



মার্কাইল ইনস্যুরেন্স কোম্পানী লিঃ
MERCANTILE INSURANCE COMPANY LTD.



Symbol of Trust & Security

RED CRESCENT HOUSE, 61 MOTIJHEEL C/A (1ST FLOOR), DHAKA-1000, BANGLADESH, TEL: 02223387467, 02223387662, 02223387463, FAX: 880-2-9562301

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Statement of Financial Position


As at March 31, 2023

Particulars	Notes	March 31,2023 Taka	December 31,2022 Taka
Shareholders Equity & Liabilities :			
Share Capital		430,953,600	430,953,600
Share Premium		74,814,125	74,814,125
Reserve for exceptional losses		320,807,973	311,082,874
General Reserve		23,350,000	23,100,000
Fair Value of Share		(12,190,885)	(13,125,464)
Profit or Loss Appropriation Account		82,651,033	68,603,192
A. Total Shareholders Equity:		920,385,846	895,428,327
B. Balance of Fund & Accounts		157,791,776	158,306,398
Reserve for unexpired risk		157,791,776	158,306,398
C. Liabilities & Provision		1,402,372,802	1,425,998,838
Premium Deposit		24,931,111	56,473,896
Lease Liability		9,742,199	11,593,454
Estimated liability in respect of outstanding claims whether due or intimated		186,945,461	174,830,913
Amount due to other person or bodies carrying on insurance business		1,032,359,067	1,045,542,432
Sundry Creditors		148,016,504	136,288,142
Unclaimed Dividend Accounts		378,460	1,270,001
Total Shareholders Equity & Liabilities :		2,480,550,424	2,479,733,562
Assets:			
D. Non-Current Assets:		87,045,230	89,451,315
Property, Plant & Equipment		41,467,540	42,035,284
Bangladesh Govt. Treasury Bond		35,000,000	35,000,000
Lease Assets (ROU)		8,694,281	11,082,999
Deferred Tax Assets	8.00	1,883,409	1,333,032
E. Current Assets:		2,393,505,194	2,390,282,248
Investment in Shares	13.00	366,669,445	369,604,025
Accrued Interest		3,548,126	8,645,282
Amount due from other persons or bodies carrying on insurance business		726,982,217	725,904,388
Sundry Debtors		31,897,818	30,433,634
Cash and Bank balance		1,157,901,826	1,153,071,912
Advance Income Tax		106,467,334	102,560,067
Stamps in hand		38,428	62,940
Total Assets:		2,480,550,424	2,479,733,562
Net Assets Value Per Share (NAVPS)	11.00	21.36	20.78

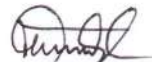
The annexed notes 1 to 15 form an integral part of these financial statements.


Shajjad Mustafa
Director


Abdul Haque
Chairman


Md. Abdus Salam
Asstt. Managing Director & CFO


Abdur Rahman
DMD & Company Secretary


Firoz Ahmed
Chief Executive Officer





Statement of Profit or Loss and Other Comprehensive Income (Un-audited)
for the 1st quarter ended March 31,2023

	Notes	January to March 31,2023 Taka	January to March 31,2022 Taka
<u>INCOME:</u>			
Gross Premium	4.00	145,968,652	124,000,000
R/I Premium		(48,717,665)	(33,400,000)
Net Premium	4.00	97,250,987	90,600,000
Re-Insurance commission earned		9,113,675	13,600,000
Income from Investment and other sources.		19,375,374	16,800,000
Total Income		125,740,036	121,000,000
<u>EXPENDITURE:</u>			
Net Claims		41,827,840	34,200,000
Management Expenses and Commission		52,183,951	40,500,000
Total Expenditure		94,011,792	74,700,000
Profit before tax		31,728,245	46,300,000
Reserve for Exceptional Losses	8.00	9,725,099	9,100,000
Provision for Income Tax	9.00	7,955,305	14,000,000
Deffered Tax (Income)/Expenses		(550,378)	-
		17,680,404	23,100,000
Retained Earnings		14,047,841	23,200,000
Earning Per Share (EPS)	5.00	0.56	0.75

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Asstt. Managing Director & CFO


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DMD & Company Secretary


Firoz Ahmed
Chief Ececutive Officer




Statement of Changes In Equity (Un-audited)
for the 1st quarter ended March 31,2023

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Fair Value of Share	Retained Earnings	Total Taka
Equity as at January 01,2023	430,953,600	74,814,125	311,082,874	23,100,000	(13,125,464)	68,603,192	895,428,327
Cash Dividend	-	-	-	-	-	-	-
Surplus/Addition during the period	-	-	9,725,099	250,000	934,579	14,047,841	24,957,519
Equity as at March 31,2023	430,953,600	74,814,125	320,807,973	23,350,000	(12,190,885)	82,651,033	920,385,846
Equity as at March 31,2022	430,953,600	74,814,125	288,600,000	22,100,000	6,400,000	83,400,000	906,267,725

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Statement of Cash Flows (Un-audited)
for the 1st quarter ended March 31,2023

Notes	March 31,2023 Taka	March 31,2022 Taka
Cash flows from Operating Activities :		
Collection from Premium and Commission	155,082,327	137,600,000
Management Expenses, Commission, Re-Insurance & Claims	(142,729,456)	(12,700,000)
Income Tax Paid	(3,907,267)	(102,400,000)
A. Cash Generated from Operating Activities	10.00	22,500,000
Cash flows from Investing Activities :		
Share Sale / Bye	(19,525,259)	(100,600,000)
Interest/Dividend Received	19,375,374	16,800,000
Acquisition of Property, Plant & Equipment	(1,017,646)	(100,000)
B. Cash Used for Investing Activities	(1,167,531)	(83,900,000)
Cash flows from Financing Activities :		
Dividend Paid	-	-
Payment of Lease Interest	(298,452)	-
Payment of Lease Rent	(2,149,707)	-
C. Cash Used for Financing Activities	(2,448,159)	-
D. Increase/(Decrease) in Cash Flows: (A+B+C)	4,829,914	(61,400,000)
Cash & cash equivalents at the beginning of the period (01-01-2023)	1,153,071,912	1,193,176,855
Cash & cash equivalents at the end of the period (31-03-2023)	1,157,901,826	1,131,776,855
Net Operating Cash Flows Per Share (NOCFPS)	12.00	0.52

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Selected Explanatory Notes to the Financial Statements for the 1st Quarter Ended March 31, 2023:

1. Legal Status & Nature of the Company : Mercantile Insurance Company Ltd. was incorporated as a Public Limited Company on March 19, 1996 under Companies Act, 1994. The Company provides Non Life Insurance services as per the direction given by IDRA time to time with in the stipulation laid down by insurance Act, 2010.

2. Basis of Preparation : The Quarterly Financial Statements have been prepared in accordance with International Accounting Standard (IAS), International Financial Reporting Standards (IFRS), the Companies Act 1994, the Insurance Act 2010, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

3. Accounting Policies and Method of Computations : Accounting policies and method of computations followed in preparing this yearly Financial Statements are consistent with those used in the Annual Financial Statements, prepared and published for the year ending December 31, 2022.

4. Gross and Net Premium Earned : During the 1st Quarter Ended March 31, 2023 Company earned gross and net premium income tk. 145,968,652 and tk. 97,250,987 as against tk. 124,000,000 and tk. 90,600,00 respectively for the corresponding same period of the previous year.

5. Earning Per Share:

Earning Per Share (EPS) calculated in accordance with "IAS33",

Particulars

	Amount in Taka	
	31-Mar-23	31-Mar-22
Profit Before Tax	31,728,245	46,300,000
Less: Provision for Income Tax	7,955,305	14,000,000
Less: Deffered Tax (Income)/Expenses	(550,378)	-
Profit After Tax	24,323,318	32,300,000
Number of Shares	43,095,360	43,095,360
Earning Per Share (EPS)	0.56	0.75

6. Related Party Transactions:

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

31-Mar-23

Name of the Related Party	Relationship Nature	Nature of Transaction	Amount
Mr. Abdul Haque	Common Director	Insurance	2,129,202
Nurul Azim Sunny	Common Director	Insurance	7,647,000
Mr. Md. Nabiullah	Common Director	Insurance	1,985,799
Total:			11,762,001

7. Disclosure of Key Management Personnel Compensation:

Particulars

Salary	330,000
Other Allowance	420,000
Total:	750,000

As per the paragraph 17 of IAS 24: "Related party Disclosures" regarding Key management Personnel Managing Director is the Key Management Personnel, his benefit is given below:

a) Short term employee benefits	750,000
b) Long term employee benefits	-
Total:	750,000



8. Deffered Tax Assets/Income:

Particulars

	Amount in Taka
	31-Mar-23
Carrying Value (As per Tax Base)	41,467,541
Carrying Value (As per Accounts)	46,489,967
Temporary Difference	(5,022,426)
Effective Tax Rate	37.5%
Deffered Tax Assets/Income	(1,883,410)
Less: Opening balance of deferred tax (Assets)/Liability	(1,333,032)
Deferred Tax Income	(550,378)

9. Computation of Tax Liability:

	31-Mar-23
Net Income as per Profit & Loss Account	31,728,245
Less: Reserve for Exceptional Loss (Exempted from Tax as per 4th Schedule Clause # 6(2) of ITO 1984)	9,725,099
Total Income	22,003,146
Less: Other Income	
Interest Income	18,554,874
Interest on Govt. Treasury Bond	775,500
Rental Income	45,000
Total Other Income	19,375,374
Income/(Loss) from Insurance Business	2,627,772
Computation of Income Tax:	
i) Tax on Insurance Business Income @ 37.5%	985,414
ii) Tax on Other Income @ 37.5%	6,958,078
iii) Tax on Rental Income @ 37.5%	11,812.50
Total Tax Liability for the quarter ended March 31, 2023	7,955,305

10. Reconciliation of Net Profit Before Tax to Net Operating Cash Flow:

	31-Mar-23
Net Profit Before Tax	31,728,245
Adjustment for Non-Cash Items:	
Unexpired Risk Reserve (Net)	514,622
Depreciation Expenses	1,585,390
Adjusted Profit	33,828,257
Changes in Working Capital:	
(Increase)/decrease of Sundry Debtors & Other Receivables	5,471,313
Increase/(decrease) of Sundry Creditors & Accruals	(7,518,461)
Increase/(decrease) of Outstanding Claim	12,114,548
Increase/(decrease) of Deposit Premium	(31,542,785)
Income Tax Paid	(3,907,267)
Net Cash Generated from Operating Activities	8,445,605



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11. Net Assets Value Per Share (NAVPS):

Particulars

Total Assets

Total Liabilities

Net Assets Value (NAV)

Number Ordinary Shareholders

Net Assets Value Per Share (NAVPS) $\frac{\text{Net Assets Value}}{\text{Number of Shares}}$
NAVPS

Amount in Taka	
31-Mar-23	31-Dec-22
2,480,550,424	2,479,733,562
1,560,164,577	1,584,305,236
920,385,847	895,428,326
43,095,360	43,095,360
920,385,847	895,428,326
43,095,360	43,095,360
21.36	20.78

12. Net Operating Cash Flows Per Share (NOCFPS):

NOCFPS = $\frac{\text{Net Cash Provided by Operation Activities}}{\text{Number of Shares}}$

NOCFPS

Amount in Taka	
31-Mar-23	31-Mar-22
8,445,604	22,500,000
43,095,360	43,095,360
0.20	0.52

13. Investment in Share: Incompliance with IFRS-9 Investment in Share, available for sale, has been shown in Fair Value (Market Value) and necessary provision has been made in Financial Statement as Revenue Reserve.

14. Depreciation: Depreciation has been charged in compliance with para 55 of the IAS- 16.

15. Comparative Information: Figures have been rounded off to the nearest taka and previous year's figures have been re-arranged, wherever necessary, for comparison purpose.

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