incidental charges. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Fixed Assets do not include any assets held under lease.

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

In respect of all fixed assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment"

Depreciation on Fixed Assets has been charged at a reducing balance method. Full year's depreciation has been charged on the balance of Fixed Assets except additions to Fixed Assets on which 6 months depreciation has been charged at the rates varying from 10% to 20%.



Depreciation is charged at the rate shown below:

| | |
|-------------------------|-----|
| Furniture & Fixture | 10% |
| Office Equipment | 15% |
| Office Decoration | 10% |
| Air Cooler | 15% |
| Motor & Other Vehicles | 20% |
| Computer | 15% |
| Telephone Installation | 15% |
| Cookeries & Cutleries | 25% |
| Electrical Installation | 15% |
| Carpet & Curtain | 10% |
| Other Assets | 10% |

(d) ***Investment in FDR and Shares***

Investment is stated at its cost of acquisition and interest and profit on investment has been accounted for on accrual basis. The Profit and Loss Account reflects income from the investment only to the extent of distributions from accumulated net profit of the investee company in the form of dividend, which is recognized when the company's right to receive payment is established, that is, approved as dividend in the annual general meeting of the said company. Similarly the Profit and Loss Account also reflects the income on account of interest on investment only to the extent of amount which has been accrued but not due.

(e) ***Inventories***

In compliance with the requirement of **IAS 2 "Inventories"**, inventories are stated at the lower of cost and net realizable value.

Net realizable value is based on estimated selling price less any further cost expected to be incurred to make the sale.

(f) ***Sundry Debtors (Including Advance, Deposits and Pre-payments)***

These are carried at original invoice amount which represents net realizable value. The entire amount is considered good and collectible and therefore no amount was written off as bad debt and no debt was considered doubtful to be provided for.

(g) ***Cash and Cash Equivalents***

For the purpose of balance sheet and cash flow statement, cash in hand, fixed deposit with other banks, collection in hand, stamp in hand and bank balances represent **Cash and Cash Equivalents** considering the **IAS 1 "Preparation and Presentation of Financial Statements"** and **IAS 7 "Cash Flow Statement"**, which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and are not restricted as to use.

(h) ***Other Current Assets***

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

(i) ***Income Tax***

The Company is not a Publicly Traded Company as per Income Tax Ordinance, 1984. The Company is subject to the assessment under the Income Tax Ordinance, 1984 and accordingly the assessment of the Income Tax has been completed up to the assessment year 2006-2007.

Considering the practices generally followed in Bangladesh as well as the Company's previous practice, no deferred tax assets or deferred tax liabilities have been accounted for in accordance with **IAS 12 "Income Tax"**.



(j) **Cost of Post Employment Benefits**

The Company has not yet introduced the contributory provident fund, unfunded gratuity scheme and a group insurance scheme for its permanent employees.

(k) **Other Corporate Debt, Accounts Payable, Trade and Other Liabilities**

These liabilities are carried at the anticipated settlement amount in respect of policies and services received, whether or not billed by the policyholder and the supplier.

(l) **Provisions**

Provisions are liabilities of uncertain timings or amount, provisions are recognized when the company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(m) **Earnings per Share (EPS)**

The Company calculates earnings per share (EPS) in accordance with IAS 33 earnings per share" which has been shown on the face of profit and loss account. The disclosure has been made in the **Note 39** in respect of numerator (net profit) and denominator (weighted average number of shares) used in the calculation of basic EPS with necessary computation and reconciliation.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders, as there was no preference dividend, minority interest and extra ordinary items, the net profit for the year has been considered as fully attributable to the ordinary shareholders.

Diluted Earnings per Share

No diluted Earnings Per Share (EPS) is required to be calculated for the year as there was no scope for dilution during the year under review.

(n) **Financial Instruments and Derivatives**

Primary Financial Instruments (Financial Assets and Liabilities)

The disclosure of primary financial instruments carried at the balance sheet date alongwith the recognition methods and risks involved are summarized in **Note 37** in accordance with the provisions of **IAS 32** Financial Instruments: "Disclosure and Presentation."

(o) **Derivative Financial Instruments**

The Company is not a party to any derivative contract at the balance sheet date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

6.00 **Profit and Loss Account**

The results for the year were not materially affected by:

- (a) transactions of a nature not usually undertaken by the company;
- (b) circumstances of an exceptional or non-recurring nature;
- (c) charges or credits relating to prior years; and
- (d) changes in accounting polices.



7.00 **Reporting Currency**

No Foreign Currency Transactions were transacted during the year thus the conversion of Foreign Currency into Bangladeshi Taka Currency is not required during the year ended 31st December, 2007.

8.00 **Re-Arrangement**

Certain amounts for previous year have been re-arranged to conform with 2007 presentation.

9.00 **Information by Industry Segments and Geographical Areas**

Industry Segment Information

No mention is made because the company does not have any segment other than the insurance business.

Geographic Segment Information

Not applicable as the company does not have any business unit abroad.

10.00 **Cash Flow Statement**

Cash Flow Statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and the Cash Flow from the operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 19 of IAS 7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method".

11.00 **Recognized Gains and Losses**

No gain or loss was directly dealt with through the shareholders equity without being recognized in the profit and loss account.

Therefore, net profit after tax for the year is the total recognized gains.

12.00 **Historical Cost Profit and Losses**

As there was no extra ordinary item, there was no difference in profit from ordinary activities before taxation and the net profit before tax. Furthermore, as there was no revaluation of fixed assets in previous years and during the year under review, there was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost profit and loss has been presented.

13.00 **Additional Information on Financial Statements**

Responsibility for Preparation and Presentation of Financial Statements

The board of directors is responsible for the preparation and presentation of financial statements as per "the framework for the preparation and presentation of financial statements issued by the IASC".

The balance sheet has been prepared in accordance with the regulations as contained in Part -I and Part -II of the First Schedule (Form-A) and the Revenue Account of each class of General Insurance Business has been prepared in accordance with the regulations as contained in Part -I and Part II of the Third Schedule and as per **Form "F"** as set forth in Part -II of Third Schedule of Insurance Act, 1938 as amended from time to time.

The total amount of premium earned on various classes insurance business underwritten during the year has been duly accounted for in the books of account of the Company and while preparing the financial statements of accounts, the effect of re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated have also been reflected in order to arrive at the net underwriting profit for the period.

Interest earned on Statutory Deposits lying with Bangladesh Bank in the Form of National Investment Bonds and Interest earned on Term Deposit has duly been accounted for.

Management Expenses charged to Revenue Accounts amounting to **Tk. 5,43,17,539** during the year have been apportioned to various businesses of the Company on pro-rate basis of Gross Premium Income earned and **Tk. 25,48,273** has been charged directly to individual business.

While preparing the Revenue Account, the effect of necessary adjustment has duly been given in to accounts in respect of re-insurance business ceded and accepted. Re-Insurance Premium ceded has been accounted for into accounts.

Surplus or deficit on revenue have been arrived at after providing for un-expired risks @ 40% on all business except Marine Hull Insurance for which 100% provision has been created for un-expired risks.

14.00 **Components of the Financial Statements**

According to the *International Accounting Standards (IAS) 1 "Presentation and Preparation of Financial Statements"*, the complete set of Financial Statements includes the following components:

- (i) Balance Sheet as at 31st December, 2007
- (ii) Profit and Loss Appropriation Account for the year from 1st January, 2007 to 31st December, 2007;
- (iii) Profit and Loss Account for the year from 1st January, 2007 to 31st December, 2007;
- (iv) Revenue Accounts (Fire, Marine Cargo, Marine Hull, Motor, Miscellaneous Insurance Revenue Account) for the year from 1st January, 2007 to 31st December, 2007;
- (v) Cash Flow Statement for the year from 1st January, 2007 to 31st December, 2007;
- (vi) Accounting Policies and Explanatory Notes.

15.00 **Compliance with Local Laws**

The financial statements have been prepared in compliance with requirements of the Securities and Exchange Rules, 1987, Insurance Act, 1938, Insurance Rules, 1958 in addition of the Companies Act, 1994 and other relevant local laws and rules, although the company is not a listed company but is going for a public issue of shares.

16.00 **Compliance with International Accounting Standards (IASs)**

The financial statements have been prepared in compliance with requirements of IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

17.00 **Comparative Information**

Comparative information have been disclosed in respect of the year 2006 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the year 2006 have been rearranged whenever considered necessary to ensure comparability with the current year.

18.00 **Reporting Period**

The Financial Statements of the Company cover a year from 1st January, 2007 to 31st December, 2007 consistently.

BALANCE SHEET

CAPITAL AND LIABILITIES

19.00 **AUTHORIZED SHARE CAPITAL**

| AMOUNT (TK.) 31-12-2007 | AMOUNT (TK.) 31-12-2006 |
|----------------------------|----------------------------|
|----------------------------|----------------------------|

Tk. 20,00,00,000

Tk. 20,00,00,000

The Authorized Share Capital of the Company is Tk. 20,00,00,000/= divided into 20,00,000 Ordinary Shares of Tk. 100/= each.

20.00 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** **Tk. 6,00,00,000** **Tk. 6,00,00,000**

6,00,000 Ordinary Shares of Tk. 100/= each Issued, Subscribed and Fully Paid up by the Shareholders

| | |
|-------------|-------------|
| 6,00,00,000 | 6,00,00,000 |
| 6,00,00,000 | 6,00,00,000 |

21.00 **RESERVE FOR EXCEPTIONAL LOSSES ACCOUNT** **Tk. 2,38,85,985** **Tk. 76,18,179**

This is made up as follows:

| Particulars | Amount (Tk.) |
|--|--------------------|
| Balance brought forward | 76,18,179 |
| Add: Provision during the year (10% on Premium Income) | 1,62,67,806 |
| Total | 2,38,85,985 |

22.00 **PROFIT & LOSS APPROPRIATION ACCOUNT** **Tk. 4,03,228** **Tk. 2,96,545**

| Particulars | Amount Tk. 2007 | Amount Tk. 2006 |
|--|-----------------|-----------------|
| Balance as on 01-01-2007/2006 | 2,96,545 | 10,26,195 |
| Add: Profit/(Loss) during the year 2007/2006 | 2,73,70,865 | 1,12,38,529 |
| | 2,76,67,410 | 1,22,64,724 |
| Less: Provision for Income Tax | 49,96,376 | 13,50,000 |
| Reserve for Exceptional Losses | 1,62,67,806 | 76,18,179 |
| Proposed Dividend | 60,00,000 | 30,00,000 |
| | 2,72,64,182 | 1,19,68,179 |
| Balance as on 31-12-2007/2006 | 4,03,228 | 2,96,545 |

23.00 **BALANCE OF FUNDS AND ACCOUNTS** **Tk. 4,05,09,146** **Tk. 3,07,76,696**

This represents Reserve for un-expired risks provided against the Net Premium Income of the year at the rates varying from 40% to 100% on different classes of business including Public Sector Business as shown below:

| CLASSES OF BUSINESS | PERCENTAGE | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|---------------------|------------|--------------------|--------------------|
| Fire | 40% | 1,46,91,082 | 94,60,993 |
| Marine Cargo | 40% | 2,11,72,902 | 1,59,80,879 |
| Marine Hull | 100% | 3,75,515 | 5,06,631 |
| Motor | 40% | 36,39,204 | 32,00,679 |
| Miscellaneous | 40% | 6,30,443 | 16,27,514 |
| TOTAL | | 4,05,09,146 | 3,07,76,696 |

24.00 **OTHER SUMS OWING (PREMIUM DEPOSITS ACCOUNT)** **Tk. 39,76,810** **Tk. 60,70,380**

Balance on this account represents premium received against cover notes issued on account of Marine Cargo for which no policy has been issued within 31st December, 2007.

25.00 **ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED** **Tk. 1,26,54,913** **Tk. 5,89,92,485**

The break up of the above amount is noted below:

| CLASSES OF BUSINESS | PRIVATE SECTOR | PUBLIC SECTOR | TOTAL 2007 | TOTAL 2006 |
|---------------------|--------------------|---------------|--------------------|--------------------|
| Fire | 80,02,565 | 0 | 80,02,565 | 5,63,47,390 |
| Marine Cargo | 35,27,063 | 0 | 35,27,063 | 15,61,833 |
| Marine Hull | 0 | 0 | 0 | 0 |
| Motor | 11,25,285 | 0 | 11,25,285 | 10,57,259 |
| Miscellaneous | 0 | 0 | 0 | 26,003 |
| Total | 1,26,54,913 | 0 | 1,26,54,913 | 5,89,92,485 |



26.00 **AMOUNT DUE TO OTHER PERSONS OR BODIES** **Tk. 4,60,29,473** **Tk. 2,92,06,897**
CARRYING ON INSURANCE BUSINESS

This represents balance of account with various private and public sectors in respect of co-insurance transactions and amount payable to co-insurance. The break up of the above amount is noted below:

| NAME OF THE PERSON OR BODIES | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|------------------------------------|----------------------|----------------------|
| Sadharan Bima Corporation | 4,60,23,153 | 2,91,81,620 |
| City General Insurance Co. Ltd. | 6,320 | 0 |
| Green Delta Insurance Company Ltd. | 0 | 3,622 |
| Central Insurance Ltd. | 0 | 21,655 |
| Total | 4,60,29,473 | 2,92,06,897 |

27.00 **SUNDRY CREDITORS** **Tk. 29,59,726** **Tk. 11,67,617**
-Including Provision for Expenses

The balance is made as under:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|----------------------------|----------------------|----------------------|
| Audit Fee | 25,000 | 25,000 |
| VAT | 9,69,114 | 9,64,222 |
| Salary & Allowance Payable | 0 | 17,750 |
| Liabilities for Expenses | 5,06,884 | 1,50,645 |
| Earnest Money | 41,228 | 0 |
| Unpaid Dividend | 14,17,500 | 0 |
| Other Payable | 0 | 10,000 |
| Total | 29,59,726 | 11,67,617 |

28.00 **PROVISION FOR INCOME TAX** **Tk. 63,46,376** **Tk. 13,50,000**

This is made up as follows:

| Particulars | Amount (Tk.) |
|-------------------------------------|------------------|
| Balance brought forward | 13,50,000 |
| Add: Provision during the year 2007 | 49,96,376 |
| Total | 63,46,376 |

29.00 **PROPOSED DIVIDEND** **Tk. 60,00,000** **Tk. 30,00,000**

The above amount represents the proposed dividend @ 10% on paid up capital has been provided as per decision of the Board.

PROPERTY AND ASSETS

30.00 **INVESTMENT AT COST** **Tk. 3,02,10,243** **Tk. 2,43,87,390**

This is made up as follows:

| | | | |
|-------|----------------------------------|------------------------|------------------------|
| 30.01 | NIB Deposit with Bangladesh Bank | Tk. 90,00,000 | Tk. 90,00,000 |
| 30.02 | Investment in Shares | Tk. 2,12,10,243 | Tk. 1,53,87,390 |
| | | <u>Tk. 3,02,10,243</u> | <u>Tk. 2,43,87,390</u> |



30.01 **NIB DEPOSIT WITH BANGLADESH BANK** **Tk. 90,00,000** **Tk. 90,00,000**

The above amount represents the value of 3 (Three) years National Investment Bonds at cost held with Bangladesh Bank according to the provision of Section 7 (I) of Insurance Act (Act IV of 1938 and 7th Schedule item 2 (f) of the said Act (Section 17 of the Insurance Amendments Ordinance, 1984) as detailed below:

| PARTICULARS | AMOUNT IN TK. | AMOUNT IN TK. |
|---|--------------------------|--------------------------|
| 9 Nos. of 3 (Three) years National Investment Bonds at a Face Value of Tk. 10,00,000 of each vide No. OK-002448-55, PK-000057 | 90,00,000 | 90,00,000 |

30.02 **INVESTMENT IN SHARE** **Tk. 2,12,10,243** **Tk. 5,62,33,374**

The above amount represents the total Cost Price of Investment in different Shares of various listed Company as on 31st December, 2007. This is made up as follows:

| Name of the Company | Market Price per Share as on 31-12-2007 | Nos. of Share | Average Buying Rate (Tk.) | Total Value (Tk.) | Market Value as on 31-12-07 |
|----------------------------|--|----------------------|----------------------------------|--------------------------|------------------------------------|
| IBBL | 6,632.00 | 7957 | 2,242.05 | 1,78,40,046 | 5,27,70,824 |
| DESCO | 1,069.00 | 1000 | 1,062.48 | 10,62,486 | 10,69,000 |
| Square Pharma | 3,682.00 | 200 | 3,239.26 | 6,47,853 | 7,36,400 |
| Summit Power | 1,441.00 | 1150 | 1,443.35 | 16,59,858 | 16,57,150 |
| Total | | | | 2,12,10,243 | 5,62,33,374 |

31.00 **PROFIT, INTEREST DIVIDEND & RENTS (ACCRUED BUT NOT DUE)** **Tk. 57,66,002** **Tk. 1,04,35,288**

This is made up as follows:

| PARTICULARS | AMOUNT IN TK. 2007 | AMOUNT IN TK. 2006 |
|---|-------------------------------|-------------------------------|
| Profit Accrued on TDR | 35,78,927 | 59,43,086 |
| Interest on FDR | 17,15,500 | 24,48,709 |
| Interest Accrued on 3 (Three) years NIB | 4,71,575 | 20,43,493 |
| Total | 57,66,002 | 1,04,35,288 |

32.00 **AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** **Tk. 3,73,97,877** **Tk. 5,27,74,067**

The break up of the above amount is noted below:

| PARTICULARS | AMOUNT IN TK. 2007 | AMOUNT IN TK. 2006 |
|---------------------------------|-------------------------------|-------------------------------|
| Sadharan Bima Corporation (SBC) | 3,73,97,877 | 5,27,74,067 |
| Total | 3,73,97,877 | 5,27,74,067 |

33.00 **SUNDRY DEBTORS (Including Advances, Deposits & Prepayments)** **Tk. 1,36,28,417** **Tk. 63,12,085**

The break up of the above is as under:

| PARTICULARS | AMOUNT IN TK. 2007 | AMOUNT IN TK. 2006 |
|---------------------------------------|-------------------------------|-------------------------------|
| Advance against Salary | 1,25,006 | 3,78,400 |
| Advance against Office Rent | 14,80,368 | 12,02,216 |
| Advance Income Tax deducted at source | 45,25,495 | 28,29,046 |
| Lease Deposits | 6,98,880 | 3,30,080 |
| Advance VAT Payment | 3,81,050 | 6,35,769 |
| R.R. Securities Ltd. | 57,36,043 | 26,017 |
| Commission Receivable | 4,81,575 | 9,10,557 |
| Central Shariah Council | 2,00,000 | 0 |
| Total | 1,36,28,417 | 63,12,085 |



34.00

CASH AND BANK BALANCES**Tk. 10,89,37,192****Tk. 9,74,92,280**

The above amount is made up as follows:

| PARTICULARS | AMOUNT IN TK. 2007 | AMOUNT IN TK. 2006 |
|----------------------------|-------------------------------|-------------------------------|
| Term Deposit Accounts | 6,63,00,000 | 0 |
| Fixed Deposit Receipt | 1,54,00,000 | 7,10,50,000 |
| Short Term Deposit Account | 1,98,25,738 | 2,19,54,450 |
| Current Account | 27,49,955 | 8,07,161 |
| Cash in Transit | 6,00,000 | 3,00,000 |
| Cash in hand | 40,61,499 | 33,80,669 |
| Total | 10,89,37,192 | 9,74,92,280 |

Cash balances have been verified with branch statements and have also been certified by the Head Office Management. The detailed bank wise position of Term Deposits Receipt /Fixed Deposits is as under:

| Name of the Bank | Amount (Tk.) |
|---|---------------------|
| Term Deposit Receipt (TDR) | |
| Islami Bank Bangladesh Ltd. | 4,82,00,000 |
| Prime Bank Ltd. | 11,00,000 |
| Al-Arafah Islami Bank Ltd. | 70,00,000 |
| Social Investment Bank Ltd. | 26,00,000 |
| The Oriental Bank Ltd. (Al-Baraka Bank Ltd.) | 5,00,000 |
| Shahjalal Islami Bank Ltd. | 19,00,000 |
| Exim Bank Ltd. | 30,00,000 |
| Jamuna Bank Ltd. | 10,00,000 |
| Capital Credit Co-operative Society Ltd. | 10,00,000 |
| Total | 6,63,00,000 |
| Fixed Deposit Receipt (FDR) | |
| Basic Bank Ltd. | 18,50,000 |
| Pubali Bank Ltd. | 11,00,000 |
| United Bank Commercial Bank Ltd. | 2,00,000 |
| Mercantile Bank Ltd. | 20,00,000 |
| National Bank Ltd. | 11,00,000 |
| NCC Bank Ltd. | 24,50,000 |
| IFIC Bank Ltd. | 3,00,000 |
| Prime Bank Ltd. | 5,00,000 |
| Southeast Bank Ltd. | 3,00,000 |
| Uttara Bank Ltd. | 7,00,000 |
| Rupali Bank Ltd. | 1,00,000 |
| Dhaka Bank Ltd. | 4,00,000 |
| Duch-Bangla Bank Ltd. | 12,00,000 |
| International Leasing & Financial Services Ltd. | 10,00,000 |
| One Bank Ltd. | 12,00,000 |
| Self Employment Finance Ltd. | 10,00,000 |
| Total | 1,54,00,000 |

The bank wise position of Short Term Deposit Account, Current Accounts, Cash in Transit & Cash in Hand are as under:



| Name of the Branch | SND/STD Account | Current Account | Cash in Transit | Cash in Hand |
|----------------------------|-----------------|-----------------|-----------------|--------------|
| AB Bank Ltd. | 1,61,274.90 | 0 | 0 | 0 |
| Al-Arafah Islami Bank Ltd. | 13,99,897.51 | 0 | 0 | 0 |
| Basic Bank Ltd. | 2,79,987.70 | 0 | 0 | 0 |
| Dutch-Bangla Bank Ltd. | 60,712.43 | 0 | 0 | 0 |
| EXIM Bank Ltd. | 2,50,223.28 | 0 | 0 | 0 |
| First Security Bank Ltd. | 1,76,807.50 | 0 | 0 | 0 |
| IFIC Bank Ltd. | 1,98,760.60 | 0 | 0 | 0 |
| Islami Bank (BD) Ltd. | 1,43,66,630.80 | 27,49,955.68 | 0 | 0 |
| Jamuna Bank Ltd. | 4,59,962.00 | 0 | 0 | 0 |
| NCCBL | 3,01,561.21 | 0 | 0 | 0 |
| National Bank Ltd. | 1,78,190.00 | 0 | 0 | 0 |
| One Bank Ltd. | 5,74,945.00 | 0 | 0 | 0 |

| Name of the Branch | SND/STD Account | Current Account | Cash in Transit | Cash in Hand |
|-----------------------------------|-----------------------|---------------------|--------------------|---------------------|
| Prime Bank Ltd. | 52,583.36 | 0 | 0 | 0 |
| Rajshahi Krishi Unnayan Bank Ltd. | 98,558.00 | 0 | 0 | 0 |
| Rupali Bank Ltd. | 10,366.00 | 0 | 0 | 0 |
| Shahjalal Islami Bank Ltd. | 76,478.94 | 0 | 0 | 0 |
| Social Investment Bank Ltd. | 7,09,291.42 | 0 | 0 | 0 |
| Southeast Bank Ltd. | 2,98,904.40 | 0 | 0 | 0 |
| United Commercial Bank Ltd. | 38,896.78 | 0 | 0 | 0 |
| Uttara Bank Ltd. | 1,31,706.00 | 0 | 0 | 0 |
| IBBL, Bashurhat | 0 | 0 | 1,00,000.00 | 0 |
| IBBL, Agrabad | 0 | 0 | 2,00,000.00 | 0 |
| IBBL, Kishoregonj | 0 | 0 | 1,00,000.00 | 0 |
| IBBL, Bhola | 0 | 0 | 1,00,000.00 | 0 |
| IBBL, Comilla | 0 | 0 | 1,00,000.00 | 0 |
| Head Office | 0 | 0 | 0 | 8,78,386.00 |
| Head Office Booth | 0 | 0 | 0 | 12,807.00 |
| Agrabad Branch | 0 | 0 | 0 | 1,92,039.00 |
| B.B. Avenue Branch | 0 | 0 | 0 | 1,26,041.00 |
| Bangshal Branch | 0 | 0 | 0 | 39,471.00 |
| Barisal Branch | 0 | 0 | 0 | 2,11,324.00 |
| Chowmuhani Branch | 0 | 0 | 0 | 14,401.00 |
| Comilla Branch | 0 | 0 | 0 | 81,268.00 |
| Dilkusha Corporate Branch | 0 | 0 | 0 | 1,004.00 |
| Dinajpur Branch | 0 | 0 | 0 | 44,297.00 |
| Elephant Road Branch | 0 | 0 | 0 | 4,28,221.00 |
| Faridpur Branch | 0 | 0 | 0 | 331.00 |
| Imamgonj Branch | 0 | 0 | 0 | 34,386.00 |
| Jessore Branch | 0 | 0 | 0 | 46,608.00 |
| Jhenaidah Branch | 0 | 0 | 0 | 22,899.00 |
| Khatungonj Branch | 0 | 0 | 0 | 33,489.00 |
| Khulna Branch | 0 | 0 | 0 | 1,15,327.00 |
| Local Office | 0 | 0 | 0 | 2,28,559.00 |
| Malibagh Branch | 0 | 0 | 0 | 6,07,208.00 |
| Motijheel Branch | 0 | 0 | 0 | 1,41,708.00 |
| Rajshahi Branch | 0 | 0 | 0 | 6,449.00 |
| Saidpur Branch | 0 | 0 | 0 | 67,721.00 |
| Mymensingh Branch | 0 | 0 | 0 | 20,641.00 |
| Sylhet Branch | 0 | 0 | 0 | 1,25,006.00 |
| Head Office Cell | 0 | 0 | 0 | 1,76,083.00 |
| Paltan Branch | 0 | 0 | 0 | 61,713.00 |
| Bogra Branch | 0 | 0 | 0 | 43,814.00 |
| Narayangonj Branch | 0 | 0 | 0 | 1,35,705.00 |
| Kawran Bazar Branch | 0 | 0 | 0 | 18,503.00 |
| Mohakhali Branch | 0 | 0 | 0 | 30,539.00 |
| Narsingdi Branch | 0 | 0 | 0 | 67,121.00 |
| Kishoregonj Branch | 0 | 0 | 0 | 17,191.00 |
| Jubilee Road Branch | 0 | 0 | 0 | 31,239.00 |
| Total | 1,98,25,738.00 | 27,49,955.00 | 6,00,000.00 | 40,61,499.00 |

OTHER ACCOUNTS

Tk. 68,25,926

Tk. 70,77,689

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|---|-------------------|-------------------|
| Fixed Assets (At Cost Less Depreciation. Note 35 (a)) | 64,34,004 | 64,86,674 |
| Stock of Printing & Stationery | 2,22,500 | 2,10,020 |
| Insurance Stamp in Hand | 89,422 | 3,15,995 |
| Pre IPO Expenses | 80,000 | 65,000 |
| Total | 68,25,926 | 70,77,689 |

(a) **FIXED ASSETS**

Tk. 64,34,004

Tk. 64,86,674

At Cost Less Depreciation (Note 35 (a))

This is made up as under:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|---|-------------------|-------------------|
| Cost as on 01-01-2007 | 1,02,70,554 | 94,19,423 |
| Add: Addition during the year, 2007 | 10,22,529 | 8,51,132 |
| | 1,12,93,083 | 1,02,70,555 |
| Less: Disposal during the year, 2007 | 5,06,635 | 0.00 |
| | 1,07,86,448 | 1,02,70,555 |
| Depreciation as on 01-01-2007 | 37,83,881 | 0 |
| Add: Depreciation charged during the year, 2007 | 9,05,387 | 28,21,140 |
| | 46,89,268 | 9,62,741 |
| Less: Adjustment during the year, 2007 | 3,36,824 | 0 |
| | 43,52,444 | 37,83,881 |
| Balance as on 31-12-2007 | 64,34,004 | 64,86,674 |

(b) **STOCK OF PRINTING & STATIONERY**

Tk. 2,22,500

Tk. 2,10,020

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|-------------------------------------|-------------------|-------------------|
| Balance as on 01-01-2007 | 2,10,020 | 1,54,500 |
| Add: Purchase during the year, 2007 | 11,17,959 | 8,19,320 |
| | 13,27,979 | 9,73,820 |
| Less: Consumption during the year | 11,05,479 | 7,63,800 |
| Balance as on 31-12-2007 | 2,22,500 | 2,10,020 |

(c) **INSURANCE STAMPS IN HAND**

Tk. 89,422

Tk. 3,15,995

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|-------------------------------------|-------------------|-------------------|
| Balance as on 01-01-2007 | 3,15,995 | 86,083 |
| Add: Purchase during the year, 2007 | 65,04,000 | 51,60,000 |
| | 68,19,995 | 52,46,083 |
| Less: Consumption during the year | 67,30,573 | 49,30,088 |
| Balance as on 31-12-2007 | 89,422 | 3,15,995 |

(d) **PRE-IPO EXPENSES**

Tk. 80,000

Tk. Nil

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|---------------------------------|-------------------|-------------------|
| Balance as on 01-01-2007 | 65,000 | 0 |
| Add: During the year, 2007 | 15,000 | 0 |
| Balance as on 31-12-2007 | 80,000 | 0 |



36.00

PROFIT, INTEREST, DIVIDENDS & RENTS**Tk. 98,17,823****Tk. 90,17,173**

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|--|------------------------------|------------------------------|
| Profit on SND Account | 8,07,931 | 6,82,323 |
| Profit on TDR | 53,42,074 | 47,37,585 |
| Interest on FDR | 9,36,237 | 11,25,896 |
| Bonus, Dividend Received on Shares | 18,97,007 | 16,72,519 |
| Interest accrued on 3 (three) year's NIB | 7,65,000 | 7,65,000 |
| Interest on STD Account | 69,574 | 33,850 |
| Total | 98,17,823 | 90,17,173 |

We are told by the management that the interest due, received and accrued mentioned above will be transferred to Takaful Foundation in the subsequent period as and when the Takaful Foundation will be established.

36.01

OTHER INCOME**Tk. 62,51,542****Tk. 0**

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|---------------------------------|------------------------------|------------------------------|
| Miscellaneous Income | 1,000 | 0 |
| Profit on Sale of Motor Car | 13,71,189 | 0 |
| Capital Gain on Sales of Shares | 48,79,353 | 0 |
| Total | 62,51,542 | 0 |

37.00

**ALLOCATION OF MANAGEMENT EXPENSES
(Applicable to Fund)****Tk. 5,43,17,539****Tk. 4,94,86,424**

| NAME OF BUSINESS | APPORTIONED EXPENSES | DIRECT CHARGE | AMOUNT IN TK. 2007 | AMOUNT IN TK. 2006 |
|-------------------------|---------------------------------|--------------------------|-------------------------------|-------------------------------|
| Fire | 2,55,92,340 | 5,16,271 | 2,61,08,611 | 2,25,30,416 |
| Marine Cargo | 2,12,81,979 | 7,06,604 | 2,19,88,583 | 1,96,84,029 |
| Marine Hull | 5,63,329 | 61,478 | 6,24,807 | 5,51,651 |
| Motor | 35,24,131 | 74,442 | 35,98,573 | 35,30,868 |
| Miscellaneous | 8,07,487 | 11,89,478 | 19,96,965 | 31,89,460 |
| Total | 5,17,69,266 | 25,48,273 | 5,43,17,539 | 4,94,86,424 |

The Head wise breakup of the above amount is given below:

| HEAD OF ACCOUNT | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|-----------------------------|------------------------------|------------------------------|
| Salary & allowances | 3,40,94,201 | 3,01,78,228 |
| Festival Bonus | 20,93,753 | 29,03,511 |
| Conveyance | 14,27,787 | 11,25,848 |
| Traveling | 78,686 | 1,06,287 |
| Office Rent | 31,13,709 | 29,47,626 |
| Gas, Water & Electricity | 6,11,044 | 5,86,622 |
| Electrical Expenses | 37,346 | 62,557 |
| Office Maintenance | 83,665 | 1,22,110 |
| Car Repair & Maintenance | 9,06,620 | 11,35,686 |
| Car Fuel | 8,24,415 | 8,58,824 |
| Entertainment | 4,70,686 | 5,36,558 |
| Meeting Expenses | 2,70,190 | 2,63,177 |
| Seminar & Training Expenses | 16,500 | 9,500 |
| Bank Charges & Commission | 3,58,397 | 2,59,831 |



| | | |
|--------------------------------------|--------------------|--------------------|
| Postage & Courier | 1,07,475 | 93,537 |
| Printing | 4,40,293 | 4,47,708 |
| Stationery | 4,55,166 | 3,71,612 |
| Papers & Periodicals | 96,817 | 82,478 |
| Internet, Telex & Fax Bill | 13,750 | 11,189 |
| Photocopy, Typing & Fax Bill | 80,924 | 73,162 |
| Telephone Bill (Office) | 12,97,137 | 8,13,355 |
| Telephone Bill (Residence) | 1,20,188 | 1,34,171 |
| Mobile Bill | 8,26,019 | 8,28,998 |
| Lease Rental | 31,66,030 | 18,49,675 |
| Service Charge | 3,82,132 | 3,75,783 |
| Medical Expenses | 10,000 | 0 |
| Garage Rent | 0 | 77,109 |
| Revenue Stamp | 1,22,666 | 1,07,737 |
| Wages | 0 | 5,52,716 |
| Repair & Maintenance (Office) | 55,370 | 23,687 |
| Car Maintenance (Others) | 15,180 | 22,385 |
| Conference Expenses | 1,26,825 | 98,530 |
| Accounting Software | 20,000 | 20,000 |
| CDBL Charge& Commission | 46,295 | 16,389 |
| Management Expenses (SBC) | 0 | 19,51,676 |
| Insurance Stamp Used - Fire | 0 | 3,59,176 |
| Insurance Stamp Used - Motor | 0 | 70,545 |
| Insurance Stamp Used - Miscellaneous | 0 | 8,441 |
| Total | 5,17,69,266 | 4,94,86,424 |

38.00 **CASH AND CASH EQUIVALENT** **Tk. 2,72,37,142** **Tk. 2,64,42,280**

This is made up as follows:

| PARTICULARS | AMOUNT (TK.) 2007 | AMOUNT (TK.) 2006 |
|-----------------------------|--------------------|--------------------|
| Short Term Deposits Account | 1,98,25,738 | 2,19,54,450 |
| Current Account | 27,49,955 | 8,07,161 |
| Cash in Transit | 6,00,000 | 3,00,000 |
| Cash in hand | 40,61,449 | 33,80,669 |
| Total | 2,72,37,142 | 2,64,42,280 |

39.0 **Earnings Per Share (EPS) as per IAS 33**

Basic Earnings per Share (EPS)

Basic EPS= Earnings Attributable to Ordinary Shareholders

(Net Profit after tax including the provision of tax on assumption basis @ 45% on reserve for exceptional losses)

Weighted Average No. of Shares Outstanding during the year

Computation of earnings attributable to Ordinary Shareholders:

| | | |
|---|-------------------------|---------------------------|
| Net Profit before tax | Tk. 2,73,70,865 | Tk. 1,12,38,529 |
| Less: Provision for tax | Tk. 49,96,376 | Tk. 13,50,000 |
| Less: Provision for tax @ 45% on reserve for exceptional loss | Tk. 73,20,513 | Tk. 34,28,181 |
| | <u>Tk. 1,23,16,889</u> | <u>Tk. 47,78,181</u> |
| | Tk. 1,50,53,976 | Tk. 64,60,348 |
| = | <u>Tk. 1,50,53,976</u> | = <u>Tk. 64,60,348</u> |
| | 600000 Shares | 600000 Shares |
| = | Tk. 25.09 approximately | = Tk. 10.77 approximately |

Computation of weighted average number of shares Outstanding

| Date | No of Shares Issued | Period | Days | Weight | Weighted average no. |
|--------------|---------------------|-----------------------|------|---------|----------------------|
| Opening | 6,00,000 | 01-01-2007-31-12-2007 | 366 | 366/366 | 6,00,000 |
| Total | 6,00,000 | | | | 6,00,000 |

40.00 **INTRINSIC VALUE OR NET ASSETS VALUE**

The offer price of the common stock of Takaful Islami Insurance Ltd. has been determined on the basis of net assets value, the break up of which is given below:

| Particulars | Amount (Tk.) |
|---|---------------------|
| A. ASSETS: | |
| Investment at cost | 90,00,000 |
| Investment in Shares | 2,12,10,243 |
| Interest Accrued but not due | 57,66,002 |
| Amount due from other persons or bodies carrying on Insurance Business | 3,73,97,877 |
| Sundry Debtors (Including Advances, Deposits & Prepayments) | 1,36,28,417 |
| Cash and Bank Balances | 10,89,37,192 |
| Other Accounts (Fixed Assets & Stock of Stationery, Stamps) | 67,45,926 |
| Total | 20,26,85,657 |
| B. LIABILITIES: | |
| Balance of Funds and Accounts | 40,509,146 |
| Estimated Liabilities in respect of outstanding claims whether due or intimated | 1,26,54,913 |
| Amount due to other persons or bodies carrying on Insurance Business | 4,60,29,473 |
| Sundry Creditors (Including provision for expenses and Taxes) | 29,59,726 |
| Provision for Income Tax | 63,46,376 |
| Proposed Dividend | 60,00,000 |
| Other Sums Owing (Premium Deposit Account) | 39,76,810 |
| Total | 118,476,444 |
| Net Assets (A-B) | 84,209,213 |
| No. of Shares | 6,00,000 |
| Intrinsic Value / Net Assets Value per Share | 140.34 |

41.00 **Financial Instruments and related disclosure under IAS 32 "Financial Instruments: Disclosure and Presentation".**

Setout below is a year-ended balance of carrying amounts (book value) of all financial assets and liabilities (Financial Instruments):

| Particulars | Interest Bearing | | Non Interest Bearing | Total |
|---|--------------------------|-------------------------|----------------------|----------------------|
| | Maturity within one year | Maturity after one year | | |
| Financial Assets | | | | |
| National Investment Bond | -- | 90,00,000 | -- | 90,00,000 |
| FDR/TDR | 8,17,00,000 | -- | -- | 8,17,00,000 |
| Investment in Share | -- | -- | 2,12,10,243 | 2,12,10,243 |
| Cash and Cash Equivalent | 1,98,25,738 | -- | 74,11,404 | 2,72,37,142 |
| Total | 10,15,25,738 | 90,00,000.00 | 2,86,21,647 | 13,91,47,385, |
| Financial Liabilities | | | | |
| Bank Overdraft | -- | -- | -- | -- |
| Creditors | -- | -- | 29,59,726 | 29,59,726 |
| Provision for Tax | -- | -- | 63,46,376 | 63,46,376 |
| Proposed Dividend | -- | -- | 60,00,000 | 60,00,000 |
| Total | -- | -- | 1,53,06,102 | 1,53,06,102 |
| Net Financial Assets/Liabilities | 10,15,25,738 | 90,00,000.00 | 1,33,15,545 | 12,38,41,283 |



42.00 ***Related Party Transactions-Disclosure under IAS 24 "Related Party Disclosure"***

During the year under review, the Company has not carried out the transactions with related parties in the normal course of business and on an arms length basis.

43.00 ***Payment / Perquisites to Directors***

No amount of money was spent by the Company for compensating any member of the Board for services rendered.

44.00 ***Capital Expenditure Commitment***

There was no commitment for capital expenditure and also not incurred or provided for the year ended 31st December, 2007.

45.00 ***Claims not acknowledged***

There was no claim against the Company not acknowledged as debt as on 31st December, 2007.

46.00 ***Contingent Liabilities***

There was no sum for which the Company is contingently liable as on 31st December, 2007.

47.00 ***Credit Facility not Availed***

There was no credit facility available to the Company under any contract and also not availed as of 31st December, 2007 other than trade credit available in the ordinary course of business.

48.00 ***Subsequent Events-Disclosures under IAS 10 "Events after the Balance Sheet Date"***

There was no non-adjusting post balance sheet event of such importance, non-disclosure of which would affect the ability of the users of the financial statements to make proper evaluations and decisions.



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

Note - 35 (a)

SCHEDULE OF FIXED ASSETS AS AT 31ST DECEMBER, 2007

| PARTICULARS | ORIGINAL COST | | | | RATE OF DEP. | DEPRECIATION | | | | WRITTEN DOWN VALUE AS ON 31-12-2007 |
|-------------------------|--------------------------|--------------------------|-----------------|------------------------|--------------|--------------------------|--------------------------|-----------------|------------------------|-------------------------------------|
| | BALANCE AS ON 01-01-2007 | ADDITION DURING THE YEAR | ADJUSTMENT | TOTAL AS ON 31-12-2007 | | BALANCE AS ON 01-01-2007 | CHARGE D DURING THE YEAR | ADJUSTMENT | TOTAL AS ON 31-12-2007 | |
| Furniture & Fixture | 18,01,660 | 2,11,144 | 0 | 20,12,804 | 10% | 5,77,144 | 1,33,009 | 0 | 7,10,153 | 13,02,651 |
| Office Equipment | 9,99,474 | 16,600 | 0 | 10,16,074 | 15% | 3,83,581 | 93,629 | 0 | 4,77,210 | 5,38,864 |
| Office Decoration | 32,27,092 | 1,37,770 | 0 | 33,64,862 | 10% | 8,94,254 | 2,40,172 | 0 | 11,34,426 | 22,30,436 |
| Air Cooler | 8,59,571 | 54,000 | 0 | 9,13,571 | 15% | 3,86,663 | 74,986 | 0 | 4,61,649 | 4,51,922 |
| Motor & Other Vehicles | 15,86,329 | 3,47,000 | 5,06,635 | 14,26,694 | 20% | 8,42,847 | 1,83,396 | 3,36,824 | 6,89,419 | 7,37,275 |
| Computer | 1,80,800 | 1,59,700 | 0 | 3,40,500 | 15% | 74,269 | 27,957 | 0 | 1,02,226 | 2,38,274 |
| Telephone Installation | 11,54,784 | 69,860 | 0 | 12,24,644 | 15% | 4,38,213 | 1,12,725 | 0 | 5,50,938 | 6,73,706 |
| Croceries & Cutleries | 36,744 | 3,915 | 0 | 40,659 | 25% | 22,627 | 4,019 | 0 | 26,646 | 14,013 |
| Electrical Installation | 2,92,211 | 9,820 | 0 | 3,02,031 | 15% | 1,29,418 | 25,155 | 0 | 1,54,573 | 1,47,458 |
| Carpet & Curtain | 34,250 | 0 | 0 | 34,250 | 10% | 11,795 | 2,246 | 0 | 14,041 | 20,209 |
| Other Assets | 97,639 | 12,720 | 0 | 1,10,359 | 10% | 23,070 | 8,093 | 0 | 31,163 | 79,196 |
| TOTAL | 1,02,70,554 | 10,22,529 | 5,06,635 | 1,07,86,448 | | 37,83,881 | 9,05,387 | 3,36,824 | 43,52,444 | 64,34,004 |



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR,
DHAKA -1000.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT 31ST DECEMBER, 2007

| CLASS OF ASSETS | BOOK VALUE |
|--|---------------------|
| Deposit with Bangladesh Bank (National Investment Bond) | 90,00,000 |
| Investment in Shares | 2,12,10,243 |
| Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank | 10,48,75,693 |
| Cash in Hand | 40,61,499 |
| Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due | 57,66,002 |
| Sundry Debtors Including Advances, Deposits & Prepayments | 1,36,28,417 |
| Stock of Printing and Stationery | 2,22,500 |
| Stamp in Hand | 89,422 |
| Fixed Assets (At Cost less Depreciation) | 64,34,004 |
| Amount due from other persons or bodies Carrying on Insurance business | 3,73,97,877 |
| Total | 20,26,85,657 |

Sd/-
**MANAGING
DIRECTOR**

Sd/-
DIRECTOR

Sd/-
**VICE -
CHAIRMAN**

Sd/-
CHAIRMAN

Sd/-
**A. HOQUE & CO.
CHARTERED ACCOUNTANTS**

Sd/-
**G. KIBRIA & CO.
CHARTERED ACCOUNTANTS**

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh



**TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR,
DHAKA -1000.**

DIRECTORS' CERTIFICATE

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

01. The value of all assets shown in the Balance Sheet and classified on **Form-"AA"** annexed have been reviewed as at 31st December, 2007 & in our belief, the said assets have been set forth in the Balance Sheet at amount not exceeding their realizable or market value under the several headings enumerated in the annexed form:

02. All expenses of management wherever incurred, whether directly or indirectly in respect of Fire, Marine Cargo, Marine Hull, Motor & Miscellaneous insurance business have been fully debited in the respective Revenue Account as expenses.

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN



Auditors reports in pursuance of Section 135 (1) under para 24 (1) of part II of the Third Schedule of the Company Act. 1994

We, as the auditors, having examined the Financial Statements of Takaful Islami Insurance Limited for the year 31st December, 2007 and 2006, 2005, 2004 and 2003 CERTIFY, pursuant to Section 135(1) and Paragraph 24(1) of Part-II of Schedule -3 of the Companies Act, 1994, THAT:

01. The Statement of Operating Results of the Company is as under:

| Particulars | 31-12-2007 (Tk.) | 31-12-2006 (Tk.) | 31-12-2005 (Tk.) | 31-12-2004 (Tk.) | 31-12-2003 (Tk.) |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| A. | | | | | |
| Premium Less Re-Insurance | 10,07,09,591 | 7,61,81,793 | 6,22,85,022 | 4,12,10,063 | 1,76,39,701 |
| Commission on Re-Insurance ceded | 1,60,30,357 | 1,26,30,934 | 1,06,84,854 | 61,74,615 | 58,23,638 |
| | 11,67,39,948 | 8,88,12,727 | 7,29,69,876 | 4,73,84,678 | 2,34,63,339 |
| Add: Interest Income (Interest on Investment & Deposits with Bonds) | 98,17,823 | 90,17,173 | 87,69,184 | 62,10,857 | 57,90,641 |
| Total Income (A) | 12,65,57,771 | 9,78,29,900 | 8,17,39,060 | 5,35,95,535 | 2,92,53,980 |
| B. | | | | | |
| Claims under Policies Less Re-Insurance | 1,20,78,256 | 76,19,548 | 1,07,73,750 | 1,02,22,328 | 49,62,189 |
| Management Expenses | 5,73,50,864 | 5,19,19,207 | 4,29,92,204 | 3,20,92,299 | 2,64,33,864 |
| Agency Commission | 2,53,71,492 | 2,06,30,225 | 94,46,192 | 0 | 0 |
| Other Expenses | 9,05,387 | 9,73,410 | 9,01,770 | 8,66,390 | 6,78,579 |
| Total Expenditure (B) | 9,57,05,999 | 8,11,42,390 | 6,41,13,916 | 4,31,81,017 | 3,20,74,632 |
| Operating Results (A-B) | 3,08,51,772 | 1,66,87,510 | 1,76,25,144 | 1,04,14,518 | (28,20,652) |

02. Statement of Assets and Liabilities is as under:

| Particulars | 31-12-2007 | 31-12-2006 | 31-12-2005 | 31-12-2004 | 31-12-2003 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Investment | 3,02,10,243 | 2,43,87,390 | 1,76,03,298 | 1,66,10,820 | 1,57,79,820 |
| Fixed Assets | 64,34,004 | 64,86,674 | 65,98,283 | 66,72,352 | 55,20,803 |
| Current Assets | 16,60,41,410 | 16,75,39,735 | 11,42,56,625 | 9,51,53,542 | 7,69,13,465 |
| Non Current Assets | 80,000 | 65,000 | 75,669 | 21,338 | 32,007 |
| | 20,27,65,657 | 19,84,78,799 | 13,85,33,875 | 11,84,58,052 | 9,82,46,095 |
| Less: Current Liabilities | 14,23,62,429 | 13,81,82,254 | 7,75,07,680 | 6,65,49,158 | 4,73,62,236 |
| Total Net Assets | 6,04,03,228 | 6,02,96,545 | 6,10,26,195 | 5,19,08,894 | 5,08,83,859 |
| FINANCED BY: | | | | | |
| Share Capital | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 |
| Reserve & Surplus | 4,03,228 | 2,96,545 | 10,26,195 | (80,91,106) | (91,16,141) |
| Total | 6,04,03,228 | 6,02,96,545 | 6,10,26,195 | 5,19,08,894 | 5,08,83,859 |

03. Dividend Declared:

The Company has declared and paid dividend as stated below:

| Year | Cash | Bonus | Total | Share Premium Taka per share |
|------------|-----------|-------|-----------|------------------------------|
| 2002 | - | - | - | - |
| 2003 | - | - | - | - |
| 2004 | - | - | - | - |
| 2005 | - | - | - | - |
| 2006 (5%) | 3,000,000 | - | 3,000,000 | - |
| 2007 (10%) | 6,000,000 | - | 6,000,000 | - |

04. The Company has no subsidiaries.

05. No proceeds or part of the proceeds of the issue of shares were applied directly by the Company in the purchase of any business.

06. The Company did not prepare any accounts for any year subsequent to 31st December, 2007.

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

BALANCE SHEET AS AT 31ST DECEMBER, 2007 AND 31ST DECEMBER, 2006, 2005, 2004 AND 2003

| CAPITAL AND LIABILITIES | AMOUNT (TK.) 31-12-07 | AMOUNT (TK.) 31-12-06 | AMOUNT (TK.) 31-12-05 | AMOUNT (TK.) 31-12-04 | AMOUNT (TK.) 31-12-03 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| SHARE CAPITAL | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 | 6,00,00,000 |
| PROFIT & LOSS APPROPRIATION ACCOUNT | 4,03,228 | 2,96,545 | 10,26,195 | (80,91,106) | (91,16,141) |
| RESERVE OR CONTINGENCY ACCOUNT | 2,38,85,985 | 76,18,179 | | | |
| BALANCE OF FUNDS AND ACCOUNTS | 4,05,09,146 | 3,07,76,696 | 2,53,27,715 | 1,68,19,872 | 74,30,389 |
| Fire Insurance Business | 1,46,91,082 | 94,60,993 | 84,34,542 | 50,10,284 | 23,50,623 |
| Marine Cargo Insurance Business | 2,11,72,902 | 1,59,80,879 | 1,37,74,415 | 88,18,667 | 31,75,509 |
| Marine Hull Insurance Business | 3,75,515 | 5,06,631 | 6,89,509 | 5,59,744 | 6,24,182 |
| Motor Insurance Business | 36,39,204 | 32,00,679 | 18,70,225 | 10,68,835 | 8,25,187 |
| Miscellaneous Insurance Business | 6,30,443 | 16,27,514 | 5,59,024 | 13,62,342 | 4,54,888 |
| OTHER SUMS OWING (Premium Deposits Account) | 39,76,810 | 60,70,380 | 96,66,565 | 1,34,69,090 | 1,67,18,756 |
| LIABILITIES AND PROVISIONS | 7,39,90,488 | 9,37,16,999 | 4,25,13,400 | 3,62,60,196 | 2,32,13,091 |
| Estimated Liabilities in respect of Outstanding Claims whether due or intimated | 1,26,54,913 | 5,89,92,485 | 84,73,715 | 77,41,894 | 42,23,409 |
| Amount due to other persons or bodies carrying on Insurance Business | 4,60,29,473 | 2,92,06,897 | 3,29,37,419 | 2,66,56,717 | 1,64,32,834 |
| Sundry Creditors (Including Provision For Expenses) | 29,59,726 | 11,67,617 | 11,02,267 | 18,61,585 | 25,56,848 |
| Provision for Income Tax | 63,46,376 | 13,50,000 | 0 | 0 | 0 |
| Proposed Dividend | 60,00,000 | 30,00,000 | 0 | 0 | 0 |
| TOTAL CAPITAL AND LIABILITIES | 20,27,65,657 | 19,84,78,799 | 3,85,33,876 | 11,84,58,052 | 9,82,46,095 |

As per our separate report of even date annexed

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-
Managing
Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000
BALANCE SHEET AS AT 31ST DECEMBER, 2007 AND 31ST DECEMBER, 2006, 2005, 2004 AND 2003

| PROPERTY AND ASSETS | AMOUNT(TK.) 31-12-07 | AMOUNT (TK.) 31- 12-06 | AMOUNT (TK.) 31-12-05 | AMOUNT (TK.) 31-12-04 | AMOUNT (TK.) -12-03 |
|---|-------------------------|---------------------------|--------------------------|--------------------------|------------------------|
| INVESTMENT -AT COST | 3,02,10,243 | 2,43,87,390 | 1,76,03,298 | 1,66,10,820 | 1,57,79,820 |
| Statutory Deposit with Bangladesh Bank in the form of 3 years NIB | 90,00,000 | 90,00,000 | 90,00,000 | 90,00,000 | 90,00,000 |
| Investment in Shares | 2,12,10,243 | 1,53,87,390 | 86,03,298 | 76,10,820 | 67,79,820 |
| PROFIT, INTEREST, DIVIDEND AND RENTS (Accrued but not due) | 57,66,002 | 1,04,35,288 | 63,08,636 | 32,16,883 | 35,77,284 |
| AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS | 3,73,97,877 | 5,27,74,067 | 1,13,38,166 | 85,01,897 | 59,65,554 |
| SUNDRY DEBTORS (Including Advances, Deposits and Pre-payments) | 1,36,28,417 | 63,12,085 | 1,46,53,814 | 1,51,73,495 | 46,68,220 |
| CASH AND BANK BALANCES | 10,89,37,192 | 9,74,92,280 | 8,17,15,426 | 6,80,52,480 | 6,25,55,345 |
| OTHER ACCOUNTS | 68,25,926 | 70,77,689 | 69,14,535 | 69,02,477 | 56,99,872 |
| Fixed Assets (At Cost Less Depreciation) | 64,34,004 | 64,86,674 | 65,98,283 | 66,72,352 | 55,20,803 |
| Stock of Printing and Stationery | 2,22,500 | 2,10,020 | 1,54,500 | 1,22,362 | 1,12,350 |
| Insurance Stamp in hand | 89,422 | 3,15,995 | 86,083 | 86,425 | 34,712 |
| Preliminary Expenses | 0 | 0 | 10,669 | 21,338 | 32,007 |
| IPO Expenses | 80,000 | 65,000 | 65,000 | 0 | 0 |
| TOTAL PROPERTY AND ASSETS | 20,27,65,657 | 19,84,78,799 | 13,85,33,875 | 11,84,58,052 | 9,82,46,095 |

As per our separate report of even date annexed

Dated: 22nd March,
2008
Place: Dhaka,
Bangladesh

Sd/-
Managing
Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered
Accountants

Sd/-
G. Kibria & Co.
Chartered
Accountants



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

| PARTICULARS | AMOUNT (TK.) 31-12-07 | AMOUNT (TK.) 31-12-06 | AMOUNT (TK.) 31-12-05 | AMOUNT (TK.) 31-12-04 | AMOUNT (TK.) 31-12-03 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| INTEREST- Interest on Investments & Deposits with Banks | 98,17,823 | 90,17,173 | 87,69,183 | 62,10,857 | 57,90,641 |
| Other Income | 62,51,542 | 0 | 0 | 0 | 0 |
| Profit / (Loss) Transferred from Revenue Accounts | 1,52,40,212 | 56,27,549 | 1,09,24,232 | (28,10,051) | (97,89,019) |
| Fire Revenue Account | (42,00,003) | (68,90,885) | 18,996 | (58,66,110) | (65,75,868) |
| Marine Cargo Revenue Account | 1,78,15,230 | 1,22,78,388 | 1,22,66,590 | 50,80,533 | 1,164 |
| Marine Hull Revenue Account | (2,07,080) | 3,90,687 | (6,94,299) | (73,071) | (6,24,143) |
| Motor Revenue Account | 10,03,955 | 2,96,535 | (4,36,097) | (24,88,522) | (19,02,212) |
| Miscellaneous Revenue Account | 8,28,110 | (4,47,176) | (2,30,958) | 5,37,119 | (6,87,960) |
| Profit / (Loss) Transferred to Profit & Loss Appropriation Account | 0 | 0 | 0 | 0 | 62,09,611 |
| Total | 3,13,09,577 | 1,46,44,722 | 1,96,93,415 | 34,00,806 | 22,11,233 |
| EXPENSES OF MANAGEMENT (Not Applicable to any particular Fund or Account) | 39,38,712 | 34,06,193 | 1,05,76,114 | 23,75,771 | 22,11,233 |
| Directors' Fees | 2,42,000 | 2,28,000 | 2,20,000 | 2,11,000 | 2,39,000 |
| Advertisement & Publicity | 10,40,711 | 8,63,834 | 6,78,856 | 5,93,443 | 6,73,009 |
| Subscription & Donation | 7,91,000 | 3,70,000 | 3,32,422 | 3,52,622 | 3,65,930 |
| Legal & Professional Fees | 1,27,200 | 1,08,645 | 1,27,678 | 59,810 | 15,000 |
| Preliminary Expenses | 0 | 10,669 | 10,669 | 10,669 | 10,669 |
| Registration & Renewal | 7,14,664 | 7,87,304 | 4,39,388 | 2,25,006 | 2,19,715 |
| Depreciation | 9,05,387 | 9,62,741 | 8,91,101 | 8,55,721 | 6,67,910 |
| Salary & Allowances (Head Office) | 0 | 0 | 44,90,310 | 0 | 0 |
| Lease Rental | 0 | 0 | 14,59,290 | 0 | 0 |
| Festival Bonus | 0 | 0 | 19,01,400 | 0 | 0 |
| Audit Fee | 1,17,750 | 75,000 | 25,000 | 67,500 | 20,000 |
| Profit/(Loss) Transferred to Profit & Loss Appropriation Account | 2,73,70,865 | 1,12,38,529 | 91,17,301 | 10,25,035 | 0 |
| Total | 3,13,09,577 | 1,46,44,722 | 1,96,93,415 | 34,00,806 | 22,11,233 |

As per our separate report of even date annexed

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Managing Director

Director

Director

Chairman

A. Hoque & Co.
Chartered Accountants

G. Kibria & Co.
Chartered Accountants



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

PROFIT & LOSS APPROPRIATION ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

| PARTICULARS | AMOUNT (TK.) 31-12-07 | AMOUNT (TK.) 31-12-06 | AMOUNT (TK.) 31-12-05 | AMOUNT (TK.) 31-12-04 | AMOUNT (TK.) 31-12-03 |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------|
| Balance brought from the last year | 2,96,545 | 10,26,195 | 0 | 0 | 0 |
| Profit/ (Loss) for the year | 2,73,70,865 | 1,12,38,529 | 91,17,301 | 10,25,035 | (62,09,611) |
| Total | 2,76,67,410 | 1,22,64,724 | 91,17,301 | 10,25,035 | (62,09,611) |
| Loss transferred from previous year | 0 | | 80,91,106 | 91,16,141 | 29,06,530 |
| Reserve for Exceptional Losses | 1,62,67,806 | 76,18,179 | 0 | 0 | 0 |
| Provision for Income Tax | 49,96,376 | 13,50,000 | 0 | 0 | 0 |
| Proposed Dividend | 60,00,000 | 30,00,000 | 0 | 0 | 0 |
| Balance Transferred to Balance Sheet | 4,03,228 | 2,96,545 | 10,26,195 | (80,91,106) | (91,16,141) |
| Total | 2,76,67,410 | 1,22,64,724 | 91,17,301 | 10,25,035 | (62,09,611) |

As per our separate report of even date annexed

| | | | | | | |
|---|------------------------------|------------------|------------------|------------------|---|--|
| Dated: 22nd March, 2008 Place: Dhaka, Bangladesh | Sd/- Managing Director | Sd/- Director | Sd/- Director | Sd/- Chairman | Sd/- A. Hoque & Co. Chartered Accountants | Sd/- G. Kibria & Co. Chartered Accountants |
|---|------------------------------|------------------|------------------|------------------|---|--|



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

CONSOLIDATED REVENUE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

| PARTICULARS | AMOUNT(TK.) 31-12-07 | AMOUNT(TK.) 31-12-06 | AMOUNT(TK.) 31-12-05 | AMOUNT(TK.) 31-12-04 | AMOUNT(TK.) 31-12-03 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Balance of Funds and Accounts at the beginning of the year | 3,07,76,696 | 2,53,27,715 | 1,68,19,870 | 74,30,389 | 40,41,431 |
| Premium Less Re-Insurance | 10,07,09,591 | 7,61,81,793 | 6,22,85,022 | 4,12,10,063 | 1,76,39,701 |
| Commission on Re-Insurance ceded (Including Profit /Commission) | 1,60,30,357 | 1,26,30,934 | 1,06,84,854 | 61,74,615 | 58,23,638 |
| Loss Transferred to Profit & Loss Account | 0 | 0 | 13,61,356 | 84,27,703 | 97,90,183 |
| Total | 14,75,16,644 | 11,41,40,442 | 9,11,51,102 | 6,32,42,770 | 3,72,94,953 |
| Claims under Policies Less Re-Insurance | | | | | |
| Paid during the year | 5,84,15,828 | (4,28,99,222) | 1,00,41,929 | 67,03,843 | 21,58,761 |
| Total Estimated Liability in respect of Outstanding claims at the end of the year whether due or intimated | 1,26,54,913 | 5,89,92,485 | 84,73,715 | 77,41,894 | 42,23,409 |
| Less: Outstanding Claims at the end of the previous year | 7,10,70,741 | 1,60,93,263 | 1,85,15,644 | 1,44,45,737 | 63,82,170 |
| | 5,89,92,485 | 84,73,715 | 77,41,894 | 42,23,409 | 14,19,981 |
| | 1,20,78,256 | 76,19,548 | 1,07,73,750 | 1,02,22,328 | 49,62,189 |
| Agency Commission | 2,53,71,492 | 2,06,30,225 | 94,46,192 | 0 | 0 |
| Management Expenses | 5,43,17,539 | 4,94,86,424 | 3,33,17,860 | 3,05,82,918 | 2,49,01,210 |
| Reserve for Un-expired Risk being 40% of Premium Income of the year | 4,05,09,145 | 3,07,76,696 | 2,53,27,715 | 1,68,19,872 | 74,30,390 |
| Profit / (Loss) for the year Transferred to Profit & Loss Account | 1,52,40,212 | 56,27,549 | 1,22,85,585 | 56,17,652 | 1,164 |
| Total | 14,75,16,644 | 11,41,40,442 | 9,11,51,102 | 6,32,42,770 | 3,72,94,953 |

As per our separate report of even date annexed

| | | | | | | |
|--------------------------|------------------------------|------------------|-----------------|------------------|--|---|
| Dated: 22nd March, 2008 | Sd/- Managing Director | Sd/- Director | Sd/ Director | Sd/- Chairman | Sd/- A. Hoque & Co. Chartered Accountants | Sd/- G. Kibria & Co. Chartered Accountants |
| Place: Dhaka, Bangladesh | | | | | | |



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

STATEMENT OF CASH FLOW AS AT 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

| PARTICULARS | AMOUNT (TK.) 31-12-07 | AMOUNT (TK.) 31-12-06 | AMOUNT (TK.) 31-12-05 | AMOUNT (TK.) 31-12-04 | AMOUNT (TK.) 12-03 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | | |
| Cash Receipts from Customers and Others | 14,55,38,457 | 11,08,96,212 | 7,63,66,938 | 4,09,14,318 | 2,82,20,667 |
| Cash Paid to Suppliers and Employees | (12,74,17,976) | (8,74,84,135) | (6,08,94,482) | (3,25,78,913) | (1,27,74,103) |
| Cash Generated from Operations | 1,81,20,481 | 2,34,12,077 | 1,54,72,456 | 83,35,405 | 1,54,46,564 |
| Interest Paid | 0 | 0 | 0 | 0 | 0 |
| Income Tax Paid & Deducted at Source | 0 | 0 | 0 | 0 | 0 |
| Net Cash Generated from Operating Activities | 1,81,20,481 | 2,34,12,077 | 1,54,72,456 | 83,35,405 | 1,54,46,564 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment in Bonds/Shares | (58,22,853) | (67,84,092) | (9,92,478) | (8,31,000) | (27,70,000) |
| Acquisition of Property, Plant & Equipment etc. | (8,52,716) | (8,51,131) | (8,17,032) | (20,07,270) | (26,22,272) |
| Disposal of Property, Plant and Equipment | 0 | 0 | 0 | 0 | 0 |
| Net Cash used in Investing Activities | (66,75,569) | (76,35,223) | (18,09,510) | (28,38,270) | (53,92,272) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Proceeds from Issuing of Shares | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Short Term Borrowing | 0 | 0 | 0 | 0 | 0 |
| Re-payment of Short Term Loan | 0 | 0 | 0 | 0 | 0 |
| Re-payment of Long Term Loan | 0 | 0 | 0 | 0 | 0 |
| Net Cash Generated /(Used) in Financing Activities | 0 | 0 | 0 | 0 | 0 |
| Net Increase in Cash and Bank Balances | 1,14,44,912 | 1,57,76,854 | 1,36,62,946 | 54,97,135 | 1,00,54,292 |
| Cash and Bank Balances at Beginning of Year | 9,74,92,280 | 8,17,15,426 | 6,80,52,480 | 6,25,55,345 | 5,25,01,053 |
| Cash and Bank Balances at End of Year | 10,89,37,192 | 9,74,92,280 | 8,17,15,426 | 6,80,52,480 | 6,25,55,34 |

As per our separate report of even date annexed

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-
Managing
Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered
Accountants

Sd/-
G. Kibria & Co.
Chartered
Accountants

Selected Ratios as specified in Rule 8B (20) (C)- Annexure B of the " Securities and Exchange Commission (Public Issue) Rules, 2006"

This is to certify that the following ratios have been calculated on the basis of data taken from the financial statements certified by us:

| Liquidity Ratios: | | 2007 | 2006 | 2005 | 2004 | 2003 |
|------------------------------------|---|-------------|-------------|-------------|-------------|-------------|
| Current Ratio | Current Assets/Current Liability | 1.17 | 1.21 | 1.47 | 1.43 | 1.62 |
| Quick Ratio | C.A- Inventories/CL. | 1.16 | 1.21 | 1.47 | 1.43 | 1.62 |
| Times Interest Earned Ratio | Income from Operation +Finance Cost/Finance Cost | N/A | N/A | N/A | N/A | N/A |
| Debt to Equity Ratio | Long Term Debt Share Holder Equity | N/A | N/A | N/A | N/A | N/A |
| Operating Ratios: | | | | | | |
| Accounts Receivable Turnover Ratio | Sales/Receivable | N/A | N/A | N/A | N/A | N/A |
| Investor Turnover Ratio | Cost of Good Sold/Investor | N/A | N/A | N/A | N/A | N/A |
| Assets Turnover Ratio | Sales/Total Assets | N/A | N/A | N/A | N/A | N/A |
| Profitability | | | | | | |
| Gross Margin Ration (%) | Underwriting Profit/Gross Premium | 0.09 | 0.04 | 0.10 | (0.04) | (0.20) |
| Operating Income Ratio (%) | Net Profit before/Tax/Net Premium | 0.27 | 0.15 | 0.15 | 0.02 | (0.35) |
| Net Income Ratio (%) | Net Profit after/Tax/Net Premium | 0.22 | 0.13 | 0.15 | 0.02 | (0.35) |
| Return on Assets Ratio (%) | Net Profit after tax/Average Assets | 0.11 | 0.05 | 0.07 | 0.01 | (0.06) |
| Return on Equity Ratio (%) | Net Profit after tax/Average Share Holders Equity | 0.37 | 0.16 | 0.15 | 0.02 | (0.12) |
| Earning per Share Ratio (EPS) | Net Profit after tax/No. of Share Holders | 25.09 | 10.77 | 8.36 | 1.71 | (10.35) |

Sd/-
Abul Kashem Chowdhury
 Managing Director



TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA C/A, 7TH FLOOR, DHAKA -1000.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT 31ST DECEMBER, 2007

| CLASS OF ASSETS | BOOK VALUE | MARKET VALUE | REMARKS |
|---|---------------------|---------------------|-----------------------|
| Deposit with Bangladesh Bank (National Investment Bond) | 90,00,000 | 90,00,000 | Realizable Value |
| Investment in Shares | 2,12,10,243 | 5,62,33,374 | Do |
| Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank | 10,48,75,693 | 10,48,75,693 | Do |
| Cash in Hand | 40,61,499 | 40,61,499 | Do |
| Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due | 57,66,002 | 57,66,002 | Do |
| Sundry Debtors Including Advances, Deposits & Prepayments | 1,36,28,417 | 1,36,28,417 | Do |
| Stock of Printing and Stationery | 2,22,500 | 2,22,500 | At cost |
| Stamp in Hand | 89,422 | 89,422 | Do |
| Fixed Assets (At Cost less Depreciation) | 64,34,004 | 64,34,004 | Written down value |
| Amount due from other persons or bodies Carrying on Insurance business | 3,73,97,877 | 3,73,97,877 | Realizable Value |
| Total | 20,26,85,657 | 23,77,08,788 | |

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh



Special Report of The Auditors' Regarding Paid-Up Capital of Takaful Islami Insurance Limited

Based on the audited Financial Statements for the year from 1st January 2007 to 31st Decemebr, 2007 and Examination of cash book and other books and records of Takaful Islami Insurance Limited, we certify that Paid-up Capital of Takaful Islami Insurance Limited as on 31st December, 2007 is Tk. 6,00,00,000.00 divided into 6,00,000 Ordinary Shares of Tk. 100/- each which is made up as follows:

| Description | Number of Shares | Amount of Tk |
|--|------------------|----------------|
| Subscription as per the Memorandum & Articles of Association at the time of Incorporation | 600,000 | 6,00,00,000.00 |
| Total | 600,000 | 6,00,00,000.00 |

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Additional disclosure by the Auditor

Additional disclosure on the Audited Accounts for the Year ended 31st December, 2007

Deffered Tax

As per normal practice prevailing in our country, income tax officer some times disallows some expenses based on estimates only. As a result, the difference in between the provision for income tax and the assessed tax becomes unavoidable because of timing difference, rate of depreciation in between tax depreciation and the accounting depreciation and other reasons arising from unpredictable disallowed expenses. As the outcome cannot be predicted, it is difficult to make an accurate estimate or calculation of deffered tax liability. Management assures us that such an exercise shall be carried out so that the accounting for deferred taxation can be introduced in the next finacial statements.

Sd/-
A. Hoque & Co.
Chartered accountants

Sd/-
G. Kibria & Co.
chartered accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

Penalty

It is noted that no provision was made for penalty as imposed by the Chief Controller of Insurance in the audited accounts for the year ended 31st December, 2007 and a certification in respect of which is shown below

To whom it may concern

This is certify that Takaful Islami Insurance Limited did not make any provision in the audited accounts for the year ended 31st December, 2007 for penalty imposed by the Chief Controller Insurance of Insurance pursuant to Section 102 of the Insurance Act, 1938.

This is also certify that Subscription & Donation of Tk. 7,91,000/- only includes Tk. 2,18,500/-(Two Lac Eighteen Thousands Five Hundred) Only paid for non-compliance of IPO on 25-01-2007 vide Bangladesh Bank Challan No. MK-2/65 dated 25-01-2008 and a further amount of Tk. 7,64,500/- was paid on 12-03-2008 vide Bangladesh Bank Challan No. 70-2 dated 12-03- 2008 for the same purpose.

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Confirmed by
Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place:Dhaka,Bangladesh

Compliance of Section 3C of the Insurance Act, 1938 and Rule 44 of the 'Insurance Rules, 1958'

Provision of section 3C of "The Insurance Act, 1938" with regard to collection of premium as well as refund of premium and the collections of premium where the premium can be ascertained in advance under rule 44 of "The Insurance Rule, 1958" have been complied by the company. The break up of the class-wise premium is shown below:

Premium Income

| Particulars | Amount (Tk.) |
|------------------------------|---------------------|
| Fire Premium Income | 7,17,99,477 |
| Marine Cargo Premium Income | 6,44,53,373 |
| Marine Hull Premium Income | 20,51,099 |
| Motor Premium Income | 1,03,56,581 |
| Miscellaneous Premium Income | 1,40,17,536 |
| Total | 16,26,78,066 |

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Compliance of Section 27A, 27B, 29, 40, 40C of the Insurance Act, 1938 and Rule 40 of the 'Insurance Rules, 1958'

Compliance of Section 27A of the Insurance Act, 1938

The Section 27 deals with the provision for assets invested in Bangladesh and accordingly the **Optimum Investment** for the year ended 31st December, 2007 as per section 27A of the Insurance Act is given below:

| Particulars | Amount (Tk.) |
|---|---------------------|
| Liabilities (As per Sub Section 2) | |
| A. Net Claim Outstanding | 1,26,54,913 |
| B. 40% of Net Premium (Fire, Marine, Cargo, Motor & Miscellaneous) | 4,01,33,631 |
| C. 100% of Net Premium (Marine Hull) | 3,75,515 |
| D. Due to Other Persons or Bodies Carrying on Insurance Business | 4,60,29,473 |
| E. Proposed Dividend | 60,00,000 |
| F. Reserve for Taxation | 63,46,376 |
| G. Sundry Creditors (Excluding Share Capital, General Reserve, Investment Reserve, Reserve for Bad & Doubtful Debts, Depreciation Fund) | 29,59,726 |
| Total Liabilities (A to G) | 11,44,99,634 |
| or | |
| 10% of the Net Premium | 1,00,70,959 |
| Higher one is optimum investment as per Section 27A of Insurance Act, 1938(a) | 11,44,99,634 |
| Actual Investment as at 31st December, 2007 (As per Section 27A, 3) | |
| National Investment Bond | 90,00,000 |
| Investment in Shares | 2,12,10,243 |
| TDR / FDR | 8,17,00,000 |
| Total Actual Investment (b) | 11,19,10,243 |
| Short in Investment (a-b) | 25,89,391 |

**Section 27B of the Insurance Act, 1938**

The Section 27B deals with the provision of restriction on certain investments and as per provision of the Section we look into matter and we have found that there is no investment by the Takaful Islami Insurance Limited or hold any shares or debentures of any company, firm or other business concern in which any of its directors, or any member of the family of such director, has any interest as Proprietor, Partner, Manager or Managing Agent.

Section 29 of the Insurance Act, 1938

The Section 29 of the Insurance Act, 1938 deals with provision of giving loan in certain cases and as per provision of this Section we look in to the matter and we have found thereon that no loan or temporary advance was granted to any member of the family of any director, manager, actuary, auditor or officer of the insurer either on hypothecation of property or personal security or otherwise or no loan or temporary advance was granted to any firm, or company in which any director, manager, actuary, auditor or officer of the company, or member of the family of such directors, manager, actuary, auditor or officer has any interest as Proprietor, Partner, Director, Manager or Managing Agent.

Section 40, 40C of the Insurance Act, 1938 and Rule 40 of the Insurance Rules, 1958

- Section 40 relates to life insurance business which does not come under the purview of our comment.
- 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 comparative figure of Management Expenses is given below:

| Level of Premium | Allowable Amount of Expenditure | | Actual Expenditure | Variance | Remarks | |
|---|---------------------------------|--------|--------------------|--------------------|----------------------|----------------|
| | % | Amount | | | | |
| Fire, Motor & Miscellaneous | | | | | | |
| 1st | 1,00,00,000 | 30 | 30,00,000 | | | |
| Next | 1,00,00,000 | 25 | 25,00,000 | | | |
| Next | 1,00,00,000 | 24 | 24,00,000 | | | |
| Next | 1,00,00,000 | 24 | 24,00,000 | | | |
| Next | 1,00,00,000 | 23 | 23,00,000 | | | |
| Next | 1,00,00,000 | 22 | 22,00,000 | | | |
| Next | 1,25,00,000 | 18 | 22,50,000 | | | |
| Balance | 2,36,73,594 | 16 | 37,87,775 | | | |
| Total | 9,61,73,594 | | 2,08,37,775 | 3,17,04,149 | (1,08,66,374) | Adverse |
| Marine | | | | | | |
| 1st | 1,00,00,000 | 18 | 18,00,000 | | | |
| Next | 1,00,00,000 | 15 | 15,00,000 | | | |
| Next | 1,00,00,000 | 15 | 15,00,000 | | | |
| Next | 1,00,00,000 | 13 | 13,00,000 | | | |
| Next | 1,00,00,000 | 13 | 13,00,000 | | | |
| Next | 1,00,00,000 | 13 | 13,00,000 | | | |
| Balance | 65,04,471 | 11 | 7,15,492 | | | |
| Total | 6,65,04,471 | | 94,15,492 | 2,26,13,390 | (1,31,97,898) | Adverse |
| Additional allowance as per Rule 40(2) (iii) Interest earned on paid up capital = 98,17,823/- or 5% on Gross Premium (16,26,78,066/- x 5% = 81,33,903.30 Which ever is less | | | 81,33,903 | | | |
| Grand Total | | | 3,83,87,170 | 5,43,17,539 | (1,59,30,369) | Adverse |

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Credit rating

To whom it may Concern

This is to certify that Takaful Islami Insurance Limited has credit rated by the Credit rating Agency of Bangladesh Limited on 18th December, 2007. The company is rated as Long Term-BB1 and Short Term- ST-4 by the credit rating company and which validity is one year.

The above rating is the integral part of the financial statements of 2007 as per condition no.3 of circular no. ctextbt 21/21/98(Ask-1)-376 Zmi L 12-03-2007.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05- 2008
Place: Dhaka, Bangladesh

Year wise Breakup of Premium deposit

Year wise break up of Premium Deposit is given below:

| Particulars | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|--------------------|--------------------|--------------------|---------------------|---------------------|
| (a) Opening Balance of Deposit Premium | 28,36,026 | 1,67,18,756 | 1,34,69,090 | 96,66,565 | 60,70,380 |
| (b) Add: Premium earned during the year | 4,89,63,596 | 5,72,72,691 | 8,41,51,668 | 11,15,19,947 | 13,97,24,824 |
| (c) (a+b) | 5,17,99,622 | 7,39,91,447 | 9,76,20,758 | 12,11,86,512 | 14,57,95,204 |
| (d) Less: Adjustment for Policy Issued Premium Income | 3,50,80,866 | 6,05,22,357 | 8,79,54,193 | 11,51,16,132 | 14,18,18,394 |
| (e) Closing Balance of Premium Deposit (c-d) | 1,67,18,756 | 1,34,69,090 | 96,66,565 | 60,70,380 | 39,76,810 |

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Balance Confirmation

A.

It is noted that balance confirmation letters on positive request method for the confirmation directly to us were issued against the amount due to other persons or bodies carrying on insurance business and accordingly we have obtained all the letters as were dispatched to the parties for confirmation and we have found thereon none of the parties were in disagreement with the balances as per records of the books of accounts of the company

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

B.

It is noted that balance confirmation letters on positive request method for the confirmation directly to us were issued against the amount due to other persons or bodies carrying on insurance business and accordingly we have obtained all the letters as were dispatched to the parties for confirmation and we have found thereon none of the parties were in disagreement with the balances as per records of the books of accounts of the company.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Compliance of BAS- 17

The company has acquired 9 (nine) vehicles during the period from 2005 to 2007 by taking loan from leasing company under lease finance. These assets have not been included in the schedule of fixed assets of the company, because the title of the assets has not eventually been transferred to the lessee. Since the ownership will be transferred at the end of the lease period, the leasing company maintains the list of vehicles in their books of accounts and charges depreciation accordingly. The lessee only enjoys the benefits of utilization of vehicles and the installments paid to the leasing company are charged to revenue account as " Lease rental".

Therefore in this regard " BAS- 17" is not applicable to the company since the title of the assets has not eventually been transferred to the lessee. This standard applicable to those companies where title of the assets transferred instantly.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Rate of Dividend

It is noted that the rate of proposed dividend is 10% of the total paid up capital of the company and a certification in respect of which is shown under

To whom it may concern

This is to certify that the Board of Directors of Takaful Islami Insurance Limited proposed to declare dividend @ 10% on its paid up capital for the year ended 31st December, 2007 which comes to the 60,00,000/- (Sixty lac) taka. This proposal was approved by the Board of Directors in the meeting held on 22-03-2008.

Sd/-
A. Hoque & co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Tax Deduct at Source

Tax deduct at Source has been deducted in accordance with the relevant section of the income Tax ordinance, 1984 by the concerned authorities for depositing into the Bank and it has been deposited accordingly. The break up of tax deduct at source is shown below:

| Accounting Year | Assessment year | Deducted at Source | | | | Total | Cumulative Balance |
|-----------------|-----------------|--------------------|-------------------|----------------------|------------------------|-----------|--------------------|
| | | From STD Interest | From FDR Interest | From Interest on NIB | From Dividend on Share | | |
| 2001 | 2002-2003 | 550 | 0 | 0 | 0 | 550 | 550 |
| 2002 | 2003-2004 | 7,434 | 2,12,321 | 0 | 51937 | 271,692 | 2,72,242 |
| 2003 | 2004-2005 | 21,029 | 3,92,211 | 0 | 0 | 413,240 | 6,85,482 |
| 2004 | 2005-2006 | 21,735 | 3,09,210 | 1,032,750 | 0 | 13,63,695 | 20,49,177 |
| 2005 | 2006-2007 | 39,123 | 4,19,737 | 0 | 0 | 4,58,860 | 25,08,037 |
| 2006 | 2007-2008 | 70,906 | 2,50,103 | 0 | 0 | 3,21,009 | 28,29,046 |
| 2007 | 2008-2009 | 87,747 | 9,20,202 | 6,88,500 | 0 | 16,96,449 | 45,25,495 |

Sd/-
A. Hoque & co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Additional disclosure by Management

Break up of addition of reserve for exceptional loss

This represents profit set-aside during the year under review as expenses to meet exceptional losses. Maximum set-aside of profit has been allowed by paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.

The Company has made following reserve against premium which is 10% of the gross premium income.

| SI No | Particulars | 31-12-2007 |
|--------------|----------------------------------|--------------------|
| 1 | Fire Insurance Business | 71,79,948 |
| 2 | Marine Cargo Insurance Business | 64,45,337 |
| 3 | Marine Hull Insurance Business | 2,05,109 |
| 4 | Motor Insurance Business | 10,35,658 |
| 5 | Miscellaneous Insurance Business | 14,01,754 |
| Total | | 1,62,67,806 |

Dated: 4/6/2008
Place: Dhaka, Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Schedule of Unpaid Dividend

Break up of the Unpaid Dividend is given below:

| Name of the Shareholder | Amount (Tk.) | Subsequent Payment Status |
|-------------------------|---------------------|---------------------------|
| Begum Husne Jahan | 22,500.00 | Paid |
| Md. Emdadul Haque | 1,35,000.00 | Paid |
| Mrs. Ferdous Rahman | 2,02,500.00 | Paid |
| Md. Anwar Hossain khan | 90,000.00 | Paid |
| Md. Hasnain Harun | 4,05,000.00 | Paid |
| Md. Abul Hashem | 2,02,500.00 | Paid |
| Alhaj Tofazzal Hossain | 90,000.00 | Paid |
| Rahima Begum | 22,500.00 | Paid |
| Md. Walliul Huq | 45,000.00 | Paid |
| Mrs. Nasreen Haque | 2,02,500.00 | Paid |
| Total | 14,17,500.00 | |

Dated: 4/6/2008
Place: Dhaka, Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

RR Securities Limited under the head Sundry debtors

Amount due from RR Securities Ltd. represents the receivable sale proceeds of share sold in the last week of December, 2007 and it is subsequently reinvested in January, 2008.

Dated: 4/6/2008
Place: Dhaka, Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

**Instructions**

- As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
- All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
- Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criteria will not be considered for allotment purpose.
- Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers to the Issue favoring "**Takaful Islami Insurance Limited**" and crossed "A/C Payee only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
- In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form.
- Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
- Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and private companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
- An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
- No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
- In the case of non-allotment of securities, if the applicants bank accounts as mentioned in their IPO Application Forms are mentioned with the Bankers to the Issue and other Banks refund amount of those applicants will be directly credited into the respective accounts as mentioned in their IPO application Forms. Otherwise, refund will be made only through 'Account Payee' cheque(s) with the bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
- Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and /or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
- The Bankers to the issue Banks shall be obliged to receive the A/C Payee Cheque (s) on the closing day of the subscription of the IPO.
- Applications, which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose
- No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

Bankers to the Issue**Investment Corporation of Bangladesh**

Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra
Khulna Branch, Khulna
Barishal Branch, Barishal

Al- Arafah Islami Bank Limited

Motijheel, Local Office, Dhaka
Moulvi Bazar Dhaka
Islampur Branch, Dhaka
Dilkusha, Branch, Dhaka
Nawabpur Road Branch, Dhaka
VIP Road Branch, Dhaka
Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Branch, Dhaka
NS Road Branch, Dhaka
Banani Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
Dhanmondi Branch, Dhaka
Mohammadpur Branch, Dhaka
Comilla Branch, Comilla
Zindabazar Branch, Sylhet
Lal Dighir Par Branch, Sylhet
Khatunganj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Barishal Branch, Barishal
Jessore Branch, Jessore
Joydevpur Chowrasta Branch, Joydevpur
Narayanganj Branch, Narayanganj

National Bank Limited

Bangshal Road Branch, Dhaka
Babubazar Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Mohammadpur Branch, Dhaka
Pragati Sarani Branch, Dhaka
Jatrabari Branch, Dhaka
Savar Bazar Branch, Savar, Dhaka
Gazipur Branch, Gazipur

Pagla Bazar Branch, Narayanganj
Narayanganj Branch, Narayanganj
Narshingdi Branch, Narshingdi
Sylhet Branch, Sylhet
Anderkilla Branch, Chittagong
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Pahartali Branch, Chittagong
Tangail Branch, Tangail
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal
Comilla Branch, Comilla

Shahjalal Islami Bank Limited

Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Baipail (Dhaka EPZ) Branch, Dhaka
Satmasjid Road Branch, Dhaka
Banani Branch, Dhaka
Joypara Branch, Dohar, Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Savar Branch, Dhaka
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Muradpur Branch, Chittagong
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Beani Bazar Branch, Sylhet
Moulvibazar Branch, Moulvi Bazar
Khulna Branch, Khulna

Southeast Bank Limited

Principal Branch, Dhaka
Corporate Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Kakrail Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Aganagar Branch, Dhaka
Shaymoli Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Ashulia Branch (Rural), Ashulia, Dhaka
Joypara Branch (Rural), Dohar, Dhaka
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch, (Islamic Banking) Sylhet

Moulvibazar Branch, Moulvibazar
Laldighirpaar Branch, Sylhet
Hettingonj Branch, Sylhet
Chouhatta Branch, Sylhet
Shahjalal Uposahar Branch, Sylhet
Kulaura Branch, Moulvibazar
Pathantula Branch, Sylhet
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Halishahar Branch, Chittagong
Pahartali Branch, Chittagong
Chowmuhani Branch, Noakhali
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, (Islami Banking) Cox's Bazar
Chhagalnaiya Branch, (Islami Banking), Feni
Feni Branch, Feni
Bashurhat Branch, Noakhali
Rangpur Branch, Rangpur

Islami Bank Bangladesh Limited

Local Office, Dhaka
Foreign Exchange Br., Dhaka
Farmgate Branch, Dhaka
Nawabpur Branch, Dhaka
Gulshan Branch, Dhaka
Mirpur Branch, Dhaka
C.M.B, Dhaka
New Market Branch, Dhaka
Mouchak Branch, Dhaka
Jatrabari Branch, Dhaka
Uttara Branch, Dhaka
Shaymoli Branch, Dhaka
Narayanganj Branch
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Cox's Bazar Branch
Khulna Branch
Barisal Branch
Jessore Branch
Bogra Branch
Rajshahi Branch
Dinajpur Branch
Comilla Branch
Chowmuhani Branch, Noakhali
Feni Branch
Sylhet Branch
Sitakunda Branch
Moulvi Bazar Branch
Kushtia Branch
Pabna Branch

Standard Chartered Bank

Alico Building, Motijheel, Dhaka
Mirpur, Dhaka



Instructions

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criteria will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring "**Takaful Islami Insurance Limited**" and crossed "Account payee only".
5. An application shall be sent by the applicant directly to the Company within **31/08/2008** so as to reach the Company within **09/09/2008** Applications sent after **31/08/2008** or received by the Company after **09/09/2008** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Banks name and Branch as indicated in the Securities application form.
7. In case of over subscription, allotment shall be made by lottery solely in accordance with the instruction by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the Case of non-allotment of securities, if the applicants bank accounts as mentioned in their IPO Application Forms are mentioned with the Bankers to the Issue and other Banks refund amount of those applicants will be directly credited into the respective accounts as mentioned in their IPO application Forms. Otherwise, refund will be made only through 'Account Payee' cheque(s) with the bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US\$ / UK Pound Sterling / Euro draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreigncurrency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank,for the value of securities applied for through crossed bank cheque marking ' Account Payee only'. So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
14. The spot buying rate (TT Clean) in US\$ and UK Pound Sterling / Euro of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
15. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicants shall also submit supporting papers/documents in supported of their being an NRB as mentioned in para-14 above.
17. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
18. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required keep their BO accounts operational till allotment of IPO shares.**
19. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT/PAY ORDER, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.



Shariah Council

| Sl. No. | Name, Address & Telephone | Status |
|----------------|--|------------------|
| 01 | Moulana Kamaluddin Jafree Principal Jameya Kashemia, Narsingdi. Res: 8016248,0621-3165 Mob: 01713-049846 | Chairman |
| 02 | Prof. Sharif Hossain Islami Economics Research Bureau 60/E, Purana Paltan, Dhaka. Off: 7168745, Res: 9336440 Mob: 01711-056287 | Member Secretary |
| 03 | Mufti Sayed Ahmed Muzaddedi Al-Jamiatus Siddikiah Darul Ulum Darus Salam, Mirpur, Dhaka. Off: 9003061, 8013422 Mob: 01711-206514 | Member |
| 04 | Moulana Rafiqur Rahman Madani Chairman, Department of Islamic Studies B.I.U., Dhaka. Mob: 01711-547493 | Member |
| 05 | Moulana Abdul Hakim Madani C/o, Moulana Rafiqur Rahman Madani Chairman, Department of Islamic Studies B.I.U., Dhaka. Mob: 01711-732257 | Member |
| 06 | Prof. Moulana A.B.M Masum Billah Secretary Central Shariah Mob:01711-883837 | Member |
| 07 | Md. Mizanur Rahman Deputy Controller of Insurance Department of Insurance Government of Bangladesh 139, Motijheel C/A, Dhaka Tell: 9567851 | Member |



Additional Disclosure by The Management

Rectification /Amendmend in the Audited accounts for the period ended 31st December 2007

The audited accounts of Takaful Islami Insurance Limited for the year ended 31st December, 2007 approved by the Board on 22/3/2008. Subsequently as per SECs requirement The Board of Takaful Islami Insurance Limited in its 33rd Board Meeting held on 27th May, 2008 approved the rectification/amendmend of Profit and Loss Accounts, Cash Flow Statement, and note no. 1.00, 3.00, 37.00, 39.00, 40.00, 41.00 of the audited accounts and inclusion of Statement of Changes in Equity in the audited accounts for the period ended 31st December 2007. The auditor has also certified the same as on 27.05.2008.

Sd/-
(Abul Kashem Choudhury)
Managing Director

Entitlement of the dividend

The Board of Takaful Islami Insurance Limited in its 32nd meeting held on 22/03/2008 has recommended dividend @10% on the basis of audited accounts for the year ended 31st December, 2007. If the dividend is approved in subsequent Annual General Meeting, the IPO applicant shall not be entitled to such dividend.

Sd/-
(Abul Kashem Chowdhury)
Managing Director