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Bhutan Insurance Limited

Providing Security, Building Confidence

Your insurer of choice

VISION

To become the insurer of choice by providing quality service that exceed customer expectations and by constantly finding ways for improvement.

MISSION

Our mission begins and ends with our clients for whom we exist to serve to the best of our ability. With dedicated service to our clients we aspire to contribute to the social and economic objectives of the nation, providing security to its growing assets through reliable insurance services and increasing retention of finance within the country.



BOARD OF DIRECTORS

Left to right:-

Mr. Karma Dorjee (Director), Dasho Ugen Tsechup Dorji (Director), Mr Ugyen Rinzin (Chairman), Mr. Tshering Gyaltshen (CEO/Member Secretary), Mr. Karma Lotey (Director)

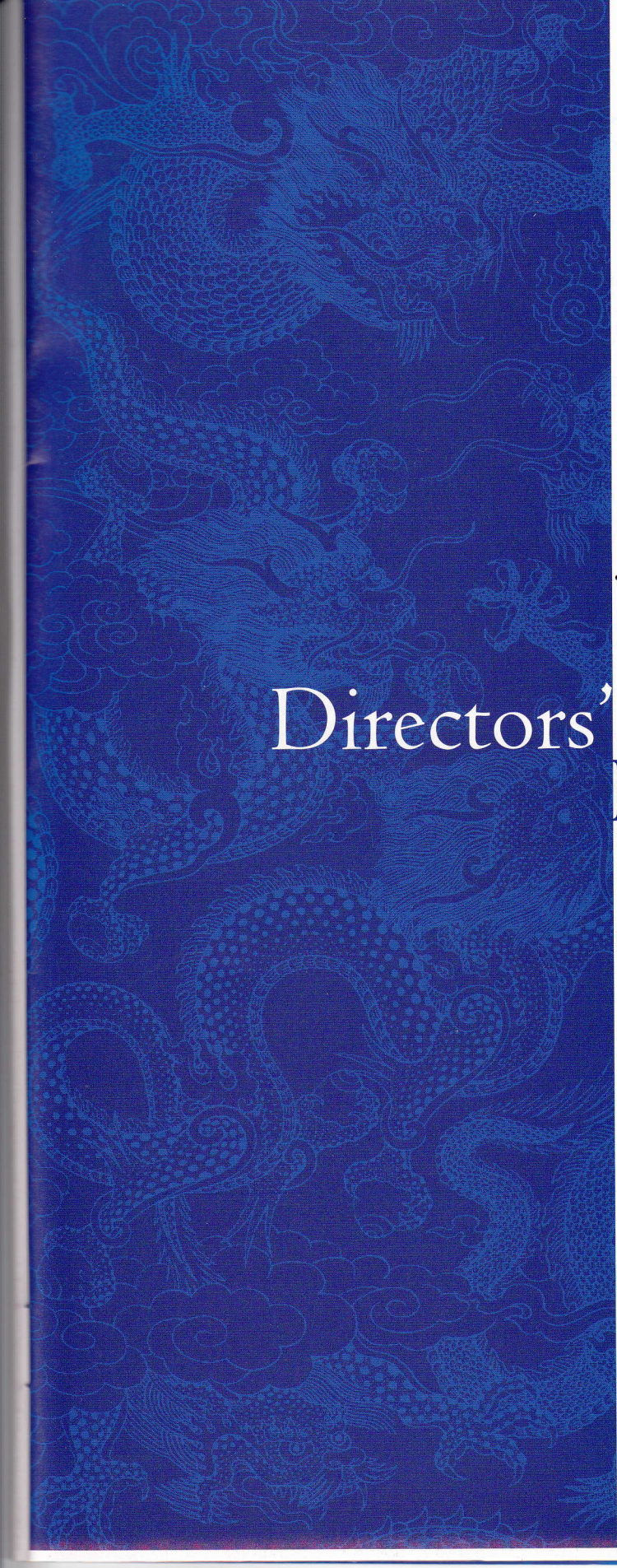


1st Annual Report
2009

August 20, 2009 - December 31, 2009

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Directors' REPORT

FELICITATIONS

(A Sonnet)

BHAGAWAN BUDDHA SHOWED FOUR-FOLD STRAINS OF LIFE
HOW BIRTH - OLD AGE - ILLNESS - N-DEATH ARE IN EVERY LIFE
UNDERSTANDING FOUR TRUTHS YOU UNDERWRITE WITH EXPERTISE
TRUE SOLUTION ARE GIVEN TO ALL PROBLEMS RISK - WISE
A LOSS BECOMES SIGNIFICANT AND YOU SERVICE WITH A SMILE
NEED BASE PROTECTIONS U GIVE TO ALL - IN A PROFESSIONAL
STYLE

INSURANCE IS A TECHNOLOGY OF PROTECTION AND CURE
LIMITED MEANS - TIME - N - SPACE YOU INSURE AND SECURE

JUST BY BEST OF DEDICATION AND DEVOTION TRUE
BEST CONSULTANCY IS GIVEN TO CLIENTS ALL THE NEW
BUILDING BRIDGES OF CONTACTS-N-BREAKING ALL THE BARRIERS
OH! YOUR SERVICE MAKES YOU TRUSTED INSURER RISK CARRIER
DO YOUR BEST AND REST WILL FOLLOW YOUR ACTIVE LINE
A WISH YOU REMAIN FIRST-N- FOREMOST EVER FINE TO SHINE

WITH THE BEST WISHES FROM
Mr. Bharat Boda, Mr. Atul Boda, Mr. Gautam Boda
and Boda family

Composed by : K.L. NAIK (CEO)
20th August 2009

Dear Shareholders,

The establishment of Bhutan Insurance Ltd. (BIL) in August of 2009, as the first private sector insurance company in Bhutan, has been a historical achievement for us all.

In a matter of only four months of business operation, 2009 has been a year of many significant achievements for our small and growing company. Our company has collected a gross premium of over Nu.29 million earning a profit in excess of Nu.4 million (before appropriation). Fire insurance accounted for 37% of premiums collected, while the miscellaneous category, fueled mainly by the rapid growth of motor insurance, accounted for 61% of premium collection. The ratio of net claims versus premium collection for 2009 is 6.7% signifying the strength of the companies underwriting process. Available for the first time in Bhutan, BIL has introduced the Loan Protection Insurance which has had a very promising start. The key financial figures provided in this report will show you that we have made a very promising start.

The headquarter of the company has been established in the capital city, Thimphu with a total staff strength of 32 employees. The energy and enthusiasm of the young employees of the company is complimented by the experience and leadership of the senior managers (who have a combined working experience of over 150 years in the insurance business). In October 2009, the company opened its first branch office in Phuntsoling followed the next month with the opening of the Paro branch office. Within the year we also put in place three extension offices in Wangduephodrang, Bumthang and Gelephu. With the opening of these branch offices our staff strength for the year grew to a total of 43 employees reflecting the rapid growth in business.

Looking ahead for the coming year, the company expects to open a branch office in Wangduephodrang and two extension office in Samdrupjongkhar and Mongar. The Company will also take a significant step towards becoming a fully operational financial institution by introducing a commercial loan and fund management schemes.

At the first annual general meeting (AGM) of the company held on 11th March 2010, it was unanimously decided there would be no declaration of dividends for the year despite having posted a modest profit. I am heartened with the support received from the shareholders at the AGM in arriving at this important decision since this is an important step for the company in building up the reserves, which is crucial in increasing our ability to take on more risks.

On behalf of the distinguished board members of BIL, I would like to take this opportunity to express our sincere gratitude to a number of notable individuals and organizations for their crucial support in making Bhutan Insurance Ltd a reality. In particular I would like to thank the Chairman, the Managing Director, and all the other dedicated officers of the Royal Monetary Authority (RMA), who provided tremendous guidance, support, and patience during the establishment processes of BIL. Our thanks also goes out to the management of the Royal Insurance Corporation of Bhutan Ltd (RICBL) and their Securities Limited for the efficient and successful manner in which they undertook the sales of IPO for BIL. To the CEO and the entire staff members of BIL, I thank them for their enthusiasm, the sincere hard work and their dedication, which have been instrumental in providing the excellent start to our business. Most of all, my deepest gratitude and appreciation goes out to each and every shareholder of BIL for having come forward to provide your valuable investment in the company. Your confidence is the foundation on which the company will build all its future successes.

With my very best wishes,

Sincerely,



Ugyen Rinzin
Chairman

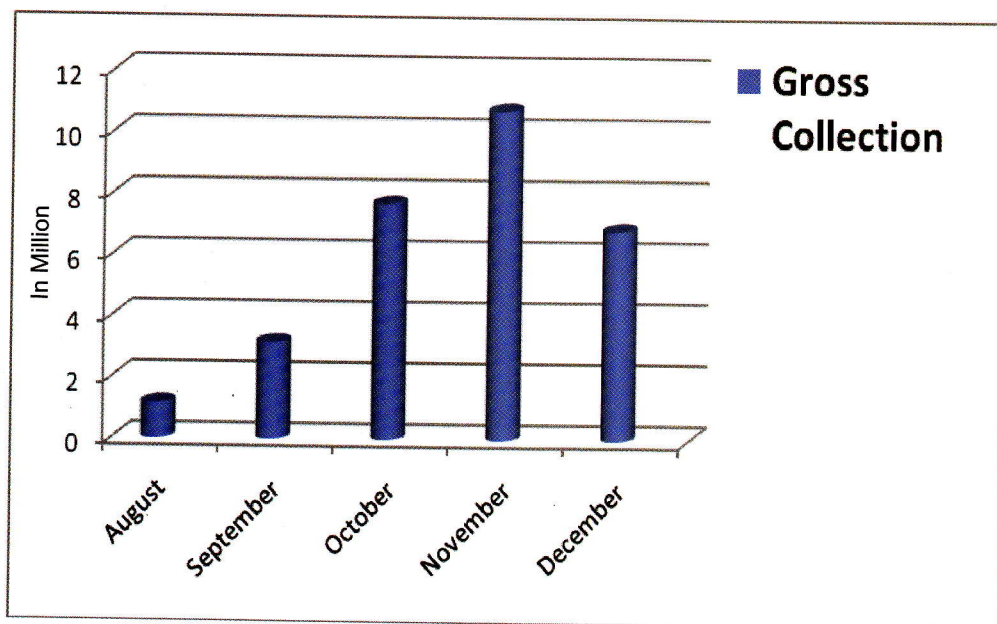
Financial and Operational Review:

The company could complete only four calendar months of commercial operation during the year 2009 and the functional achievement of this short period is highlighted below:

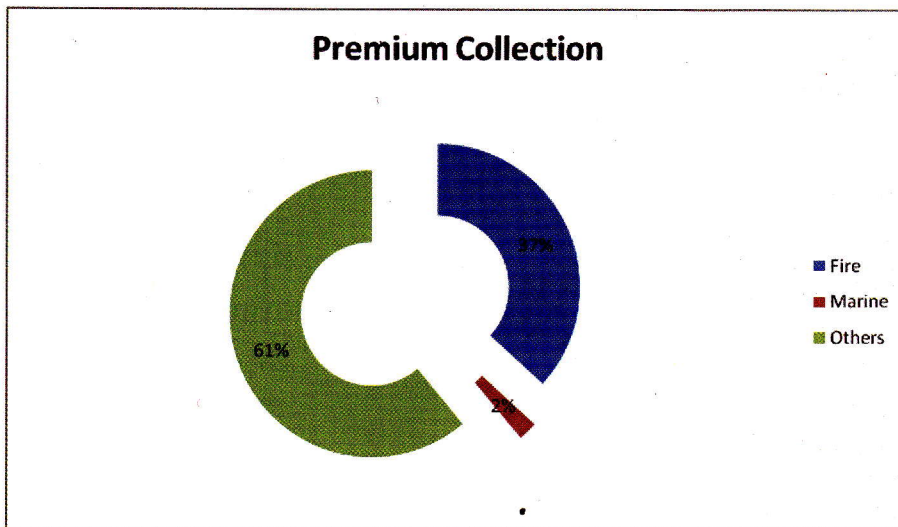
Segments	Premium			Claims		
	Gross Premium	Reinsurance	Net Premium	Gross Claim	Reinsurance	Net Claim
Fire	10,889,503.00	3,869,381.93	7,020,121.07	223,246.00	130,596.00	92,650.00
Marine	633,721.00	218,545.25	415,175.75	Nil	Nil	Nil
Others	18,087,162.00	6,395,195.21	11,691,966.79	1,190,091.00	Nil	1,190,091.00
TOTAL	29,610,386.00	10,483,122.39	19,127,263.61	1,413,337.00	130,596.00	1,282,741.00

Net premium after deducting the reinsurance premium is Nu.19.13 million; correspondingly, the gross claim amount is Nu.1.4 million and net claim comes to Nu 1.28 million. The overall net claim ratio is 6.7% which denotes strong underwriting process of the company. The investment division is utilizing the available fund most efficiently; it is losing neither its liquidity nor the interest of the working capital. The interest earned is Nu. 1.7 million.

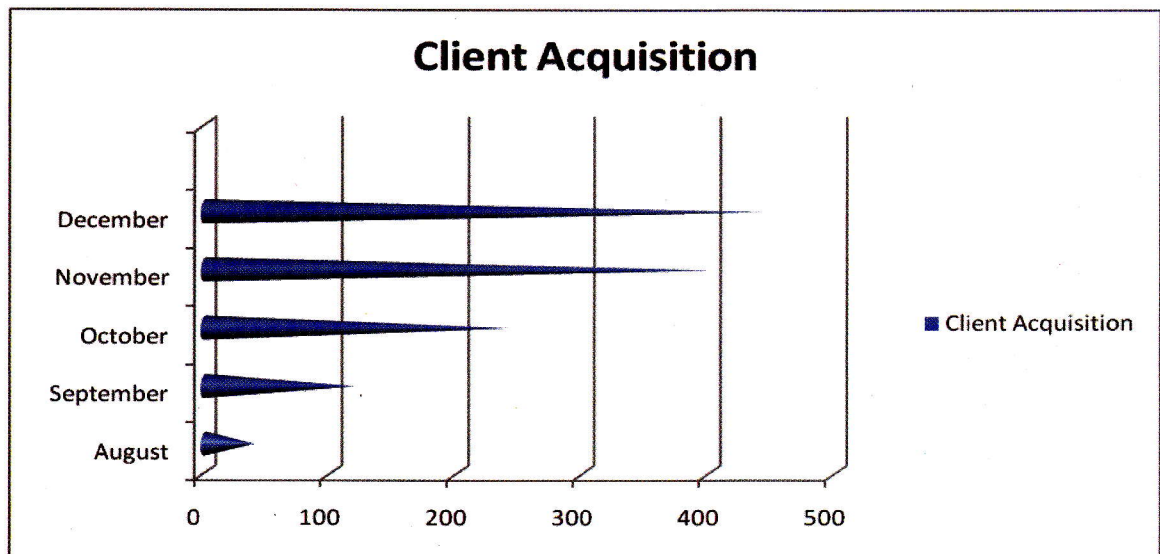
Looking at the flow of the business we can understand easily about the consistent growth of the business. The December collection showing a tiny fall due to slack season.



From the total premium collection of Nu.29.6 million, Fire segment represents 37% amounting Nu.10,889,503.00, Marine segment represents 2% amounting Nu.633,721.00 and other segment which is mainly influenced by motor represents 61% amounting Nu.11,691,966.00.



With regard to the growth of client acquisition, we find a constant positive average growth of 75.25% and business per policy holder (B.P.P.H) is Nu.22,770.00.



The company has earned over Nu. four million as profit (before appropriation) during the four calendar months of commercial operation. Specific analysis of profit is given hereunder:

Particulars	Nu	Nu
Gross income	10,859,938.64	
Income on investment	1,713,282.00	
Operating profit	12,573,220.64	
less: Gross operating expenses	7,857,062.97	
less: Non operating expenditure	469,255.55	
Profit		4,246,902.12
Transfer to CAT reserve		1,000,000.00
Earning Per Share (Annualized)		9

Bhutan Insurance Limited is making rapid strides on setting up a full fledged General Insurance Company with a significant investment portfolio. Considering the growing demand for insurance needs and encouraging response from almost all sectors of the economy appropriate growth path is being envisaged for the company.

Company Information

BOARD OF DIRECTORS

- I. **Mr. Ugyen Rinzin (Chairman)**
Yangphel Adventure and Travels, Thimphu
Phone No: 02-232393
Email: ugyen@zhiwaling.com
urinzin@bhutaninsurance.com.bt
- II. **Dasho Ugen Tsechup Dorji (Director)**
Singye Group of Co.Pvt.Ltd., Thimphu
Phone No: 02-322183/17119999
Email: ugentsechup@gmail.com
Fax No#02-324152
- III. **Mr. Karma Dorjee (Director)**
Karma Group of Companies
P.O. Box 177, Thimphu
Phone No: 02-324163/05254725/17110194
Email: karma@druknet.bt
Fax No: 02-322229/05252391
- IV. **Mr. Karma Lotey (Director)**
Yangphel Enterprise
P.O. Box 236, Thimphu
Phone No: 02-323293/323294/17111331
Email: md@-yangphel.com
Fax No: 02-322897
- V. **Mr. Tshering Gyaltsen**
(CEO/Member Secretary)
Bhutan Insurance Limited
P.O. Box 779, Thimphu
Phone No: 02-339893/339894
Email: tgyaltshen@bhutaninsurance.com.bt

AUDITORS

N.C.Mitra & Company
10, Old Post Office Street, Kolkata-700 001
Phone No.033-22486645, 22439101
22316679,64519806
Email: ncm@vsnl.com
Website: www.ncmitraco.com

AUDIT COMMITTEE MEMBERS

- I. Mr. Karma Lotey (Director)
Yangphel Enterprise
P.O. Box 236, Thimphu
Phone No: 323293/323294/17111331
Email: md@yangphel.com
Fax No: 322897
- II. **Mr. Singye Dorji**
Internal Auditor
Bhutan Insurance Limited
P.O.Box 779, Thimphu
Phone No.02-339893/339894/77242556
Email: singye@bhutaninsurance.com.bt
Fax No.02-339895
- III. **Mr. Yeshey Lotey**
Company Secretary cum Compliance Officer
Bhutan Insurance Limited
P.O.Box 779, Thimphu
Phone No.02-339893/339894/17603401
Email: yl@bhutaninsurance.com.bt
Fax No.02-339895

REGISTERED OFFICE

Chorten lam
P.O.Box No.779
Phone No.02-339893/339894
Fax No.02-339895
Toll Free No. 201
Email: info@bhutaninsurance.com.bt
Website: www.bhutaninsurance.com
(BIL Group Face Book) www.facebook.com

PRINCIPAL BANKERS

1. Bhutan National Bank Limited
2. Druk PNB Bank Limited

COMPANY PROFILE



**For all your insurance needs,
please visit our office**

BHUTAN INSURANCE LIMITED (BIL)

Was incorporated under the Companies Act of the Kingdom of Bhutan, 2000, on July 24, 2009 at the Office of the Registrar, Ministry of Economic Affairs, and the Certificate of license was issued by RMA on August 14, 2009, in pursuant to Part II of the Financial Institutions Act of Bhutan, 1992, as a General Insurance Company to engage in the business of general insurance. And the shares are listed with Royal Securities Exchange of Bhutan Limited (RSEBL). The company has been Carrying out Insurance Business since August 20, 2009.

VISION

To become the insurer of choice by providing quality service that exceed customer expectations and by constantly finding ways for improvement.

MISSION

Our mission begins and ends with our clients for whom we exist to serve to the best of our ability. With dedicated service to our clients we aspire to contribute to the social and economic objectives of the nation, providing security to its growing assets through reliable insurance services and increasing retention of finance within the country.

BIL offers all type of Non-Life Insurance services such as:

- Personal Insurance
 - I. Personal Accident Insurance
 - II. Auto Insurance Policy
 - III. Money Insurance Policy
 - IV. Fire Insurance
- Commercial Insurance
 - I. Marine Cargo Policy
 - II. Fidelity Guarantee policy
 - III. Aviation Policy
- Industrial Insurance
 - I. Fire Policy
 - II. Burglary Policy
 - III. Machinery Breakdown Policy
 - IV. Contractors Plant and Machinery Policy
 - V. Construction Project Insurance
 - VI. Fire Loss of Profit Policy
- Liability Insurance
 - I. Motor Vehicle Third Party

Re-Insurance

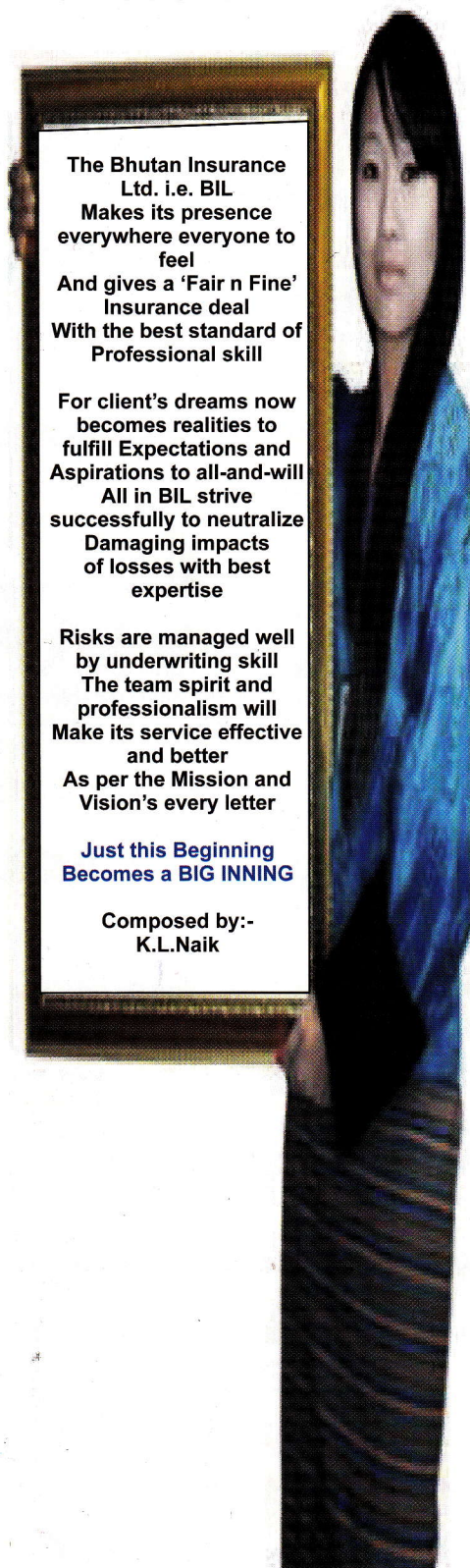
In order to enhance our underwriting capacity and have global spread of local risk, our office have strong reinsurance backup from well established companies like:

- National Insurance Company, India
- Oriental Insurance Company, India
- Asian Re- Thailand
- PTA Re



**CALL OUR TOLL FREE
NUMBER 201**

IT DOES NOT COST YOU ANYTHING



**The Bhutan Insurance
Ltd. i.e. BIL
Makes its presence
everywhere everyone to
feel
And gives a 'Fair n Fine'
Insurance deal
With the best standard of
Professional skill**

**For client's dreams now
becomes realities to
fulfill Expectations and
Aspirations to all-and-will
All in BIL strive
successfully to neutralize
Damaging impacts
of losses with best
expertise**

**Risks are managed well
by underwriting skill
The team spirit and
professionalism will
Make its service effective
and better
As per the Mission and
Vision's every letter**

**Just this Beginning
Becomes a BIG INNING**

**Composed by:-
K.L.Naik**

Capital Structure

- Issued and paid up capital –Nu.100 million

Shareholding

It is very hearting to mention that multifarious segments of Bhutanese economy have come forward to participate in the Bhutan Insurance limited's initial Public offer (IPO) of Shares. The company has shareholders from all the Dzongkhags except Gasa.

- Total numbers of shareholders - 4434
- Promoters holding - 40%
- Public holding - 60%

Promoters

- Mr.Ugyen Rinzin - 20%(Nu.20 million)
- Mr.Tshering Gyaltshen - 20%(Nu.20 million)

Office Establishment

- Head Office - Thimphu
- Branch Offices - Paro, Phuentsholing & Wangduephodrang
- Extension Offices - Bumthang & Gelephu

Services

- Door to Door Service
- Fast Claim Settlement
- Personal Touch with Customers

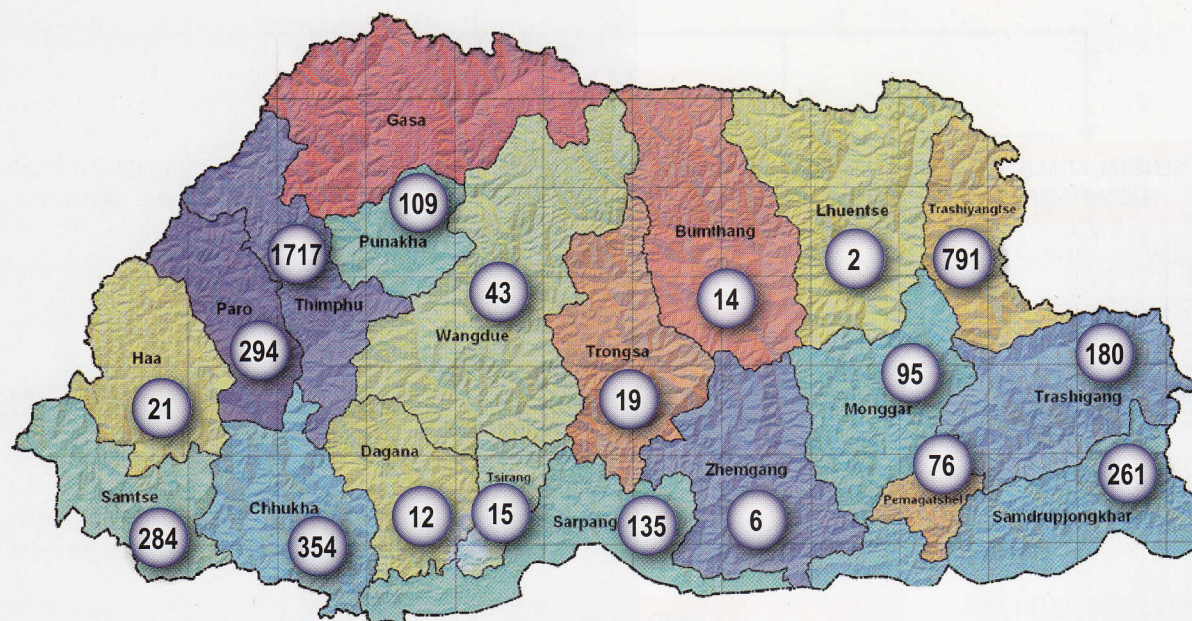
IPO (INITIAL PUBLIC OFFER OF SHARES)

- Opening 20th August 2009
- Closing 18th September 2009
- Allotment - October 8th 2009
- Over subscribed by 55.18%

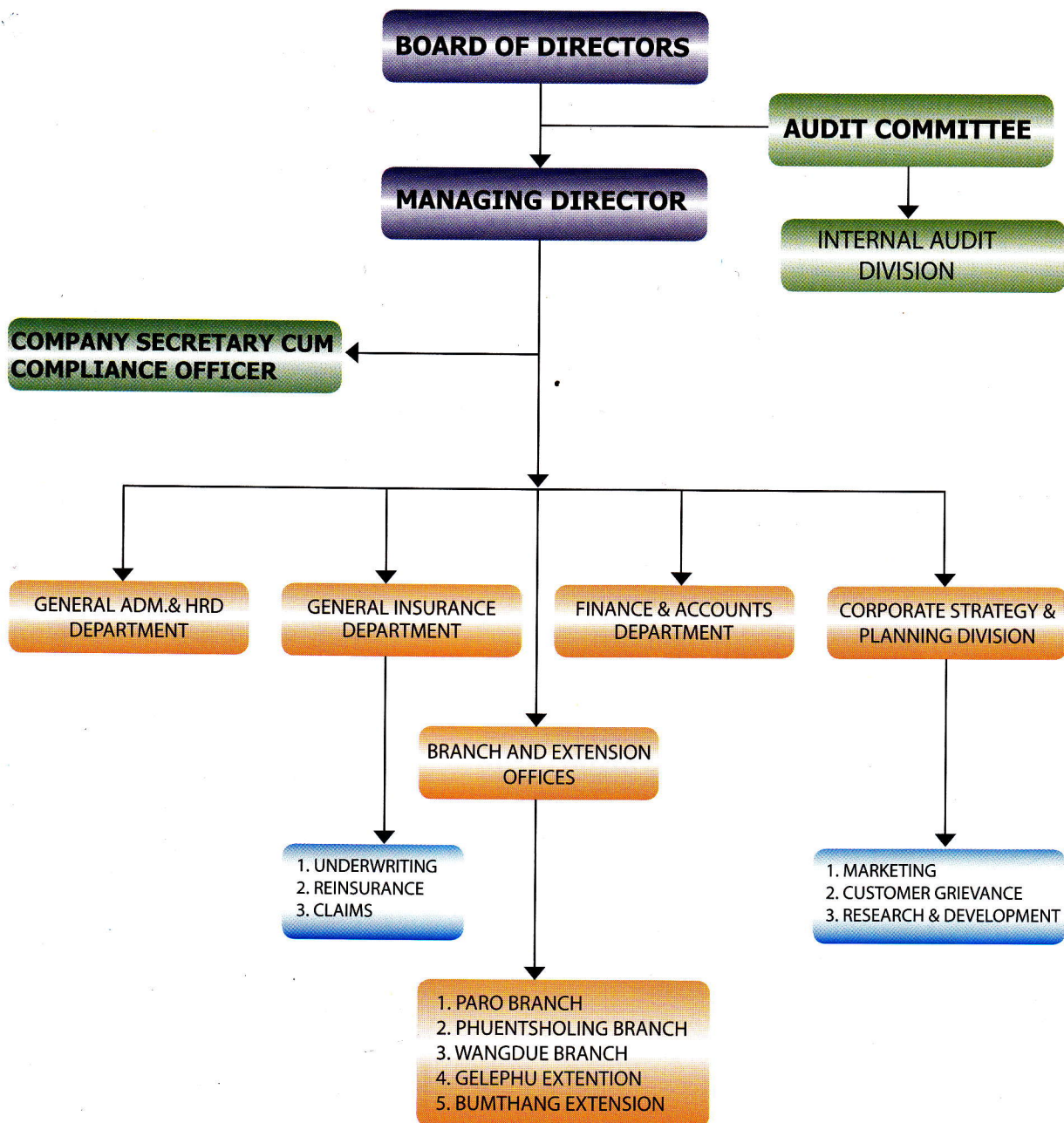
(no. of shares applied 931,073 against 600,000 shares floated)

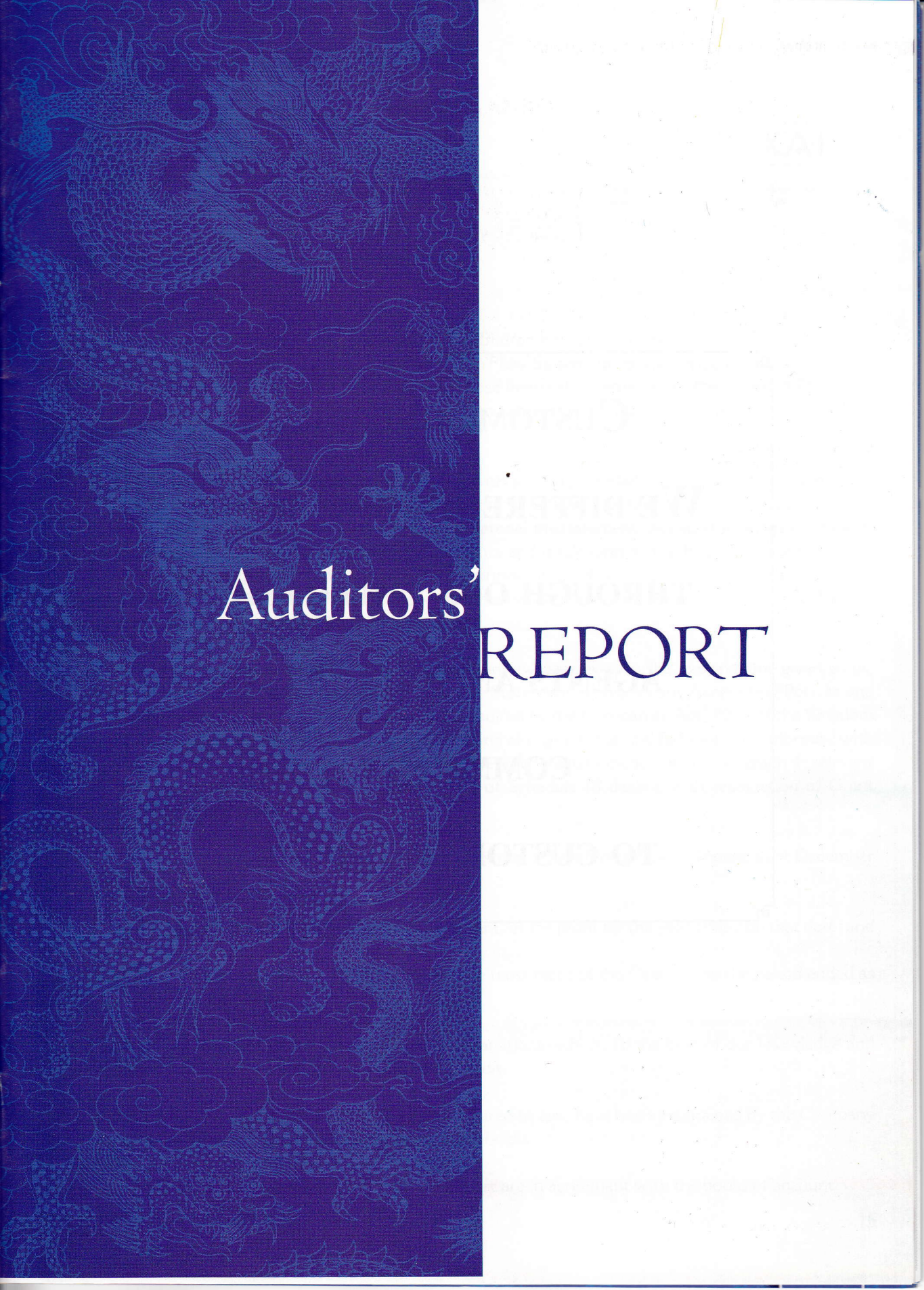
DZONGKHAG WISE SHARE HOLDING

Total No. of Shareholders 4434



ORGANOGRAM





Auditors' REPORT

CUSTOMER SERVICE
WE DIFFERENTIATE OURSELF
THROUGH OUR EMPLOYEES,
AGENTS AND OUR TOTAL
COMMITMENT
TO CUSTOMER SERVICE.

N. C. Mitra & Co.

CHARTERED ACCOUNTANTS

10 OLD POST OFFICE STREET, KOLKATA - 700 001



Tel : (9133) 2248 6645, 2243 9101, 2231 6679, 6451 9806 Fax : 913322439101

E-mail ncm@vsnl.com, info@ncmitraco.com
Website : <http://www.ncmitraco.com>

Auditors' Report to the Members,

Bhutan Insurance Limited

1. We have audited the attached Balance Sheet of Bhutan Insurance Limited as at 31st December, 2009 and the related Profit & Loss Account and Cash Flow Statement for the period ended on that date, signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. 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.
- 3.1 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the Statement on Significant Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 2000 of the Kingdom of Bhutan, (the Act) in the manner so required and also give a true and fair view, in conformity with the generally accepted accounting principles except for matters mentioned in paragraph 4 ,relevant portions of paragraph 5 below and note no 2 of Schedule 18 dealing with recognition of Grant Receivable as Income:
 - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at December 31, 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement the movement of the Cash during the period ended as on that date.
- 3.2. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 3.3. In our opinion, proper books of account, as required by law, have been maintained by the Company so far as appears from our examination of those books.
- 3.4. The financial statements dealt with by this report are in agreement with the books of account.

- 5.24. In our opinion, the relevant clause is not applicable to the company.
- 5.25. In our opinion, the relevant clause is not applicable to the company.
- 5.26. In our opinion the relevant clause is not applicable to the Company.
- 5.27. In our opinion, the relevant clause is not applicable to the company.
- 5.28. The company does have authorized policy distribution / commission agents, and as informed by the management they are screened to fit the specific criteria before being recruited.
- 5.29. In our opinion, the relevant clause is not applicable to the company.
- 5.30. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash/bank and short terms deposit etc are reasonably adequate and excessive amounts are not lying idle in non interest-bearing accounts.
- 5.31. According to the information and explanations given to us, and on the basis of examination of books and records on test check basis, we are of the opinion that the financial activities carried out by the Company during the year are prima facie lawful and intra-vires to the Articles of Incorporation of the Company.
- 5.32. Capital investment decisions are made with prior approval of the Board and investments in new projects are made only after ascertaining the techno-economic feasibility of such new ventures.
- 5.33. The Company is in process of establishing effective budgetary control system.
- 5.34. In our opinion, the relevant clause is not applicable to the company.
- 5.35. The details of remuneration paid and payable to the Managing Director and honorarium and sitting fees paid to other directors are disclosed in Note No. 12 of Schedule 14. As there is no separate register being maintained for recording disclosure of interest of Director, our checking is restricted to Board minutes and Management representations while checking the said document(s), we have not come across any cases of disclosure of interest where payments have been made in cash or in kind to any of the director's relatives (including spouse(s) and child/children) by the Company directly or indirectly.
- 5.36. According to the information and explanations given to us, the directives of the Board have generally been complied with.
- 5.37. We are given to understand by the management that the officials of the Company are refrained from transmitting any price sensitive information which are not publicly available and unauthorized, to their relatives/friends/associates or close persons which will directly or indirectly benefit themselves.
- 5.38. In case of Finance and Investment Company



- 5.38.1 The company is yet to obtain approval for granting loans and advances to parties and as such in our opinion this clause is not applicable, to the company.
- 5.38.2 The company has invested only in Fixed Deposits and RMA Bills, which have been recorded on time.
- 5.38.3 The company has not accepted any deposit from public and thus in our opinion this clause is not applicable, to the company.
- 5.38.4 In view of 5.38.2, in our opinion this clause is not applicable, to the company.
- 5.38.5 The company has generally adhered to the requirements of Financial Institutions Act, 1992 and other applicable laws, rules, regulations and guidelines issued by the appropriate authorities , except for the following:-
 a) As required , the audit Committee meetings are to be convened and held once in each quarter of the financial in pursuance to clause (ii) of Schedule-I of the Prudential Regulations, 2002. In this connection, no such meeting has taken place.
- 5.38.6 The company has not made any advances to any party and hence in our opinion this clause is not applicable, to the company.
- 5.38.7. In our opinion this clause is not applicable, to the company.
- 5.38.8 In our opinion this clause is not applicable, to the company.
- 5.38.9 In our opinion this clause is not applicable, to the company.
- 5.38.10 In our opinion this clause is not applicable, to the company.
- 5.38.11 In our opinion this clause is not applicable, to the company.
- 5.38.12 In our opinion this clause is not applicable, to the company.
- 5.38.13 In our opinion this clause is not applicable, to the company

5.39. Compliance of Companies Act:

The Corporation has complied with the requirements of Companies act of the kingdom of Bhutan 2000 subject to followings significant violation:-

Sec 82 – requires a company to hold a meeting of its Board of Directors at least once in every three months and at least four such meetings shall be held every year.

- the company has held only one meeting.



1.40 COMPUTERISED ACCOUNTING ENVIRONMENT

- a. The company is in process of developing a customized software system by an in-house software developer for maintenance of accounts.
- b. The company needs to provide further adequate safeguard measures and backup facilities.
- c. As per the information and explanations given to us, there is absence of backup facilities and disaster recovery measures..
- d. The operational controls are found inadequate to ensure correctness and validity of input data and out put information.
- e. As explained to us, the measures taken by the company to prevent unauthorized access over the computer installation and files are being upgraded to be considered adequate.

5.42 GENERAL**A. GOING CONCERN :**

The company's present operational and financial data indicate that the company is healthy and the accounts are prepared on the assumption that the company is a going concern.

The company, in our opinion is in a position to carry on its business and is not likely to become a sick in the foreseeable near future.

B. RATIO ANALYSIS:

Significant Ratios indicating the financial health and profitability of the company is as follows:-

Sl No.	PERFORMANCE RATIO	RATIO/PERCENTAGE FORMULA	2009
1	ANNUALIZED GROSS PREMIUM TO SHAREHOLDERS' FUND	Gross Premium/Average Capital Employed	1.40
2	NET RETENTION	Net Premium/Gross Premium	0.65
3	NET COMMISSION	Commission Net of Re-insurance/Net Premium	0.05
4	MANAGEMENT EXPENSE TO GROSS PREMIUM	Management Expense/Gross Premium	19%
5	COMBINED RATIO	(Gross Claim + Operating Expenses) *100/Gross Premium	23.4%
6	TECHNICAL RESERVE* TO NET PREMIUM	Technical Reserve/Net Premium	0.65



7.	OPERATING PROFIT	(Underwriting Profit+Investment Income)/Net Premium	4.28%
8.	NET EARNING RATIO	PAT/Net Premium*100	17%
9.	ANNUALIZED RETURN ON NET WORTH	PAT/Net Worth	3.38%
10.	UNDERWRITING BALANCE RATIO	Underwriting Profit/Net Premium	
		FIRE	0.15
		MARINE	0.17
		OTHERS	0.07

* Provisions for Unexpired Risks+ Reserve for Outstanding Claims+NAT/CAT Reserve

5.44 **ADHERENCE TO LAWS, RULES AND REGULATIONS:**

Audit of the Company is governed by the Companies Act of the Kingdom of Bhutan, 2000 and the scope of the audit is limited to examination and review of the financial statements as produced to us by the management.

In the course of audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation and we are unable to state that the company has been complying with other applicable laws (other than Companies Act of Kingdom of Bhutan, 2000 and Financial Institutions Act of Bhutan.1992) rules and regulations, system procedures and practices.

For N. C. MITRA & CO.
Chartered Accountants,



(G. MITRA)
PARTNER

M No. 061661

10, Old Post Office Street,
Kolkata, the 19th March, 2010.

BHUTAN INSURANCE LIMITED
BALANCE SHEET AS ON 31.12.2009

SOURCES OF FUNDS	SCHEDULE	Amount(Nu)	Amount(Nu)
Share Capital			
Authorised Capital			500,000,000.00
Issued, Subscribed And Paid-Up			100,000,000.00
Reserves & Surplus	5		4,246,902.12
Borrowings			0.00
TOTAL(A)			104,246,902.12

APPLICATION OF FUNDS	SCHEDULE	Amount(Nu)	Amount(Nu)
Investments	6		40,000,000.00
Loans			0.00
Fixed Assets(See Schedule)	7	3,968,221.00	
Less: accumulated dep		166,088.00	3,802,133.00
Current assets and advances			
Cash And Bank Balance	8		77,077,798.67
Advances And Other Assets	9		1,766,846.00
Sub Total (A)			82,646,777.67
Current Liabilities & Provisions			
Current Liabilities	10		8,237,709.40
Provisions	11		11,476,358.16
Sub Total (B)			19,714,067.56
Net Current Assets (A-B)			62,932,710.11
Miscellaneous Expenditure	12		1,314,192.01
TOTAL(B)			104,246,902.12

SIGNIFICANT ACCOUNTING POLICIES 13

NOTES TO ACCOUNTS 14

The schedules referred to above form an integral part of this Balance Sheet

Per our Report of even date

For N. C. Mitra & Co.
Chartered Accountants

On Behalf of The Board of Directors

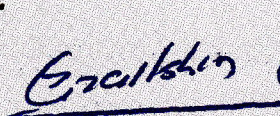



(Gaurab Mitra)
Partner

Membership Number:061661



Manager
(F & A Dept.)



Managing Director



Chairman

Place: Thimphu

Date: 19/03/2010



BHUTAN INSURANCE LIMITED
PROFIT & LOSS FOR THE YEAR ENDED 31/12/2009

PARTICULARS	Amount (Nu)	Amount (Nu)
OPERATING PROFIT /LOSS		2,002,875.67
<u>INCOME ON INVESTMENTS</u>		
Interest on RMA deposit		37,500.00
Interest on Fixed deposit		1,675,782.00
TOTAL(A)		3,716,157.67
<u>OTHER EXPENDITURE</u>		
Pre- Operating Expenses Written Off		115,495.25
Sales Promotion Expenses		11,500.00
Uniform A/C		9,500.00
Preliminary Written Off		96,471.11
Insurance		10,532.00
Donation		55,000.00
Bank Charges		4,669.19
Depreciation		166,088.00
TOTAL(B)		469,255.55
Profit Carried Forward to Balance Sheet		(A-B) 3,246,902.12
SIGNIFICANT ACCOUNTING POLICIES	13	
NOTES TO ACCOUNTS	14	

The schedules referred to above form an integral part of this Profit & Loss Account

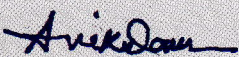
Per our Report of even date

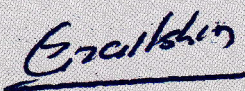
For N. C. Mitra & Co.
Chartered Accountants

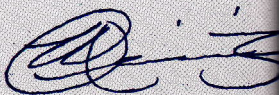
On Behalf of The Board of Directors


(Gaurab Mitra)
Partner
Membership Number: 061661




Manager
(F & A Dept.)


Managing Director


Chairman



Place: Thimphu
Date: 19/03/2010

BHUTAN INSURANCE LIMITED
REVENUE ACCOUNT FOR THE YEAR ENDED 31.12.2009

PARTICULARS	SCHEDULE	Fire	Marine	Others	AMOUNT (Nu)
INCOME					
Premium (net)	1	7020121.07	415175.75	11691966.79	19127263.60
Commission on re-insurance ceded	-	1177784.86	69655.17	1961593.17	3209033.20
Changes in Provision on unexpired risk	-	(4212072.64)	(249105.45)	(7015180.07)	(11476358.16)
Total (A)		3985833.29	235725.47	6638379.88	10859938.64
EXPENDITURE					
Claim	2	92649.20	0.00	1190091.00	1282740.20
Commission	3	349092.47	20315.64	579832.89	949241.00
Operating Expenses	4	2058677.44	120345.75	3446058.59	5625081.77
Total (B)		2500419.11	140661.39	5215982.48	7857062.97
OPERATING PROFIT (A-B)		1485414.19	95064.07	1422397.40	3002875.67
APPROPRIATIONS					
Transfer to Catastrophe Reserve		367,021.72	21,705.96	611,272.32	1,000,000.00
Operating Profit After Appropriation		1,118,392.47	73,358.11	811,125.08	2,002,875.67

The schedules referred to above form an integral part of this Revenue Account
 Per our Report of even date

For N. C. Mitra & Co.

Chartered Accountants



Gaurab Mitra
 (Gaurab Mitra)
 Partner

Membership Number: 061661

Place: Thimphu

Date: 19/03/2010

On Behalf of The Board of Directors

Erachin
 Managing Director

Chairman



SCHEDULES TO REVENUE ACCOUNT AND BALANCE SHEET**SCHEDULE 1 :- PREMIUM**

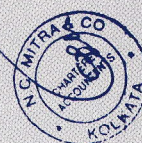
	TOTAL AMOUNT	Fire	Marine	Others
Premium Received	29,610,386.00	10,889,503.00	633,721.00	18,087,162.00
Less:-Re-insurance Ceded	(10,211,448.40)	(3,755,357.93)	(218,545.25)	(6,237,545.21)
Less:-Premium Refund	(141,171.00)	(75,450.00)	-	(65,721.00)
Less: Pre-Received Premium	(130,503.00)	(38,574.00)	-	(91,929.00)
TOTAL	19,127,263.60	7,020,121.07	415,175.75	11,691,966.79

SCHEDULE 2 :- CLAIM

Insurance Claim	1,293,337.00	163,246.00	-	1,130,091.00
Add: claims o/s at the end of the year	120,000.00	60,000.00	-	60,000.00
Less: re-insurance claim	130,596.80	130,596.80	-	-
	1,282,740.20	92,649.20	-	1,190,091.00

SCHEDULE 3 :- COMMISSION

Corporate	7,927.00	2,915.23	169.65	4,842.12
Non-Corporate	941,314.00	346,177.24	20,145.99	574,990.78
	949,241.00	349,092.47	20,315.64	579,832.89



SCHEDULE 4 :- OPERATING EXPENSES				Marine	Others
TOTAL AMOUNT				Fire	
Postal and Telegram Expenses A/c	6,460.00			2,375.73	138.26
Legal Expenses A/c	125,774.00			46,254.59	2,691.81
Refreshment A/c	43,493.00			15,994.97	930.84
Training and Recruitment A/c	84,597.00			31,111.36	1,810.54
Travelling A/c	181,632.00			66,796.91	3,887.29
TA/DA A/c	218,365.00			79,141.86	4,668.54
Telephone and Fax A/c	128,701.00			46,645.00	2,751.57
Printing and Stationery A/c	369,567.00			133,941.88	7,901.16
Fuel A/c	21,010.00			7,726.63	449.66
Meeting and Conference A/c	80,000.00			29,420.77	1,712.16
Advertisement A/c	487,324.35			176,620.58	10,418.76
Salary A/c	2,945,342.54			1,083,177.92	63,036.17
Freight and Carriage A/c	3,250.00			1,195.22	69.56
Rent A/c	243,559.00			88,272.90	5,207.17
Legal and Revenue Stamps A/c	13,000.00			4,780.87	278.23
Consultancy A/c	100,000.00			36,775.96	2,140.20
Internet A/c	77,391.00			28,048.76	1,654.58
Fooding and Lodging A/c	181,978.00			65,954.14	3,890.60
Custom Clearance A/c	7,450.00			2,739.81	159.44
Audit Fees	50,000.00			18,387.98	1,070.10
Office Expenses A/c	129,207.88			46,828.71	2,762.40
Audit Expenses A/c	50,000.00			18,387.98	1,070.10
Electricity Expenses A/c	40,000.00			14,497.17	855.18
Repair and Maintenance A/c	11,980.00			4,405.76	256.40
Transfer Allowance A/c	25,000.00			9,193.99	535.05
TOTAL	5,625,081.77			2,058,677.44	120,345.75
					3,446,058.59



SCHEDULE 5 :- RESERVES & SURPLUS

PROFIT & LOSS	3,246,902.12
Catastrophe Reserve	1,000,000.00
	4,246,902.12

SCHEDULE 6 :- INVESTMENTS

Longterm Deposit(FD)	40,000,000.00
	40,000,000.00

SCHEDULE 7 :- FIXED ASSETS

	Original Cost as on 01.08.09	Addition during the year	Sales/written off	Closing Cost	Dep during the year	Dep on sale of assets	Dep Reserve on 31.12.09	W.D.V as on 01.08.09	W.D.V as on 31.12.09
Office Equipment	0.00	253004.00	0.00	253004.00	5,815.00	0.00	5,815.00	0.00	247,189.00
Computer	0.00	1373557.00	0.00	1373557.00	55,621.00	0.00	55,621.00	0.00	1,317,936.00
Furniture and Fixture	0.00	652168.00	0.00	652168.00	22,029.00	0.00	22,029.00	0.00	630,139.00
Vehicle	0.00	1689492.00	0.00	1689492.00	82,623.00	0.00	82,623.00	0.00	1,606,869.00
TOTAL	0.00	3980201.00	0.00	3982221.00	166,088.00	0.00	166,088.00	0.00	3,802,133.00



SCHEDULE 8:-CASH AND BANK BALANCE:-

Bank Account	7,067,798.67
Short Term Deposit	70,000,000.00
Petty Cash A/c	10,000.00
	77,077,798.67

SCHEDULE 9:- ADVANCES

Interest on fixed deposit receiveable	1,675,782.00
Security Deposit	40000.00
Interest Receivable	30000.00
Prepaid Insurance	21064.00
	1766846.00

SCHEDULE 10:- CURRENT LIABILITIES

Re-insurance Payable(Net)	6,669,318.40
Outstanding Claim A/c	120,000.00
Outstanding Expenses	1,317,888.00
Pre-received Income	130,503.00
	8,237,709.40

SCHEDULE 11:- PROVISIONS

Provision for Unexpired Risk	11,476,358.16
Provision for taxation	
	11,476,358.16

SCHEDULE 12:- MISCELLANEOUS EXPENDITURE

Preliminary Expenses	716070.55
Pre-operating Expenses	598120.89
	1314191.44



BHUTAN INSURANCE LIMITED **cash flow statement as on 31.12.2009**

Cash flow from operating activity

Profit before tax		4,246,902.12
Add:	Depreciation	166,088.00
Add:	Amortisation	378,054.36
		4,624,956.48
Increase/(Decrease) in Current Liability		19,714,067.56
(Increase)/Decrease in Current Asset		(1,766,846.00)
		22,572,178.04

Cash Flow from Financing Activity

Equity Share Issue	100,000,000.00
Investment made	40,000,000.00
	60,000,000.00

Cash Flow from Investing Activity

Fixed Asset Purchase	3,968,221.00
Preliminary Expenses	1,526,158.37
	(5,494,379.37)
Change in Cash Balance	77,077,798.67
Opening Cash in Hand	Nil
Closing Cash in Hand	77,077,798.67
Change in Cash Balance	77,077,798.67

SIGNIFICANT ACCOUNTING POLICIES

13

NOTES TO ACCOUNTS

14

1) The schedules referred to above form an integral part of the Cash Flow Statement

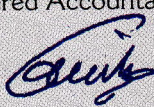
2) This Cash Flow Statement is prepared under "Indirect Method" as reallocation required for the proper arrangement as made by the Company.

Per our Report of even date

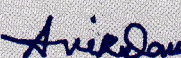
For N. C. Mitra & Co.

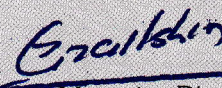
On Behalf of The Board of Directors


Chartered Accountants


 (Gaurab Mitra)
 Partner




 Arindam
 Manager
 (F & A Dept.)


 Erakshin
 Managing Director


 Chairman

Membership Number: 061661

Place: Thimphu

Date: 19/03/2010



SCHEDULE 13**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st DECEMBER, 2009.****1. Accounting Convention**

The Balance Sheet, Profit & loss Account and Revenue Account are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles, to the extent applicable and conform to the statutory provisions and practices prevailing in the General Insurance except as otherwise stated.

2. Revenue Recognition

- i) Items of income and expenditure are accounted on accrual basis, unless otherwise stated.
- ii) Premiums are recognized as income, as and when due on assumption of risk.
- iii) Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the re-insurers.
- iv) Interest on fixed deposits is accounted for on accrual basis.
- v) Interest, Rent etc., are accounted at gross value before deduction of tax.

3. Benefits Paid (including claims)

- i) Benefits paid/claims' costs consist of the policy benefit amounts and claim settlement costs, where ever applicable.
- ii) Cancellation and other claims are recognized for when intimated. Provision for outstanding claims is made for those policies where the intimation has been received up to 31st December. Additional provisions are also made for benefit(s)/claim(s) incurred, wherever necessary.
- iii) Salvage recoveries are accounted for on realization basis.
- iv) Reinsurance recoveries, when applicable, are accounted in the same period.

5.Fixed Assets

- i) Fixed Assets are stated at cost less depreciation.
- ii) Depreciation is calculated as per the applicable provisions of Income Tax Act of Bhutan 2001, as amended to -date on straight-line basis at the prevailing rates and in the manner as prescribed.



6. Retirement/Employee Benefits

Contribution to Provident fund and other funds are accounted for, as and when accrued.

7. Risk Reserves

- i) Reserves for unexpired risks are created in Revenue Account in respect of General Insurance Business at 60% of net premium income for the year.
- ii) Re-insurance Reserves are created on the basis of existing treaty arrangement.

8. General

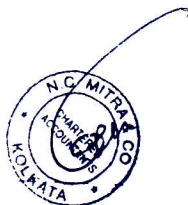
- i) Management expenses and interest earned from investment related to General Insurance business are apportioned among the various types of business on the basis of respective gross premium.
- ii) Transfer to Catastrophes Fund and General Reserves are made as per the amount decided by the management from time to time.

8. Use of Estimates

The preparation of the financial statements in conformity with generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Examples of the estimates include future obligation under employee benefits plans, useful lives of fixed assets as well as provision for unexpired risk, etc. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized accordingly in current and future periods.

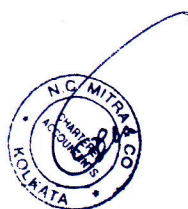
9. Miscellaneous Expenditure

Miscellaneous Expenditures are amortized over a period of three accounting years as per the applicable provisions of Income Tax Act of Bhutan 2001, as amended to -date.



SCHEDULE 14**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2009**

1. Bhutan Insurance Limited (BIL) is registered on 24th July, 2009 under the Companies Act of the Kingdom of Bhutan 2000.
2. The financial statements for the year have been drawn up in accordance with the industry practice as well as prescribed formats of Royal Monetary Authority of Bhutan and the Companies Act of the Kingdom of Bhutan 2000, as far as practicable.
3. Contingent liabilities as at the Balance Sheet date (as certified by the management)
 - i) Income Tax provision not considered in the accounts in view of application for tax holiday, pending approval of the same by the Government, for Nu 974070.63, calculated at 30% of Profit before tax on a gross basis.
 - ii) The Liability and corresponding charge in Income Statement arising out of Incurred But Not Reported items are not provided for in view of nascent stage of operations of the company.
4. Reserves for un-expired risks amounting to Nu. 11,476,358.16 created in the Revenue Accounts in respect of General Insurance Business at 60% of the net premium income during the year which have been duly reflected as General Insurance Funds in the Balance Sheet.
5. During the year, Nu. 1,000,000 has been appropriated from the Profit and Loss Account to Catastrophe Fund.
6. Having completed four months of operation as on 31st December, 2009, the company has not provided for Gratuity, Leave Encashment and Leave Travel Concession, as the same is payable to employees only when full year of service is complete.
7. Provision for bonus payable to employees has neither been ascertained nor been provided for in these accounts.
8. Fixed Assets (Schedule 11)-
 - (a) Physical verification of the fixed assets has been carried out by the management during the year.
 - (b) Codification of moveable fixed assets and incorporation of the same/location details of all the assets in the Fixed Asset Register of the Corporation has been initiated by the management in order to maintain a proper Fixed Assets Register. Consequently, reconciliation of the book records and physical inventories will be made on completion of the aforesaid exercise. Presently any further adjustments, as required to be made, are not ascertainable and in the opinion of the management, the same may not be material in relation to these accounts.



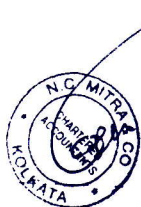
9. The assets of the Corporation in Bhutan are free from all encumbrances.
10. Premium in respect of policies on General Insurance extended for more than one year is recognized as income in the year of service being rendered.
11. Re-insurance:

Non-Life

 - (i) The balances outstanding, both debits and credits, as at the Balance Sheet date to re-insurers aggregating to Nu. 3,339,630.00 and Nu. 10,008,948.40 respectively are also pending final reconciliation process/ confirmation and acceptance of the re-insurance and consequently any further adjustments thereof are not ascertainable at this stage, are netted off at Nu 6,669,318.40 in Schedule 10.
12. Management expenses include-
 - a) Managerial Remuneration paid/payable to the Managing Director (Chief Executive Officer):

-Remuneration: Nu. 375,000.00

-Other Benefits: Nu. 121,021.50
 - b) Directors sitting fees: Nu. 60,000.00
13. The Audit Fees and Expenses comprises:-
 - a) Audit fee payable: Nu. 50,000.00
 - b) Provision for audit expenses Nu. 50,000.00
13. Outstanding liabilities include certain expenses with respect to electricity being provided for on a gross basis pending receipt of final bill for the same.
14. The Company has absorbed the emoluments paid/payable to the brokers amounting to Nu. 949,241.00 for procurement of business worth Nu. 15,241,554.00.
15. Premium Deficiency has not been credited since, in the opinion of the management, the expected claim costs along with the related expenses and maintenance cost of the insurance products in force would not exceed the related reserve for unexpired risk.
16. The Preliminary and Preoperative Expenses are charged off in this account in proportion to the operating period of four months.



17. In the opinion of management, there is no impairment of fixed assets of the corporation, which may require any adjustment to be made.
18. Being first year of operation no comparable figure(s) of financial statements of previous year are available.

Signature to schedule I to 14



Manager
(F & A Dept.)

Place; Thimphu
Date: 19/03/2010



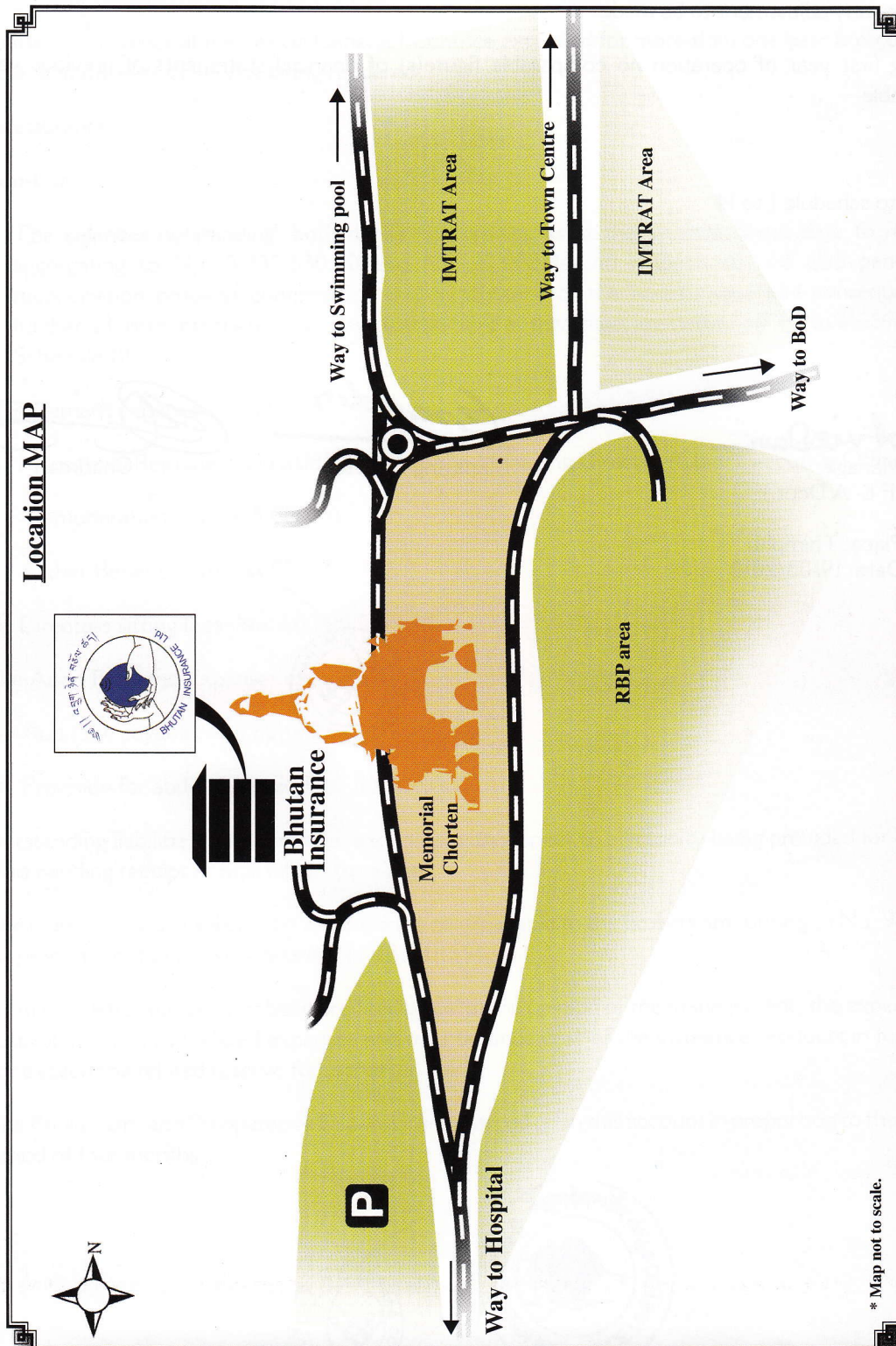
Managing Director



Chariman



Location MAP



* Map not to scale.

We offer the following insurance services

A) PERSONAL INSURANCE	<ul style="list-style-type: none">✓ Personal Accident Insurance (Individual & Group)✓ Auto Insurance Policy (Private & Commercial)✓ Money Insurance Policy✓ Fire insurance policy
B) COMMERCIAL INSURANCE	<ul style="list-style-type: none">✓ Marine Cargo Policy✓ Fidelity Guarantee Policy✓ Aviation Policy
C) INDUSTRIAL INSURANCE	<ul style="list-style-type: none">✓ Fire Policy✓ Burglary Policy✓ Machinery Breakdown Policy✓ Contractors Plant & Machinery Policy✓ Construction Project Insurance
D) LIABILITY INSURANCE	<ul style="list-style-type: none">✓ Motor Vehicle Third Party

Know Your **FIRE COVERS**

Your **quick guide** for **MOTOR CLAIMS**

Your **quick guide** for **MISCELLANEOUS INSURANCE**

Know your **MOTOR INSURANCE COVER**



Providing Security, Building Confidence

Bhutan Insurance Limited

Your insurer of Choice

For more information and enquires you can visit us or call us at:-

Bhutan Insurance Ltd.

Chorten Lam

Post Box # 779

Thimphu : Bhutan

EPABX: +975 02 339893/339894

Fax #: +975 02 339895

email: info@bhutaninsurance.com.bt

website: www.bhutaninsurance.com.bt

www.facebook.com

(BIL group facebook)

Toll Free
Number

201



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BHUTAN INSURANCE LIMITED

BIL STAFF



NEW INSURANCE SCHEMES

NEW

- LOAN PROTECTION INSURANCE
- FIRE CONSEQUENTIAL LOSS / LOSS OF PROFIT
- FIRE SPECIAL PACKAGE POLICY



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Bhutan Insurance Limited
Providing Security, Building Confidence

Your insurer of
CHOICE

This Insurance Policy is specifically designed for the loan clients of the Financial Institutes.

Borrowers and their family can have peace of mind and payment protection by availing 'Loan Protection Insurance policy' offered by Bhutan Insurance Limited at a very minimum cost. As most employees avail loan by pledging their post retirement benefits, should misfortune happen to the clients, their family members will be hard hit specially if the post retirement benefits of the bread earner have to be adjusted against the outstanding loans. Thus through the Loan Protection Insurance cover, the pecuniary interest of the bereaved family members will be protected to the extent of outstanding principle loan balance.

This policy provides the following covers:



In the event of insured's Permanent Total Disability due to accident, Bhutan Insurance will pay the outstanding principle loan balance as on the event of the claim or sum insured whichever is less.



In the event of insured's demise due to natural or Accidental cause, Bhutan Insurance will pay the outstanding principle loan balance as on the event of the claim or sum insured whichever is less.



In the event of insured's Termination from employment, Bhutan Insurance will provide cover to the extent of 50% of the principle loan balance as on the event of the claim or sum insured whichever is less.

LOAN PROTECTION INSURANCE

We offer attractive premium discounts for taking the policy cover for more than one year/entire loan term.

Terms and Conditions

- Members must be of 18 years or above
- Maximum loan repayment period should not be more than 60 months
- Coverage ceases when member reaches the age of 61
- The coverage shall be on the loan sanctioned amount or loan balance which ever is less

General Exclusions

- Arising out of events other than those specifically mentioned in the policy Schedule.
- Arising or resulting from the Insured Person committing any breach of law with criminal intent as proven by competent Court of Law.
- Due to, arising out of, or directly or indirectly connected with or traceable to war, invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, mutiny, military or usurped power, seizure, capture arrests, restraints and detainment of all Heads of State and citizens of whatever nation and of all kinds and acts of terrorism.
- Directly or indirectly caused by or contributed to by or arising from ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel. For the purpose of this exception, combustion shall include any self sustaining

process of nuclear fission.

- Directly or indirectly caused by or contributed to by or arising from nuclear weapon materials.
- Due to suicide or age more than 61 or loan period exceeding 60 months.
- Due to Permanent Total Disability resulting from any injury, sickness or disease for which medical care, treatment, or advice was recommended by or received from a Doctor or from which the Insured Person suffered or which was present before the commencement of the Period of Insurance.
- The Company shall not be liable for any payment in the event of termination from employment of the Insured Person being attributed to absconding from the Country or on conduct of Anti-Government criminal acts.

Note:- These are the summary of the policies and do not contain the full terms and the conditions of the cover which can be found in the policy documents.