



ANNUAL REPORT 2018



SABINCO

: Development Financing Institution

Saudi - Bangladesh Industrial and Agricultural Investment Company Ltd.

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Saudi - Bangladesh Industrial and Agricultural Investment Company Ltd.

NOTICE OF THE 35th ANNUAL GENERAL MEETING (AGM)

With reference to the Article 27 of the Articles of Association of the Company, notice is hereby given that the 35th Annual General Meeting (AGM) of Saudi-Bangladesh Industrial and Agricultural Investment Company Limited will be held on 22 June, 2019 at 11:30 A.M. at the Registered Office of the Company at 79, Nikunja-2, Dhaka-1229, Bangladesh to transact the following business :

AGENDA

1. Confirmation of minutes of the 34th Annual General Meeting held on 23rd June, 2018.
2. Consideration and adoption of the Directors' Report on the performance of the Company during the year 2018.
3. Consideration and adoption of the Audited Accounts of the Company together with the Report of Auditors thereon, for the period from 1st January to 31st December 2018.
4. Appropriation of Profit and Declaration of dividend, if any.
5. Approval of Annual Remuneration to Directors in terms of the Article 48 of the Articles of Association.
6. Appointment of Messrs Khan Wahab Shafique Rahman & Co., Chartered Accountants as Auditors of the Company for the year 2019 and fixation of their remuneration.

It may be mentioned that in terms of Article 38 of the Articles of Association of the Company "Every shareholder shall be entitled to attend the General Meeting in person or authorize another shareholder. The authorization shall be ratified by the competent authorities. Such instrument shall be deposited at the registered office at least 72 hours before the time for holding the meeting."

By the order of the Board

(Ahmed Ehsanul Karim)
Deputy Managing Director
and Company Secretary

Dhaka
02 May, 2019



Corporate Information

Registered Name	: Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO).
Corporate Office	: 79, Nikunja-2, Dhaka-1229, Bangladesh.
Legal Entity	: Private Limited Company.
Date of Incorporation	: 24 June, 1984 under the Companies Act 1913.
License Details	: Bangladesh Bank License No. BCD (Non-Banking)/ Dhaka/4/95 dated 07 February 1995.
Auditors	: Khan Wahab Shafiq Rahman & Co., Chartered Accounts.
Legal Advisor	: Dr. Kamal Hossain & Associates, Ms. Sadia Rowshan Jahan, Advocate, Supreme Court of Bangladesh.
Tax Advisor	: K.M. Hasan & Co., Chartered Accountants.
Membership	: Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI) & Foreign Investors Chamber of Commerce and Industry (FICCI), Bangladesh.
Bankers	: Standard Chartered Bank and The City Bank Ltd.
Website	: www.sabinco.com.bd
E-mail	: sabinco@sabincobd.com



Our Vision & Mission

Vision:

Position SABINCO as the leading Non-Bank Financial Institution in the country.

Mission:

- ◆ Provide superior customer service and competitive pricing.
- ◆ Strictly adhere to credit norms, exercise due diligence and ensure effective management of risk, and
- ◆ Prudence and efficiency as the guiding principles in carrying out our business.

OUR OBJECTIVES

SABINCO's objectives are to make investments in the industrial and agro-based industrial fields in the People's Republic of Bangladesh purely on commercial basis



OUR CORE VALUES

- ◆ Customer Focus
- ◆ Value Creation
- ◆ Team Work
- ◆ Transparency
- ◆ Trust and Respect
- ◆ Honesty and Integrity





Milestone Achievements

- SABINCO, a non-depository Financial Institution was established in 1984.
- SABINCO has so far facilitated 133 industrial investments, amounting to Taka 17,184 million in the private sector in Bangladesh from its own financial resources.
- SABINCO has substantially contributed in employment generation in the industrial enterprises promoted.
- SABINCO has played a pivotal role in the development of the Fisheries sector in Bangladesh by financing the first Balanced Fish and Poultry Feed Mill in the country and introducing the industrial scale Fish-Farming (grow out).
- The first commercial shrimp hatchery (Black Tiger) in the country was financed by SABINCO.
- SABINCO also acted as a catalyst in the establishment of private sector cement industry in the country by promoting two pioneering cement manufacturing facilities.
- SABINCO has so far approved Taka 2,154 million in 19 power projects having total capacity of 1,321 MW in syndication with other lenders since 2005.
- SABINCO's cumulative dividend payment to its shareholders, surpassed the paid up and authorized capital of Taka 2,106.08 million in 2014.

Milestone Achievements

- SABINCO continues to make significant contribution to the national economy through payment of income tax (1995-2011) and dividend. Following statistics, since inception till 31 December 2018, may kindly be noted:

- Taka 1,345.264 million paid as Income Tax to the Government of the People's Republic of Bangladesh for the period 1995-2011 (Not covered by tax exemption privileges).

- Taka 1,582.85 million paid as Dividend, to the Government of the People's Republic of Bangladesh.

- US\$ 21.85 million (Taka 1,582.85 million) remitted to the Government of the Kingdom of Saudi Arabia as Dividend.

- SABINCO owned office building at Nikunja-2, Dhaka-1229 completed in 30 June, 2012.

- **Automation:** Fully operational since 2017, SABINCO's new automation solution consisting of SAGE ERP (Enterprise Resource Planning) integrated with a locally developed Loan Management System (LMS), today provides for added efficiency and cost effective solution as compared to investments made by peers for this capability.



Corporate Profile

Based on an MOU concluded between the brotherly Government's of the Kingdom of Saudi Arabia and the People's Republic of Bangladesh, SABINCO was established in 1984, with the objective of making investments in the Industrial and Agro-based Industrial sectors in Bangladesh on a commercial basis.

Since 1995, the Company has been operating as a non-bank Financial Institution under a license granted by Bangladesh Bank.

The Subscribed and Paid-up Capital of the Company is Taka 2,106.08 million (Equivalent US\$ 60.00 million), equally subscribed by both the Governments. It is a non-depository non-bank financial institution.

Our Business:

- ◆ SABINCO has so far approved 133 ventures in various industrial/ financial/ institutional sub-sectors of the country.
- ◆ In the recent past, we have extended 'wholesale financing' to three leading financial institutions and a leading NGO for reinvesting in the SME and micro finance sectors.
- ◆ Projects so far financed are in the Agriculture, Chemicals, Cement, Electronics & Electrical, Food & Beverage, Glass & Ceramics, Iron Steel & Engineering, Pharmaceuticals, Power, Textiles, Telecom & IT Sectors.
- ◆ Out of 133 projects, 91 projects have already fully settled their loan liabilities. Thus, the total count of live projects is 42.
- ◆ As on 31 December 2018:

Total Loan outstanding :

Taka 2,791.38 million

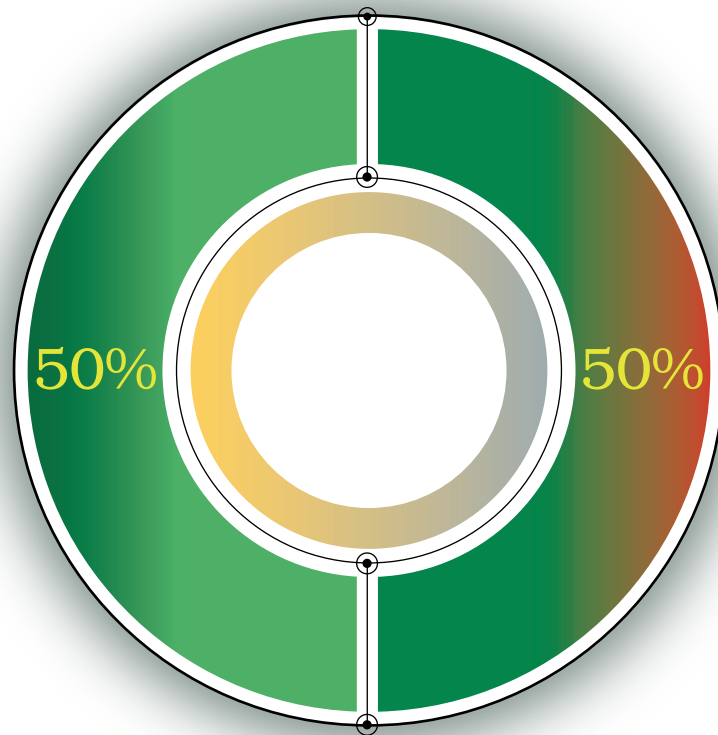
Total Investments :

Taka 1,172.18 million

Total Loan and Investments :

Taka 3,963.56 million

Shareholding Structure :



Government of the
Kingdom of
Saudi Arabia

50%

Government of the
People's Republic of
Bangladesh

50%

Total: 100%



Board of Directors





Abdur Rouf Talukder
Deputy Chairman, **SABINCO** &
Secretary
Finance Division, Ministry of Finance
Government of the People's Republic of Bangladesh



Ahmed M. Al-Ghannam
Chairman, **SABINCO** &
Director General
Saudi Export Program
The Saudi Fund for Development
Government of the Kingdom of Saudi Arabia



Mohammed H. Alshuhail
Director, **SABINCO** &
Chief Executive Officer
International Pediatric Nutrition Company
Government of the Kingdom of Saudi Arabia



Monowar Ahmed
Director, **SABINCO** &
Secretary
Economic Relations Division, Ministry of Finance
Government of the People's Republic of Bangladesh



Sultan Abdulrauf
Director, **SABINCO** &
Chief Investment Officer
Saudi Research and Marketing Group
Government of the Kingdom of Saudi Arabia



M. Tofazzel Hossain Miah
Director, **SABINCO** &
Additional Secretary and
PS-1 to the Hon'ble Prime Minister
Prime Minister's Office
Government of the People's Republic of Bangladesh



Quazi Shairul Hassan
Managing Director
SABINCO

Audit Committee:

Ahmed M. Al-Ghannam
Abdur Rouf Talukder
Sultan Abdulrauf
Monowar Ahmed
Mohammed H. Alshuhail
M. Tofazzel Hossain Miah

Executive Committee:

Sultan Abdulrauf
M. Tofazzel Hossain Miah
Quazi Shairul Hassan

Management Committee (ManCom):

Quazi Shairul Hassan	Managing Director
Ahmed Ehsanul Karim	Deputy Managing Director
Mohiuddin Mohammed Zuhair	Executive Vice President (Internal Control)
Mozammel Hoque	Executive Vice President & Head of Investment
Md. Kamruzzaman	Senior Vice President & Head of Finance
Md. Abdul Hannan	Assistant Vice President (IT)
Syed Anwar Hossain	Assistant Vice President (Admin. & HR)
Mohammad Abul Hasnat	Assistant Vice President (Law)

Asset Liability Management Committee (ALCO):

Quazi Shairul Hassan	Managing Director
Ahmed Ehsanul Karim	Deputy Managing Director
Mozammel Hoque	Executive Vice President & Head of Investment
Md. Kamruzzaman	Senior Vice President & Head of Finance
Idrish Mia	Assistant Vice President (Accounts)

Integrity Committee:

Quazi Shairul Hassan	Managing Director
Ahmed Ehsanul Karim	Deputy Managing Director
Mohiuddin Mohammed Zuhair	Executive Vice President (Internal Control)
Mozammel Hoque	Executive Vice President & Head of Investment
Rajib Kumar Roy	Senior Vice President (Investment)
Md. Abdul Hannan	Assistant Vice President (IT)



MANAGEMENT TEAM

Quazi Shairul Hassan

Managing Director

Ahmed Ehsanul Karim

Deputy Managing Director

Mohiuddin Mohammed Zuhair

Executive Vice President (Internal Control)

Mozammel Hoque

Executive Vice President & Head of Investment

Md. Kamruzzaman

Senior Vice President & Head of Finance

Rajib Kumar Roy

Senior Vice President (Investment)

Md. Abdul Hannan

Assistant Vice President (IT)

Idrish Mia

Assistant Vice President (Accounts)

Md. Saruare Alam

Assistant Vice President (Internal Control)

Syed Anwar Hossain

Assistant Vice President (Admin & HR)

Rajib Alam Khandker

Assistant Vice President (Monitoring)

Md. Shabbir Qader

Assistant Vice President (Taken Over Project)

Mohammad Abul Hasnat

Assistant Vice President (Law)

Hasan Mahamud Khan

Assistant Vice President (Monitoring)

Marufa Jahan

Principal Officer (Accounts)

Saifulla Ferdousi

Principal Officer (Internal Control)

Mohammed Mokbul Morshed Khan

Principal Officer (Internal Control)

Saika Ninad

Principal Officer (Monitoring)

Obaidul Haque

Principal Officer (Accounts)

Ummay Afroza Khanam

Principal Officer (IT)

Md. Alamgir

Principal Officer (Admin & Accounts)

Zafrin Akter

Principal Officer (Investment)



Risk Management



Risk Management Forum (RMF)



Risk Management

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. The main objective of Risk Management is to identify, measure and control various risks prevailing over various operation of the Financial Institution.

Risk is defined as uncertainty about outcomes of future events which can be either positive or negative. Risk is the probability that both the expected and unexpected events may have an adverse impact on the Financial Institution's capital or earnings. Financial Institutions (FIs) are invariably faced with different types of risks that may have a potentially negative effect on their business.

Due to complex and competitive business environment, challenges faced by Financial Institutions has increased manifold. FIs are continuously exploring innovative and effective ways to increase revenues, maintain necessary capital ratios, improve margins, strengthen balance sheets and enhance efficiencies. Economic volatility, issues involving data security and troubled assets are reasons for additional concern for the Financial Institutions.

Therefore, in response to competitive business environment it has become necessary to manage risks towards ensuring sustained long-term survival and continued smooth operation.

Risk management is a constant challenge for all financial institutions. Risk Management entails four key processes i.e. risk identification, risk measurement, risk control and risk monitoring.

Risk Identification:

In order to manage risks, identification of existing risks or risks that may arise from both existing and new business initiatives (for example, risks inherent in lending activity include credit, liquidity, interest rate and operational risks) is very important for the organization. Risk identification is a continuing process which may occur at both the transaction and portfolio level.

Risk Measurement:

After identification of risk, it is required to measure the risk in order to determine their impact on the institution's profitability and capital. This can be done using various techniques ranging from simple to sophisticated models.

Accurate and timely measurement of risk is essential for effective risk management systems. An institution that does not have a risk measurement system has limited ability to control or monitor risk levels. Risk measurement will have to be done periodically in order to make sure that the measurement tools it uses are accurate. Good risk measurement systems assess the risks of both individual transactions and portfolios.

Risk Control:

After measuring risk, an institution may establish and communicate risk limits through policies, standards and procedures that define responsibility and authority. Institutions may also apply various mitigating tools in minimizing exposure to various risks. Institutions may have a process to authorize exceptions or changes to risk limits when warranted.

Risk Monitoring:

An effective management information system (MIS) must be in place to monitor risk levels and facilitate timely review of risk positions and exceptions. Monitoring reports must be frequent, timely, accurate and informative and be distributed to appropriate individuals to ensure action, when needed.

The key elements of an effective risk management framework are:

- a) Active Board and senior management oversight;
- b) Adequate policies, procedures and limits;
- c) Adequate risk measurement, monitoring and management information systems; and
- d) Comprehensive internal controls.

SABINCO's business activities are guided by the Board approved "Core Risk Management Guidelines". In addition, an analytical report titled "**Risk Management Paper**" incorporating all risk areas is prepared on a monthly basis. This report is discussed in depth at SABINCO's Risk Management Forum and necessary corrective actions are implemented.

We are continuously striving to mitigate risk arising from its operational activities by adopting various policies and guidelines, such as, Credit Risk Management Guidelines, Assets Liabilities

Management Guidelines, Internal Control and Compliance Guidelines, Information and Communication Technology Guidelines, Anti-money Laundering and Combating with Terrorist Financing Guidelines, Customer Services and Complaint Management Guidelines etc. SABINCO strictly adheres to these policy guidelines. Apart from internal policy guidelines, instructions and rules and regulations of Bangladesh Bank are being followed in letter and spirit. Management's continued commitment to sound risk management emphasis, has resulted in SABINCO's strong capital and liquidity position.

Risks Mitigations:



a. Credit Risk

This arises mainly from lending, settlement and other financial transactions. Credit risk comprises counterparty risk, settlement risk and concentration risk.

Credit risk is undoubtedly one of the most crucial issues in the field of financial risk management. Being a Financial Institution, SABINCO needs to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions.

SABINCO practices standard credit norms and principles for credit/investment approval and monitoring. SABINCO has already formulated Credit Risk Management Guidelines and the same has been updated as and when required

to mitigate credit risk. To mitigate the credit risk, SABINCO takes the following approaches:

1. Maintaining credit portfolio mix;
2. Maintaining single borrower/sectoral/product exposure limits;
3. Credit/investment assessment;
4. Credit/investment risk grading;
5. Environmental and social risk rating;
6. Review of CIB Report;
7. Risk based pricing;
8. Verifying security documents;
9. Credit approval from appropriate authority as per limit set by CRM Guideline;
10. Credit monitoring and recovery;
11. Verifying Credit approval/disbursement compliance issues by Internal Auditors;
12. Reporting to Board of Directors/Regulators;
13. Review of Credit Risk Management Policy Guidelines (as and when required).

Internal Committees to address Credit/investment Risk:

1. Credit Committee
2. Trade Committee
3. CRM Committee

b. Market Risk:

Market Risk is the fair value of future cash flows of the financial instruments which will fluctuate due to change in different market variables, namely:

- I. Interest Rate Risk
- II. Equity Position Risk
- III. Foreign Exchange Risk

In order to minimize the market risk, SABINCO has put in place a system of regular review of the lending and deposit rates, trading portfolio. The Asset Liability Management Committee (ALCO) of SABINCO reviews the balance sheet gap on a regular basis and determines the applicable interest rates depending upon the movement in the market interest rates.

c. Liquidity Risk

Liquidity risk arises when the FI, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so at materially disadvantageous terms.

To manage liquidity, SABINCO ensures that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed situations, without incurring unacceptable losses or risking damage to SABINCO's reputation. After analyzing the overall liquidity and funding profile of Balance Sheet necessary funds are being deployed to support ongoing business activities.

The Key measure for managing liquidity risk is the advances to match different maturity profiles, projection of payments, assets and liabilities maturity analysis.

d. Operational Risk



Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes information and legal risk but excludes reputational and strategic risk.

Supporting policies have already been adopted by SABINCO which deal with management of various areas of operational risk which are (a) Internal Control and Compliance Guidelines (b) Information and Communication Technology Guidelines (c) Anti-money



Laundering and Combating with Terrorist Financing Guidelines.

e. Technology Risk

Customers may suffer service disruptions, or they may incur losses arising from system defect such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer system.

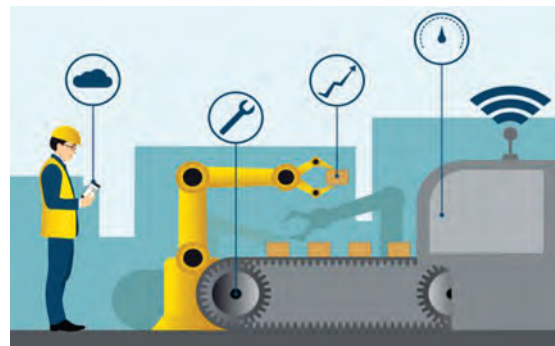
SABINCO has set system and processes to protect its Information Technology (IT) systems and network infrastructure from physical break-ins as well as security breaches and other disruptions caused by increased use of technology. Computer break-ins could affect the security of information stored in and transmitted through these computer systems and network infrastructure. SABINCO has established Information and Communication Technology Policy. Towards ensuring smooth functioning SABINCO continues to upgrade and modernize the IT platform/system automation.

f. Industry Risk

Industry risk is the possibility that a specific industry will not perform up to the level or at par. Industry risk also refers to the risk of the increased competition from foreign and domestic sources leading to lower revenues, profit margins, market share etc. which could have an adverse impact on the business and financial condition.

Since inception, SABINCO has been absolutely client focused. Accordingly, SABINCO has formulated Customer Services and Complaint Management Guidelines and steps have been taken to enhance customer satisfaction by upgrading skills, systems and technology to meet such challenges.

SABINCO is attempting to add quality assets on competitive terms and also taken steps to broad base its product offering.



Corporate Governance



Fairness, transparency, accountability and responsibility are the minimum standard of acceptable corporate behavior. Best corporate governance practices enable the organization to increase efficiency, minimizing risk, improve the standard of lending, rationalize the management and protect the rights of shareholders.

SABINCO recognizes the importance of good Corporate Governance and has established policies to provide direction and framework for managing and monitoring the overall activities of the organization.

All the business activities are undertaken within the defined policy framework. Independent group and sub-group have been constituted across the organization to facilitate evaluation, monitoring and reporting of various risks.

SABINCO strictly abides by the policies and conduct due diligence in all areas of operation towards fulfilling the Company's objectives.

Duties and responsibilities are appropriately segregated between the Board and Management to provide sufficient check and balance for smooth business operation. The Board provides strategic and policy decisions to attain pre-determined goals and objectives of the organization. The Board approves the annual budget and reviews the same from time to time so as to provide direction as per changing requirement.



For establishing effective risk management in credit and other key areas of operation the Policies and Manuals of the various segments of business are also reviewed by the Board. The Board also ensures that adequate internal control systems are in place and all these are consistently complied with.

As a locally incorporated financial organization, SABINCO is also guided in its corporate governance practices by the regulatory authority (i.e. the Bangladesh Bank) ensuring full compliance to all the rules and regulations of the regulator.

Internal Control and Compliance Department of SABINCO is also structured as per the guidelines of the Bangladesh Bank. This department ensures proper compliance of all regulatory instructions and internal policies and procedures in the day to day operations.

A well-structured risk management system is in place to identify, measure, monitor, and control various risks in accordance with well-defined policies and procedures. The Risk Management Team maintains co-ordination with the representatives of the various functions to implement risk management policies and practices.

SABINCO also has a Board approved code of conduct for the employees of the Company and all the employees are required to maintain code of conduct

properly and demonstrate highest ethical standards.

For quick disposal of credit proposal, the Board has delegated required authority to the Executive Committee to approve business proposal within certain limit and take necessary decision.

The Board has also delegated adequate financial power to the Management.

Board of Directors:

According to clause 43 of the Articles of Association, the Board of Directors of SABINCO comprises of six members including the Chairman and the Deputy Chairman.

The Chairman and two Saudi Directors are nominated by the Government of the Kingdom of Saudi Arabia while the Deputy Chairman and two Bangladeshi Directors are nominated by the Government of the People's Republic of Bangladesh.

Total 4 (four) Board meetings were held during 2018, wherein several important decisions were made including project financing.

Audit Committee:

SABINCO has a Board Audit Committee which plays important role to perform its responsibilities. The Audit committee is required to oversee all financial reporting

process and disclosures, reviewing the adequacy of internal control system and findings of internal investigations.

The committee also reviews the audit report relating to core business operations and the taken over projects and also compliance with all laws and regulations.

Executive Committee:

The Executive Committee (EC) of the Board approves credit proposals as per approved policy of the Board. EC also reviews the policy and guidelines issued by Bangladesh Bank in respect of credit risk and other operational activities in the industry.

While submitting the credit proposals for approval, SABINCO Management ensures due diligence of the Board approved policy and risk management.

Internal Control and Compliance:

A sound internal control system ensures an important role in contributing to the effectiveness of the organization along with its business operation in efficient manner. This ensures sound financial reporting and control procedures as well

as compliance with relevant laws and regulations.

SABINCO has established an appropriate and effective internal control policy in line with the requirement of the organization. An independent Internal Control and Compliance Department has also been established and the aim of this department is to provide reasonable assurance regarding the reliability of the financial reporting, compliances with laws, regulations and internal policies, consistency of Company's procedures and protecting its resources.

As a tool of internal control, this Department undertakes periodic and special audit in accordance with audit plan to assess and improve the accuracy and reliability of the accounting and financial information and also to find out the weaknesses and defects in the control processes and report to the competent authority for taking corrective measures to protect the Company's interest.

Besides, the Internal Control and Compliance Department is also entrusted with the responsibility of administering the "Anti Money Laundering" regime within the Company as required by the Central Bank.





Sustainable Finance Activities:

Green Banking:

Green environment is one of the most important issues in today's world where people from all over the world are increasingly concerned about environment pollution. Governments all over the world are working towards balanced development where each country will be able to develop its economy without negative consequences on the environment.

Bangladesh as a part of the global family is considered as one of the most vulnerable and severely affected countries due to the consequences of environment pollution. Bangladesh has developed



the damage on its environment. Green banking policy is one of the important policies developed by Bangladesh Bank for the financial sector.

Green Banking is defined as an eco-friendly banking to prevent environmental degradation. Green banking involves a two-pronged approach. Firstly, green banking focuses on the green transformation of internal operations of all Banks and FIs. It means all the Banks and Financial Institutions should adopt appropriate ways of utilizing renewable energy, automation and other measures to minimize carbon footprint from banking activities.

Secondly, all Banks and Financial Institutions should adhere to environmentally responsible financing; by assessing environmental risks of projects, prior to making financing decision that supports green initiatives and projects.

In line with the instructions from the Central Bank, SABINCO has formulated its own Green banking policy which is duly approved by the Board.

Within the ambit of green banking policy, SABINCO has taken the following

initiatives:

- ◆ SABINCO has already developed its internal Green Banking policy and Green Office Guide to institutionalize various aspects across the organization. Besides, SABINCO has also incorporated the Environment and Social Risk Management (ESRM) in Credit Risk Management Policy. SABINCO complies with the Environmental and Social Due Diligence (ESDD) checklist while approving projects.
- ◆ As a part of Green Banking, SABINCO has installed Solar Panel in its own building to meet a part of its electricity consumption from Solar Energy.

SABINCO envisages financing environment friendly green projects like Solar Energy, ETP, Bio Gas Plant, Auto Brick etc., while approving other industrial projects. SABINCO encourages the borrower to install necessary effluent/waste treatment system to safeguard the environment. Promoting green projects will eventually reduce environmental risks and ecological scarcities, thus ensuring sustainable development without degrading the environment.

Sustainable Development Initiatives: (CMSME) (Cottage, Micro, Small and Medium Enterprises)



Ms. Archana Mondal

A homemaker lives in Kailashgonj, Dacope, Khulna adjacent to Sundarbans. Most of the inhabitants of the locality are poverty stricken because of its adverse geographic location. Ms. Archana, despite trying her best to minimize poverty could not come out of it. Meantime, she came to know about SABINCO's Micro Finance program to the root level women entrepreneur. Under micro finance program of SABINCO, Ms. Archana has availed a loan of TK.50,000/- for cattle rearing and developing a cowshed. Through availing loan she has bought few cattle and started rearing them. She is hopeful to earn profit by selling cow/goat after 2 years.

Sustainable Development Initiatives: (CMSME) (Cottage, Micro, Small and Medium Enterprises)



Ms. Marjina Begum

Another homemaker from the same area was primarily engaged in household chores and seasonal works. Under microfinance program of SABINCO, she availed a loan of Tk. 60,000/- for small scale shrimp and fish farming. With this amount she bought shrimp and white fish fries and stocked in the pond. The fries are growing and she is expecting to earn a good profit by selling shrimps and white fishes after harvesting.

Sustainable Development Initiatives: (CMSME)
(Cottage, Micro, Small and Medium Enterprises)



Ms. Rina Ray

A homemaker who maintains a very small grocery shop at Kailashgonj. Due to insufficient fund, she could not buy enough items for grocery shop. In the meantime, she came to know about SABINCO's financial services to the root level people at Kailashgonj. Under microfinance program of SABINCO, she availed a loan of Tk.50,000/- for purchasing grocery items. As the nearest local market is far away, people are now going to Ms. Rina's shop for buying grocery items. Thus, expansion of her business is generating more revenue.

34th Annual General Meeting (AGM) in Progress



Chairman's Message



Chairman's Message

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Dear Shareholders,

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

I warmly welcome you all to the 35th Annual General Meeting of SABINCO.

On behalf of the Board of Directors, and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your interest, support and patronage in achieving SABINCO's continued success.

It is very heartening to note, that despite rising challenges in the global economy, Bangladesh economy is doing well and maintaining an impressive track record of growth and development.

In the past decade, the economy has grown at above 6 percent per year, while human development went hand-in-hand with economic growth. The GDP growth is estimated at 7.86 percent in FY2017-18, significantly up from 7.28 percent in FY2016-17. The per capita national income increased to US\$ 1,751 in FY2017-18, up by US\$ 141 a year earlier.

The macroeconomic stability has remained stable with the continuance of fiscal prudence, moderate inflation, and sufficient foreign exchange reserves. Point-to-point inflation in December 2018 reached at 5.35 percent. The foreign exchange reserve is over US\$ 32 billion mark.

During the year under review, our business focus and strategy remained concentrated on sustainable business growth, new business initiatives and its implementation. During the year 2018, the Company made new financing commitment of Taka 1,052.75 million and disbursed Taka 636.05 million. In addition, an amount of Taka 1,776.89 million is awaiting disbursement in 10 new projects.

Our Company today enjoys the benefit of a strong Balance Sheet and diversified revenue base. As on 31 December 2018 the total Assets of the Company stands at Taka 8,044.25 million and the total Equity stands at Taka 6,898.99 million. Besides, the Company earned a Net Profit Taka 338.29 million during 2018.

Relentless efforts continued towards recovering the dues and as a result of this drive the percentage of recovery stands at 90 percent at the end of 2018. The Company continues to pay significant amount as dividend to both the Governments.

SABINCO's Corporate Governance is designed to ensure transparency and

accountability across the enterprise, and I firmly believe that strong supervision and control measures will ensure sustainable growth in the coming years.

Besides, SABINCO is also proactively engaged in Corporate Social Responsibilities (CSR) activities focusing in the areas of education, health care and helping the distressed people.

I would like to convey my sincere thanks to my fellow members of the Board for their co-operation and support for the overall improvement of SABINCO and my gratitude to both the Governments of the Kingdom of Saudi Arabia and the People's Republic of Bangladesh for their collective wisdom and continued support.

I also convey my thanks and good wishes to the Management and all employees

who under the leadership of the Managing Director have contributed to the continued growth and success of the Company.

I conclude by conveying my very sincere and special thanks to our respected shareholders, valued customers, patrons, well-wishers, Bangladesh Bank and other regulators for their guidance, support and co-operation.

With warm regards,

Sincerely yours



(Ahmed M. Al-Ghannam)

Chairman





Directors' Report

Directors' Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Dear Shareholders,

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

The Board of Directors of Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) take this opportunity to welcome you all to the 35th Annual General Meeting of the Shareholders and have immense pleasure to present before you the 35th Annual Report on the performance of the Company together with the Audited Balance Sheet and Profit and Loss Account for the year ended on 31st December 2018 in compliance to Section 183 of the Companies Act 1994 and Article 67 of the Articles of Association of the Company.

Global Economy:

According to the IMF 'World Economic Outlook', global economic growth is estimated to have reached 3.7 percent in 2018, dropped a bit compared to growth of 3.8 percent in 2017 and growth is forecasted to decrease further in the coming year. At the global level, growth is projected to be 3.5 percent in 2019 and 3.6 percent in 2020.

Though the global economy is growing, trade dispute between major economies, slower trade growth, volatile Crude Oil price, currency depreciation etc. add more challenges to the prospect of Global Economy.

US economy grows due to fiscal stimulus in 2018, while in 2019, growth is expected to slow down mainly due to the trade restrictive policies. Growth in the

euro area is downward due to lower domestic demand and exports. The GDP growth in the UK is expected to be moderate amid uncertainties arise for Brexit outcome. Japan may experience slower growth for weak private consumption and investment.

Volatile oil prices, appreciation of the US dollar, ongoing trade tensions and geopolitical conflicts may hamper growth in the Emerging Market and Developing Economics (EMDEs). Economic growth in China would be slow as a result of financial sector regulatory tightening and trade tension with the United States. India's economy is expected to be driven upward by domestic demand and lower oil price. The GDP of ASEAN is expected to be steady supported by domestic demand and exports.

Commodity prices are expected to generally stabilize in 2019, following sharp movements last year. Crude oil prices fluctuated markedly in the second half of 2018, mainly due to supply factors, with the sharp declines toward the end of the year.

Transition towards sustainable energy is advancing at a gradual pace. According to a report of International Energy Agency, the share of renewable technologies meeting global energy demand is expected to reach 12.4% in 2023 and their use will continue to increase rapidly in the electricity sector and expected to reach 30% of total world electricity generation in 2023.

Bangladesh Economy:

The economy of Bangladesh is the 42nd largest in the world in nominal terms and 31st largest in terms of purchasing power parity. As per HSBC Global Research, Bangladesh economy is likely to be the biggest mover in global GDP rankings by 2030, becoming the 26th largest economy

in the world. Bangladesh achieves Ba3 (Moody's) and BB-(Standard and Poor's) ratings which denote stable outlook for the 9th consecutive years. Fitch Ratings also affirmed BB- with stable outlook for the 5th time.

In the past decade, the economy has grown above 6 percent per year, and human development went hand-in-hand with economic growth. The GDP growth is estimated at 7.86 percent in FY2017-18, significantly up from 7.28 percent in FY2016-17. The per capita national income increased to US\$ 1,751 in FY2017-18, up by US\$ 141 a year earlier.

Bangladesh has also achieved increase in life expectancy currently at 72 years, and literacy rate at 71% while infant mortality has reduced significantly at 24 per 1,000 live births. Poverty rate has dropped to 24.3% in 2016.

The macro-economic stability has remained stable with the continuance of fiscal prudence, moderate inflation, and sufficient foreign exchange reserves. Point-to-point inflation in December 2018 reached at 5.35 percent.

The foreign exchange reserve is over US\$ 32 billion mark (December 2018). Moreover, Bangladesh Bank's monetary policy objectives have been directed at lowering the interest rates for both deposits and loans in the banking industry, which is expected to encourage investment further in the country.

Service is the largest sector in the percentage contribution to GDP, which comprises 52.11 percent of the gross domestic product. Service sector growth in 2017-2018 was 6.39 percent in comparison to 6.69 percent in 2016-2017. It includes all services activities such as trade service, transport, storage, communication, real estate, public administration and defense, education, health, financial intermediations.

Industrial sector contributed around 33.67 percent of the country's gross domestic product and the growth of this sector in 2017-2018 was 12.06 percent in comparison to 10.22 percent in 2016-2017. Growth in industrial sector came from electricity, gas, & water supply, mining & quarrying and the manufacturing sector.

Agriculture continues to make substantial contribution to the Bangladesh Economy which comprises 14.23 percent of the country's GDP. The country is situated in one of the most fertile regions on the earth, with the principal cash crops being rice, jute, tea, wheat, cotton and sugarcane.

The RMG & Knitwear industry, the largest industrial sector of the country employing around 4.4 million people directly and 10 million indirectly and contributed around 83.5% to Bangladesh's total export earnings of US\$ 36.67 billion in the Fiscal year 2017-18. Besides, Bangladesh was the third in world ranking after China & India for inland fish production in 2018, according to report of Food and Agriculture Organization (FAO). In FY 2017-18, Tk. 43.10 billion was earned by exporting around 68,935 metric tons of fish and fish products.

Bangladesh has huge potentials for investment because of its geographical location. It has easy connectivity with East & South Asia that includes two emerging economic giants of the world: China and India. The open south side meeting the Bay of Bengal facilitates navigation across the world to explore the benefits of the untapped blue economy. Thus Bangladesh can be a hub of regional connectivity and attract investments.

Bangladesh Government is emphasizing to create favorable investment climate through setting up 100 economic zones. These initiatives to establish economic zones aim at encouraging industrialization, generating employment

opportunities, increasing production and ensuring export promotion and diversification. Approval has already been accorded to the establishment of 30 private economic zones in different parts of the country. Two economic zones had been exclusively earmarked for Japanese and Chinese investors.

The Govt. has also taken massive plan for increasing electricity generation of 24,000 MW by 2021 and 40,000 MW by 2030. Current installed power generation capacity of the country stands at 17,764 MW.

Operational Activities:

BUSINESS REVIEW:

SABINCO continues to make its contribution in the economic development of the country through financing in different sectors. SABINCO continued to record overall satisfactory financial and operational performance during 2018 in terms of business growth, new business initiatives and its implementation.

Our loan portfolio remained well diversified among more than 10 industrial sectors. Our financed projects are in the Agriculture, Cement, Electronics & Electrical, Food & Beverage, Iron Steel & Engineering, Power, Textiles, Telecom and Information Technology Sectors, Trade and commerce.

Total investments by SABINCO in terms of loan, equity and bond stood at Taka 3,963.56 million at the end of 2018 against Taka 4,505.6 million at the end of 2017. As on 31st December 2018 the total assets of SABINCO stood at Taka 8,044.25 million.

Capital Market Operation:

During the year under review, the turnover and the bench mark index (DSEX) were declining trend in the secondary market. The regulators and the other stakeholders are continuously trying to re-stabilize the market through

infrastructure development, policy dialogue and formation, innovation, and implementation of advanced technologies.

The Market broad index which was 6,254.41 (DSEX) at the beginning of the year, closed at 5,385.64 points at the end of the year and the market capitalization, which was Taka 4,234.24 billion in January 2018, closed at Taka 3,872.95 billion in December 2018.

During the year under report, SABINCO was able to sell shares worth Taka 4.95 million (acquisition cost) from its portfolio and was able to make a capital gain of Taka 21.70 million. In addition, during the year a sum of Taka 1.82 million as cash dividend and stock dividend of Taka 3.14 million (estimated value) were received from various companies shares.

Status of Recoveries:

At the end of 2018, SABINCO had 42 projects in its portfolio. During the year 2018, total collectible dues were Taka 1,651 million from various projects and investment, of which an amount of Taka 1,486 million was recovered, which is 90% of the total dues.

Resources:

SHAREHOLDERS' EQUITY:

Shareholders' equity includes the paid-up capital, general reserve, statutory reserve, revaluation reserve and retained earnings. The Authorized and Paid-up capital of SABINCO remains unchanged at Taka 2,106.08 million or equivalent to US\$ 60 million divided into 20,000 shares of US\$ 3,000 each as at 31 December 2018, of which each Government subscribed 10,000 shares in the capital of the Company.

As per Financial Institution Act 1993, 20 percent of the Profit is required to be transferred to Statutory Reserve and with this latest allocation; the Statutory

Reserve increases from Taka 976.84 million to Taka 1,044.84 million.

So far SABINCO has built-up General Reserve of Taka 1,569.47 million from its profits.

The total Shareholder's Equity as on 31st December 2018 stood at Taka 6,898.99 million compared to Taka 6,820.71 million for the previous year.

Cash Resources:

SABINCO had deposits of Taka 1,530.66 million and US\$ 0.549 million as on 31 December 2018, as compared to Taka 855.56 million and US\$ 0.614 million as on 31 December 2017 (previous year).

Operational Results:

SABINCO continued to maintain more than the required provision during 2018 against loans, investments and other related exposures, amounting to Taka 437.56 million in 2018 compared to Taka 413.42 million in 2017.

Net profit for 2018 stood at Taka 338.29 million as compared to Taka 332.47 million during 2017.

Thus, the earnings per share stood at Taka 16,914 in 2018 while Return on Investment and Return on Asset stood at 4.90% and 4.24% respectively.

Appointment of Auditors:

Pursuant to Clause 24(1) of the Financial Institutions Act 1993, and as per Articles 75 and 76 of the Articles of Association of the Company, Statutory Auditors are to be appointed annually at the Annual General Meeting.

The existing auditors, M/s. Khan Wahab Shafique Rahman & Co, Chartered Accountants, being eligible, have offered themselves for reappointment as statutory auditors for the year 2019 at a fee of Taka 177,100.

Employees and Establishments:

The total strength of employees of the Company during the year stood at 40 including 27 officers and 13 staff.

Appropriations:

SABINCO earned a net Profit of Taka 338,286,627 during the year 2018.

Further, as per the requirement of the Financial Institution Act, 20% of the net profit amounting to Taka 68.00 million is proposed to be transferred to Statutory Reserve. Additionally, an amount of Taka 60.29 million is being proposed to be transferred to General Reserve and Taka 210 million as cash dividend, payable to the shareholders.

In view of the above propositions, the available Profit of Taka 338,286,627 is recommended to be apportioned as under:

	Taka
Statutory Reserve	68,000,000
General Reserve	60,286,627
Proposed Dividend	210,000,000
Total Appropriation	338,286,627

Sincerely,

On behalf of the Board of Directors



(Ahmed M. Al-Ghannam)
Chairman



Corporate Social Responsibilities (CSR) Activities:

SABINCO is fully aware and conscious of its responsibilities to our Customers, Employees, Stakeholders and the Environment in which we operate our business. We remain focused on offering a sound, environmentally safe and responsible service that contributes to the economic progress of the country as a whole.

On a sustained basis, SABINCO continues to undertake several CSR activities supporting health care, education and helping the distressed people of our society from the elements of harsh nature.



These initiatives have been in conjunction with very reputable organizations operating in various fields; thereby ensuring that benefits of each Taka spent accrues to those for whom it is really intended:

Centre for the Rehabilitation of the Paralysed (CRP)

CRP Centre for the Rehabilitation of the Paralysed

পক্ষাঘাতগ্রস্তদের পুনর্বাসন কেন্দ্র (সিআরপি)
Centre for the Rehabilitation of the Paralysed (CRP)
 a project of the Trust for the Rehabilitation of the Paralysed
 Head Office: CRP- Savar, CRP- Chapain, Savar Dhaka-1343, Bangladesh
 Tel: +880 02 7745464-5, Fax: 7745069, E-mail: contact@crp-bangladesh.org, www.crp-bangladesh.org

Date: 04 April 2019

Ref: CRP/FD/0301/SABINCO/04.04.2019

To
 Mr Quazi Shairul Hassan
 Managing Director,
 Saudi-Bangladesh Industrial and Agricultural Investment Company (SABINCO) Ltd.
 79, Nikunja-2,
 Dhaka-1219.

Dear Sir,
 Greetings from the Centre for the Rehabilitation of the Paralysed (CRP)!
 Please kindly find the detail report of your kind support to CRP from July 2011 to March 2019.

S. N.	Year of Donation	Donated Amount (BDT)	Use of the fund
01	July 2011 – June 2012	BDT 500,000/-	The amount has used as the partial construction cost of the conference room of CRP-Savar. Now this room is being used to arrange meetings and workshops. Occasionally this room is rented for different purpose and the income is used for supporting the poor patients with disabilities.
02	July 2012 – June 2013	BDT 400,000/-	The amount has used for developing patient database management and installing a water pump. Now we can store patients detail and provide appointment through computerized database management system. Newly installed water pump providing safe water support to the patients, students, trainees and others.
03	July 2013 – June 2014	BDT 300,000/-	This donation has used to provide rehabilitation support for six Rana Plaza victims.
04	July 2014 – June 2015	BDT 500,000/-	74 persons with disabilities have received partial support for Prosthetic and Orthotic devices. One poor

CRP-Mirpur, Dhaka, Plot: A/5, Block- A, Section- 14, Mirpur, Dhaka- 1206, Tel: 02 9025562-4, Fax: 02 9025561, Email: ggm-mirpur@crp-bangladesh.org. CRP- Ganakbari, PO: Dhamsena, P.S: Ashulia, Savar, Dhaka, Tel: 02 7789227, Email: ganakbari@crp-bangladesh.org. AK Khan CRP- Chittagong, Kalurghat, Mohra, Chadgaon, Chittagong, Tel: 031- 2573412, Email: chittagong@crp-bangladesh.org. Afsar Hussain CRP- Rajshahi, House no: 11, Moheshbathan, Rajshahi Court Rajpara, Rajshahi, Tel: 0721 771709, Email: rajshahi@crp-bangladesh.org. CARSA Foundation- CRP, Barisal, 12 Gongopara, Barisal Sadar, Barisal, Phone: 0431 71556, Email: barisal@crp-bangladesh.org. CRP- Moulvibazar, 836 Sayed Muztaba Ali Road, Poschim Bazar, Tel: 0661 52469, E-mail: moulvibazar@crp-bangladesh.org
 As a donor to CRP you qualify for a tax rebate as the Government of Bangladesh have approved CRP as a Philanthropic Institution from February 2008

Centre for the Rehabilitation of the Paralysed (CRP) is a non-profit, non-government organization which treats and rehabilitates disabled people regardless of their economic means.

CRP পক্ষাঘাতগ্রস্তদের পুনর্বাসন কেন্দ্র (সিআরপি)
 Centre for the Rehabilitation of the Paralysed (CRP)
 a project of the Trust for the Rehabilitation of the Paralysed
 Head Office: CRP- Savar, CRP- Chapain, Savar Dhaka-1343, Bangladesh
 Tel: +880 02 7745464-5, Fax: 7745069, E-mail: contact@crp-bangladesh.org, www. crp-bangladesh.org

Ref: _____ Date: _____

05	July 2015 – June 2016	BDT 400,000/-	woman with disabilities has received food support from your donation also. With the donation we have provided partial support to 8 Cerebral Palsy children and 4 spinal cord injured patients for their treatment cost. We have also provided assistive devices to 9 patients with the donation in 2015-16.
06	July 2016 – June 2017	BDT 450,000/-	We have provided partial support for treatment to 11 patients and mobility & assistive devices to 28 persons with disabilities.
07	July 2017 – March 2018	BDT 450,000/-	Partial support provided to 5 persons with disabilities for their treatment and 32 persons with disabilities for their mobility and assistive devices.
08	December 2018 – March 2019	BDT 600,000/-	With this kind support we have bought two IRR therapy lamp used to relief muscular pain. These lamps help to serve a lot of patients. 13 more patients have received income generating activity support to be economically independent from your donation also.

Warmest thanks for your cooperation and continuous support. The poor patients from CRP are getting treatment and required assistive or mobility devices and income generating activity support with your most generous donation.

Md Shafiq-ul Islam
 Md Shafiq-ul Islam
 Executive Director
 CRP

CRP-Mirpur, Dhaka, Plot: A/5, Block- A, Section- 14, Mirpur, Dhaka- 1206, Tel: 02 9025562-4, Fax: 02 9025561, Email: dgm-mirpur@crp-bangladesh.org
 Ganakbari, PO: Dhamsena, P.S.: Ashulia, Savar, Dhaka, Tel: 02 7789227, Email: ganakbari@crp-bangladesh.org, AK Khan CRP- Chittagong, Kalurghata, Chittagong, Chittagong, Tel: 031-2573412, Email: chittagong@crp-bangladesh.org, Afsar Hussain CRP- Rajshahi, House no: 11, Mohishbathan, Rajshahi Court Rajpara, Rajshahi, Tel: 0721 771709, Email: rajshahi@crp-bangladesh.org, CARSA Foundation- CRP, Barisal, 12 Gonopara, Barisal Sadar, Barisal, Phone: 0431 71556, Email: hahad@crp-bangladesh.org, CRP, Maulvibazar, R36 Savad Muztaba Ali Road, Poschim Bazar, Tel: 0861 52469, E-mail: moulvibazar@crp-bangladesh.org





SABINCO supporting the poor patients at CRP

Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd. (SABINCO) is a long standing supporter of CRP. For many years they have been supporting CRP's works. On 12th December 2018, SABINCO donated Six Lac taka for the poor patients of CRP. Their support enables the poor patients of CRP to receive treatment and rehabilitation free of cost or at the most subsidized rate possible.

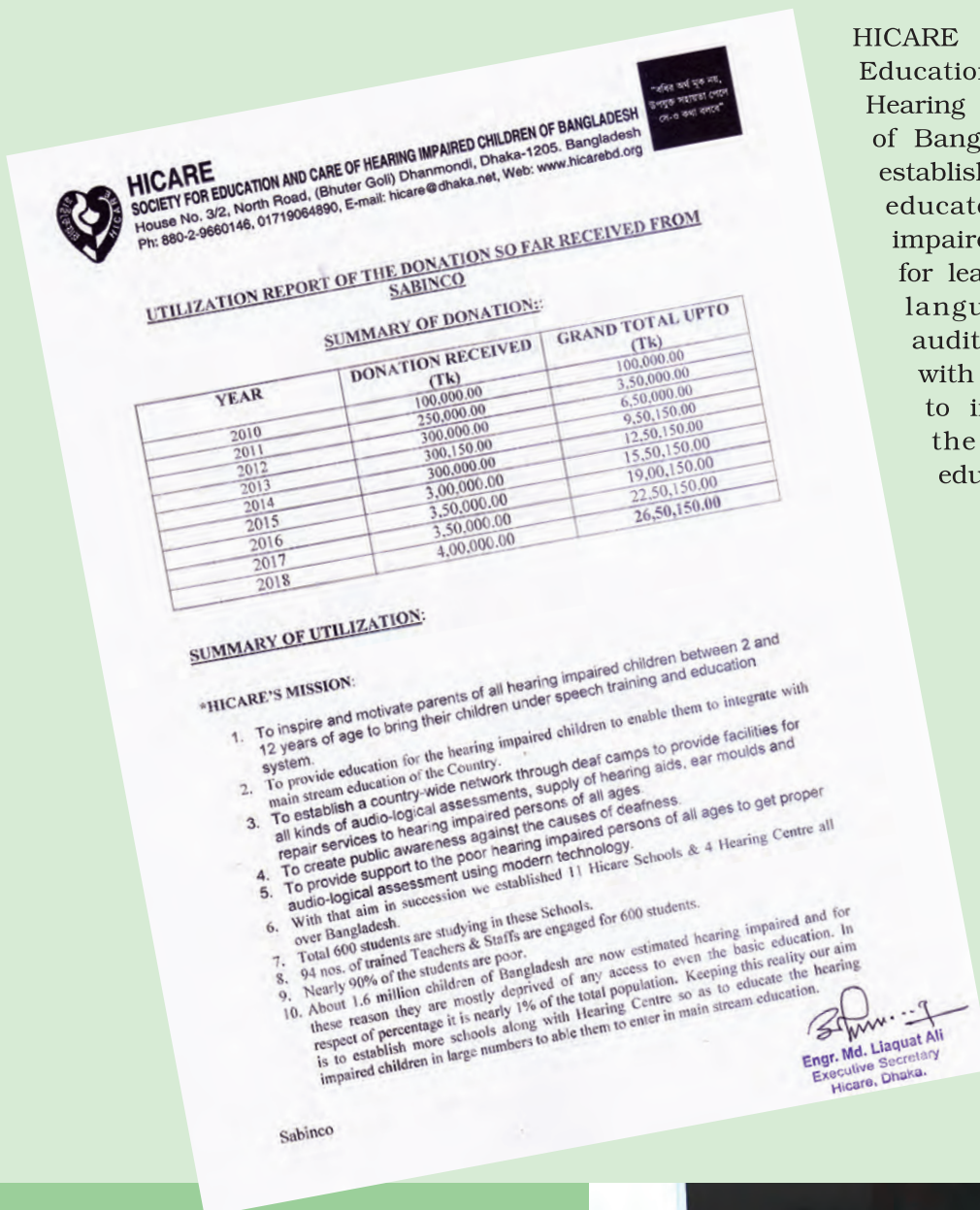


*CRP's Conference room
Partial Construction support from SABINCO*



*Developed database with the support of
SABINCO*





HICARE is a Society for Education and Care of Hearing Impaired Children of Bangladesh. This was established with a view to educate the hearing impaired (deaf) children for learning speech and language under auditory oral method with an ultimate goal to integrate them in the mainstream education system.



HI-CARE



HICARE

SOCIETY FOR EDUCATION AND CARE OF HEARING IMPAIRED CHILDREN OF BANGLADESH
 House No. 3/2, North Road, (Bhuter Goll) Dhanmondi, Dhaka-1205, Bangladesh
 Ph: 880-2-9660146, 01719064890, E-mail: hicare@dhaka.net, Web: www.hicarebd.org

“শুধি বারি হইল না,
 শিশুর মতোই মোর
 চে-এ-এক শব্দ”

Year	Amount	Program for free distribution of H/Aids:
2017	350,000.00	<p>*Hearing aid model: A&M STF PT1 BG-3 *Each cost of H/Aid: Tk.18,000.00 *Total cost of 18 H/Aids: Tk. 3,24,000.00 *Deaf Camp expenses: Tk. 26,000.00 *Total costs involved: Tk. 3,50,000.00</p> <p>*18 poor students were provided hearing aids, free of cost & distribution were made as follows:</p> <ul style="list-style-type: none"> Hicare School, Faridpur => 2 students Hicare School, Chapainawabgonj => 2 students Hicare School, Tangail => 2 students Hicare School, Banaripara => 2 students Hicare School, Bhola => 2 students Hicare School, Satkhira => 2 students Hicare School, Khulna => 2 students Hicare School, Chittagong => 2 students Hicare School, Rajshahi => 2 students <p>Total => 18 student</p>
2018	4,00,000.00	<p>Fund to be utilized in distributing hearing aids, Model: A&M STF PT1 BG-3, free of cost, among poor students of 10 Hicare Schools during the time of holding deaf camps throughout the year. Schedule has already been made to distribute 20 hearing aids against 20 hearing impaired students as follows:</p> <ul style="list-style-type: none"> Hicare School, Faridpur => 2 students Hicare School, Chapainawabgonj => 2 students Hicare School, Tangail => 2 students Hicare School, Banaripara => 2 students Hicare School, Bhola => 2 students Hicare School, Satkhira => 2 students Hicare School, Khulna => 2 students Hicare School, Chittagong => 2 students Hicare School, Rajshahi => 2 students Hicare School, Mirpur, Dhaka => 2 students <p>Total => 20 students</p> <p>*Completion report will be provided after completion of the project.</p>

(Signature)
 Engr. Md. Liaquat Ali
 Executive Secretary
 Hicare, Dhaka.

Sabinco

HI-CARE



Baby under auditory brainstem test



Anjuman Mufidul Islam

Anjuman Mofidul Islam is an organization rendering humanitarian services to the distressed people by way of providing free ambulance, medical treatment, running orphanages and rendering funeral services for unclaimed dead bodies.

আঞ্জমান মুফিদুল ইসলাম
ANJUMAN MUFIDUL ISLAM
 (Registered under the Societies Registration Act No. of 1955)
 ৯২, আঞ্জমান মুফিদুল ইসলাম রোড, গান্ধী, ঢাকা-১২০৪। ফোন: ৯৯৬১১১১, ৯৯৬১১১২।
 ৯২, Anjuman Mufidul Islam Road, Gandhi, Dhaka-1204, Phone: 9961111, 9961112.
 Fax: 9350795. E-mail: anjumanmufidul@yahoo.com, web: www.anjmid.org


Mr. Quazi Shairul Hasan
 Managing Director
 SABINCO
 79 NiKunja-2
 Dhaka.

Dear Sir,
 Assalamu Alaikum Warahmatullahi Wabarakaruhu.

Please find below the details of the use of your donations to Anjuman Mufidul Islam.

Sl.	Year of Donation	Donated Amount (BDT)	Detail use of the donation fund
1.	2018	5,00,000	Burial of unclaimed dead bodies, free ambulance services, running of educational institutes for the desitutes and disadvantaged children, running of orphanages, arrangement of free medical camps etc.
2.	2017	3,04,500	-Do-
3.	2016	3,00,000	-Do-
4.	2015	2,45,000	-Do-
5.	2014	2,75,000	-Do-
6.	2012	2,50,000	-Do-
7.	2011	2,00,000	-Do-
8.	2010	2,00,000	-Do-

Thanks for your cooperation and support to Anjuman Mufidul Islam.

With best Regards

 (Elias Ahmed)
 Executive Director
 Anjuman Mufidul Islam





Water Purification and Rain Water Harvesting facilities established by SABINCO:



Villages adjacent to the Sundarbans do not have access to potable drinking water as surface and ground water of the areas are saline in nature. Villagers living in these areas are at health risk, as rain waters collected in earthen ponds, are the only source of waters for their domestic/household uses.

To make available potable waters in some selected and harsh areas, SABINCO initiated setting up of three water desalination units – one unit each at Kailashgonj and Katakali union under Dacope Upazill and the other one at Hodda union under Koira Upazilla, Khulna.

Additionally, amongst the alternative sources of potable water, rainwater harvesting is the most economical solution to mitigate drinking water crisis for the villagers adjoining the Sundarbans region. SABINCO also has constructed two rainwater harvesting units at Kailashgonj and Hodda.

Kailashgonj, Dacope Upazilla, Khulna:

- ◆ Due to growing demand for potable waters in the area, SABINCO has also established absolutely “Green Rainwater Harvesting Unit” at Kailashgonj, Khulna. Rain water is collected in a specially built tin roofing having catchment area of 1,260 sft. The storage capacity of the unit is 60,000 liters. The water so collected is purified initially by an overhead filter containing sand, gravel, activated carbon etc. and then passed through a UV filter. All the electrical appliances in this unit are powered by solar energy only.
- ◆ SABINCO established the first green “Water Desalination Unit run on Reverse Osmosis Process” at Kailashgonj in association with BSRM commencing 15 December 2015. The unit has a capacity to deliver 2,500 liters of potable water per day. About 250 families living in the nearby Kailashgonj and Ramnagar villages receive water daily from this unit mainly for drinking purpose free of cost.



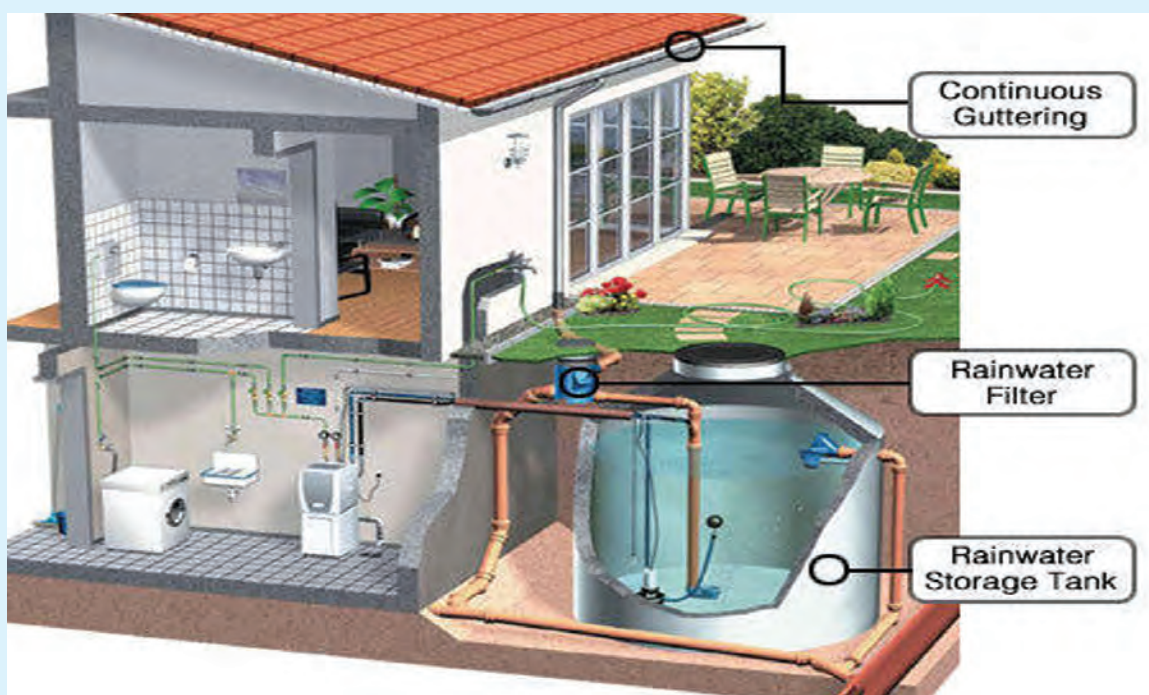
Hodda, Koira Upazilla, Khulna:



- ◆ At Hodda, another “Green Rainwater Harvesting Unit” has been recently completed. In this case, the rooftop of the building has been used as the rainwater catchment area and the water so collected pass through an overhead filter, similar to the one described above, and finally purified water is dispensed free of cost. The storage capacity of this unit is 40,000 liters in underground concrete tank.
- ◆ Additionally, a pond at Hodda has been freshly excavated which holds about 3,000 m³ of rainwater-the water, which is also dedicated for the local villagers. Process is underway to set up another green “Reverse Osmosis Water Purification Unit” at Hodda. When completed, this unit will also supply pure potable waters not only to the villagers but also to the fishermen, honey collectors, tourist and forest activists alike.

Katakhali, Dacope Upazilla, Khulna:

A 1,000 liter per day capacity green “Reverse Osmosis water desalination unit” has been implemented at Katakhali under Dacope Upazilla. The unit is supplying pure drinking water to the local inhabitants.



Financial Highlights

as at 31 December 2018

Particulars	Amount in Taka	
	2018	2017
Paid up Capital	2,106,084,305	2,106,084,305
Total Capital	5,960,013,396	5,862,793,089
Capital surplus/(deficit)	4,960,013,396	4,862,793,089
Total assets	8,044,249,992	7,894,877,024
Total loans and advances	2,791,379,201	2,934,857,086
Total contingent liabilities and commitments	-	-
Percentage of classified loans against total loans and advances	9.82%	8.75%
Profit after tax	338,286,627	332,469,722
Amount of classified loans	274,188,139	256,879,285
Provisions kept against classified loans	108,841,917	105,841,917
Total provision surplus/(deficit)	20,126,720	-
Interest earning assets	5,490,129,667	5,357,178,301
Non-interest earning assets	2,554,120,325	2,540,196,306
Return on investment (ROI)	4.90%	4.87%
Return on Assets (ROA)	4.24%	4.24%
Income from investment	149,336,636	216,471,774
Earning per share	16,914	16,623
Net income per share	16,914	16,623
Price earning ratio	20.39	20.52

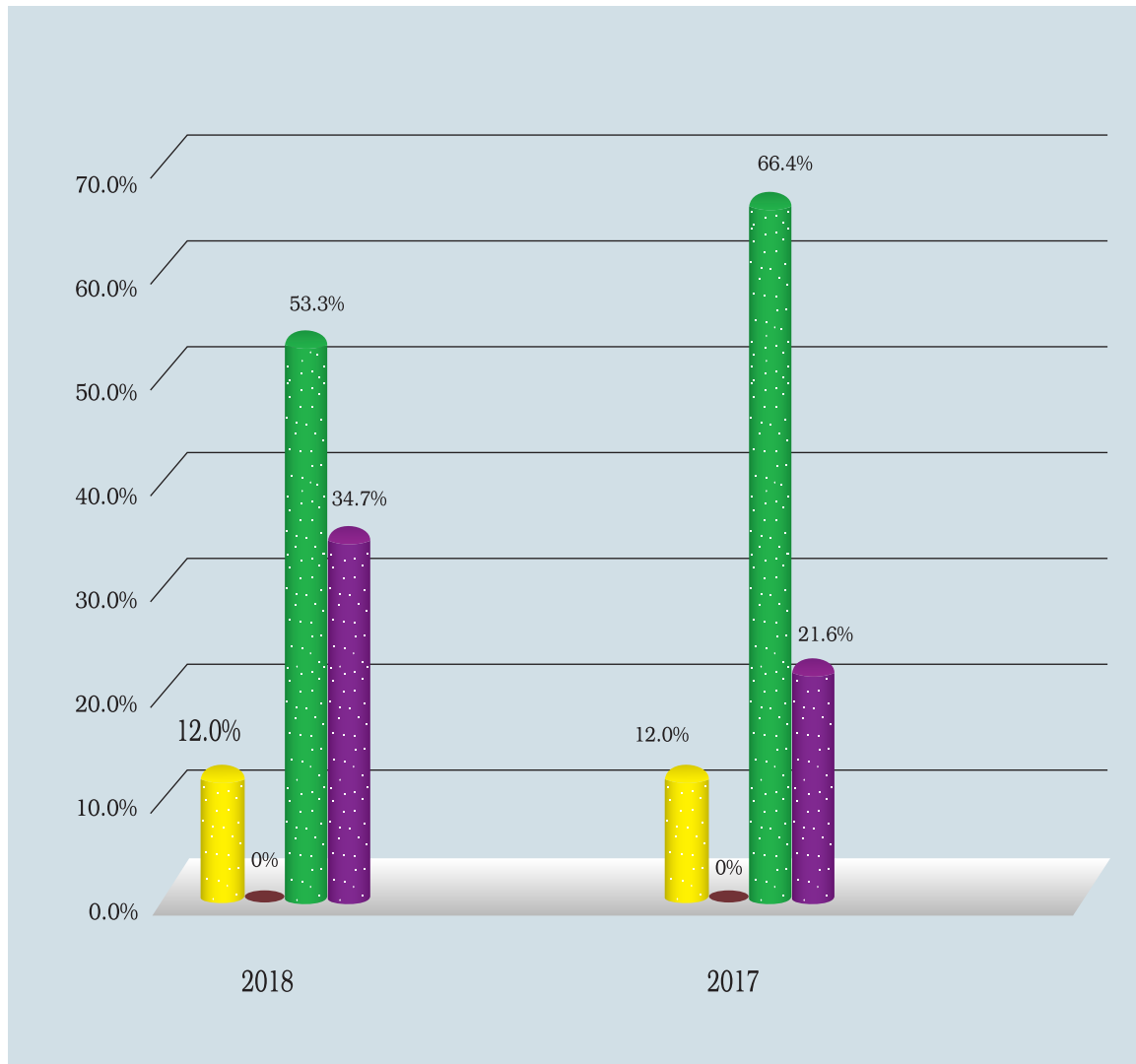
Value Added Statement

For the year ended December 31, 2018

Value added statement represents the value created by SABINCO during the reporting period through utilization of its resources and shows how it has been distributed among the major stakeholders (shareholders, government and employees) of the company. A part of added value has been retained in the company for future investment and expansion of the company.

Particulars	Amount in Taka	
	31 December 2018	31 December 2017
Value Added		
Net Interest Income	290,881,865	280,798,364
Other Income	155,666,613	229,456,708
Provision	25,000,000	53,906,062
Operating expenses excluding salary & allowances and depreciation	27,429,799	64,728,561
Total Value Added	394,118,679	391,620,449
Distribution of value addition:		
Employees as salary & allowances	47,266,310	46,895,929
Government as taxes	-	-
Shareholders as dividend	210,000,000	260,000,000
Retained in the business as capital and revenue reserve	128,286,627	72,469,722
Depreciation	8,565,742	12,254,798
Total Distribution	394,118,679	391,620,449

Distribution of Value Addition:



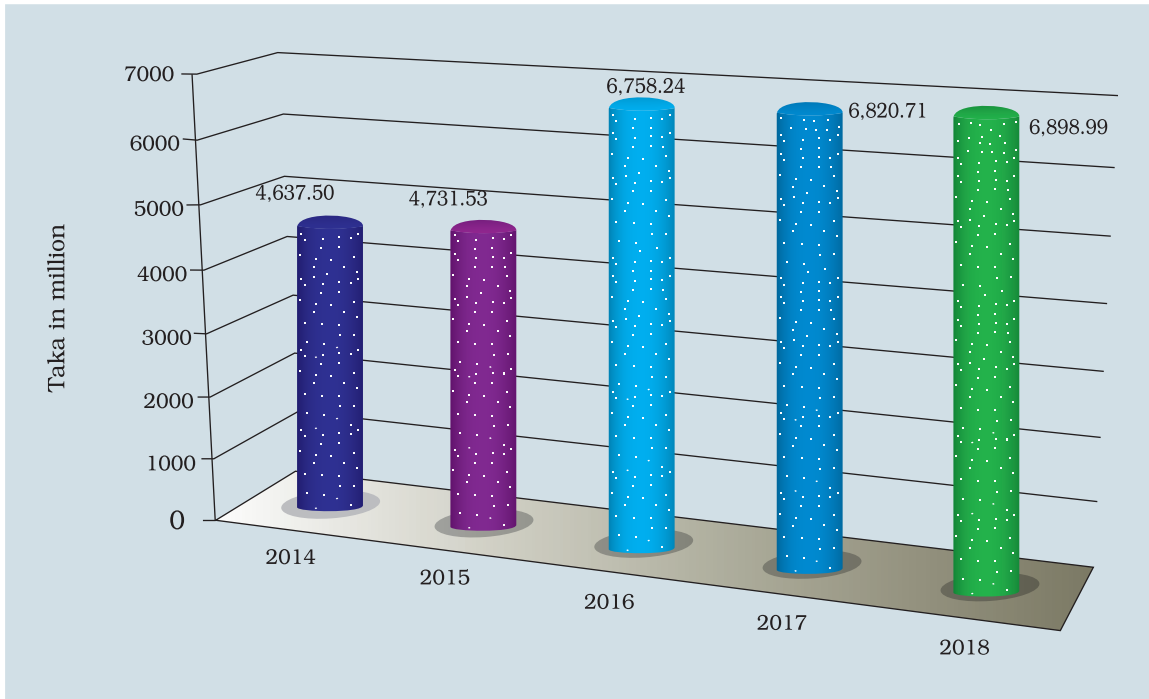
- Employees
- Government
- Shareholders
- Retained in the business

Five Years Performance Data

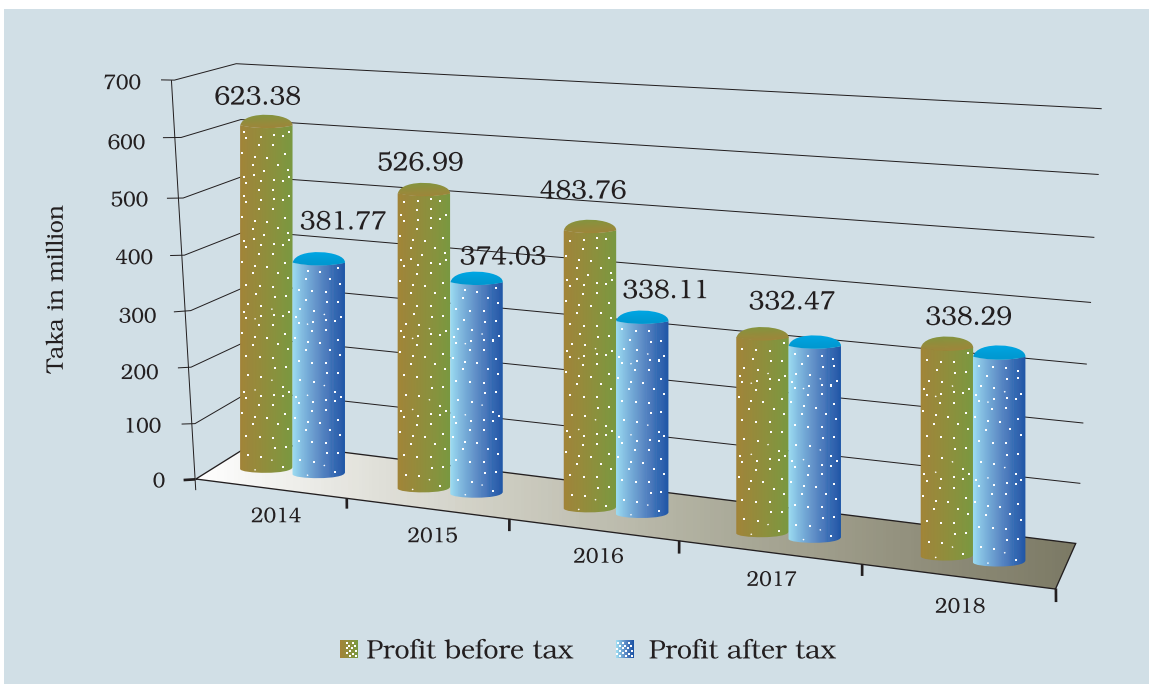
Taka in million

Particulars	2014	2015	2016	2017	2018
Paid up Capital	2,106.08	2,106.08	2,106.08	2,106.08	2,106.08
Shareholders' Equity	4,637.50	4,731.53	6,758.24	6,820.71	6,898.99
Loans and Advances	1,807.81	2,521.85	2,071.14	2,934.86	2,791.38
Investment	1,646.36	1,717.83	1,734.58	1,570.74	1,172.18
Fixed Assets	179.70	167.14	2,127.44	2,115.91	2,107.48
Total Assets	6,260.75	5,855.45	7,776.59	7,894.88	8,044.25
Interest Income	493.99	368.15	345.42	280.80	290.88
Investment Income	180.01	222.02	214.31	216.47	149.34
Other Income	27.30	13.34	6.79	12.98	6.33
Total operating Income	701.30	603.51	566.52	510.25	446.55
Total operating Expenses	77.92	76.52	80.27	123.88	83.26
Profit before tax	623.38	526.99	483.76	332.47	338.29
Net Profit after tax	381.77	374.03	338.11	332.47	338.29
Core Capital (Tier I)	4,637.50	4,731.53	4,789.64	4,852.11	4,930.40
Supplimentary Capital (Tier II)	53.26	33.40	1,023.61	1,010.68	1,029.61
Total Capital (Tier I + Tier II)	4,690.76	4,764.93	5,813.25	5,862.79	5,960.01
Total Loans and Advances	1,807.81	2,521.85	2,071.14	2,934.86	2,791.38
Non performing/classified loans (NPLs)	311.61	2.87	-	256.88	274.19
Return on Equity (ROE)	8.37%	7.98%	5.89%	4.90%	4.93%
Return on Assets (ROA)	6.23%	6.17%	4.96%	4.24%	4.24%
Cash Dividend	280	280	270	260	210

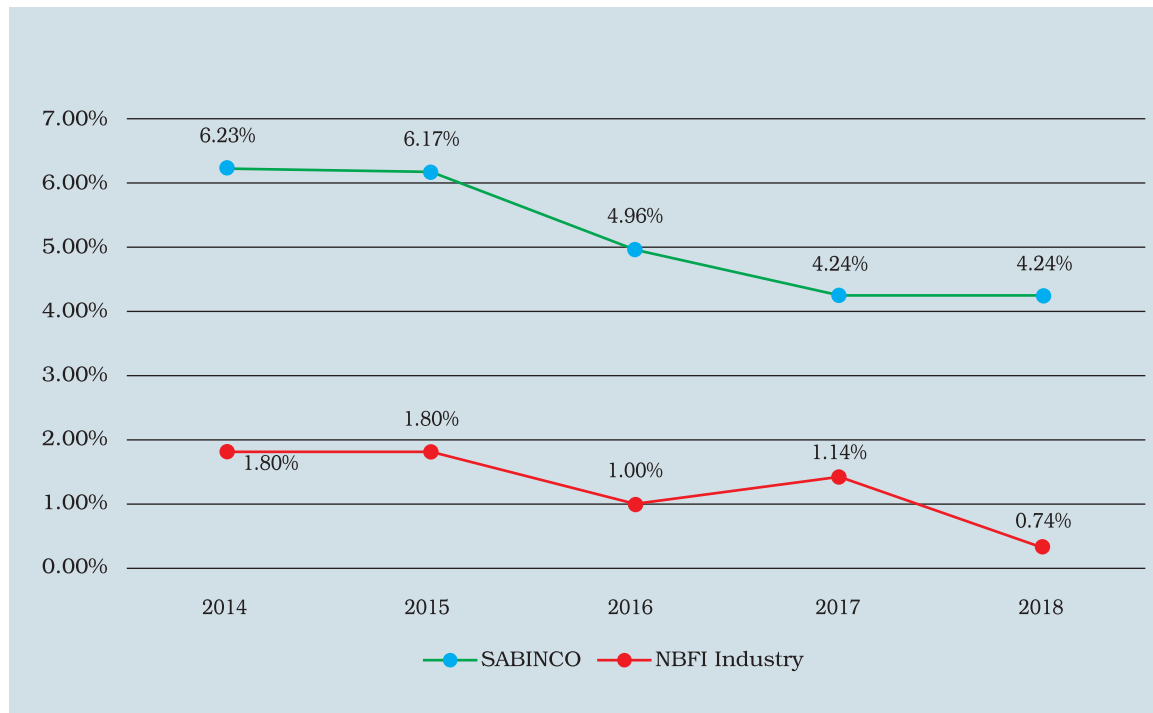
Shareholders' Equity:



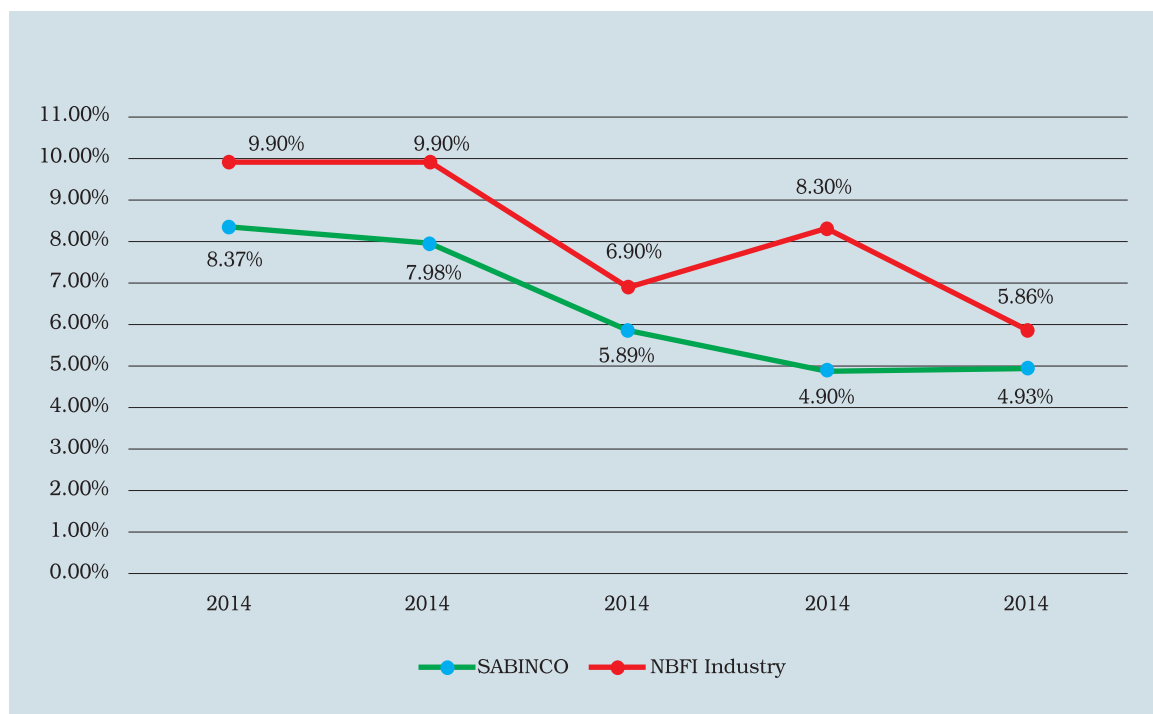
Profits:



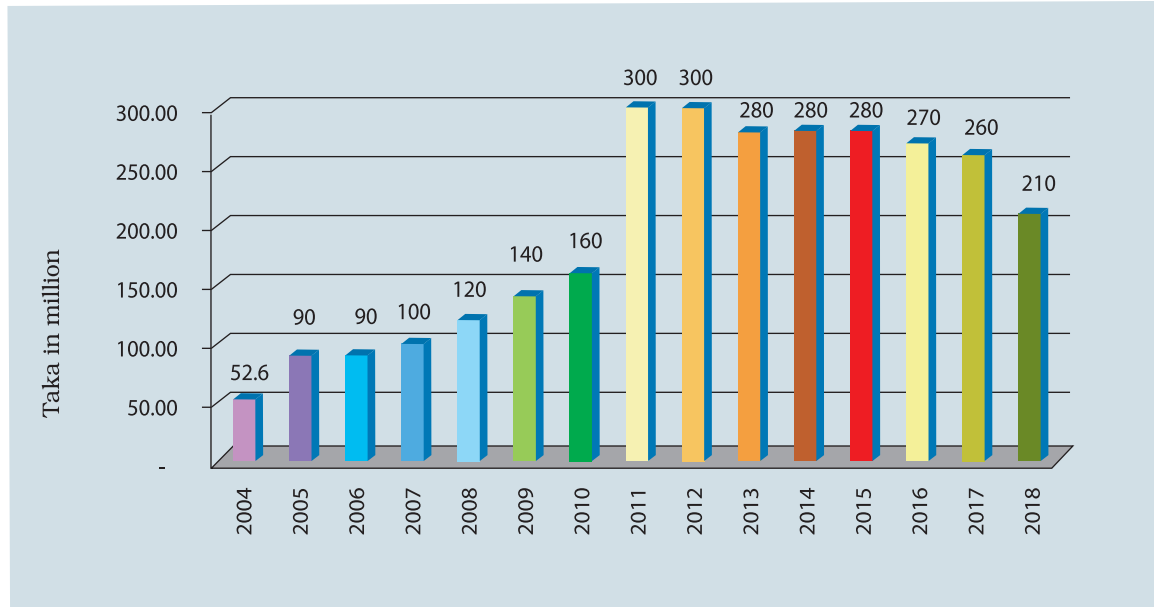
Return on Assets



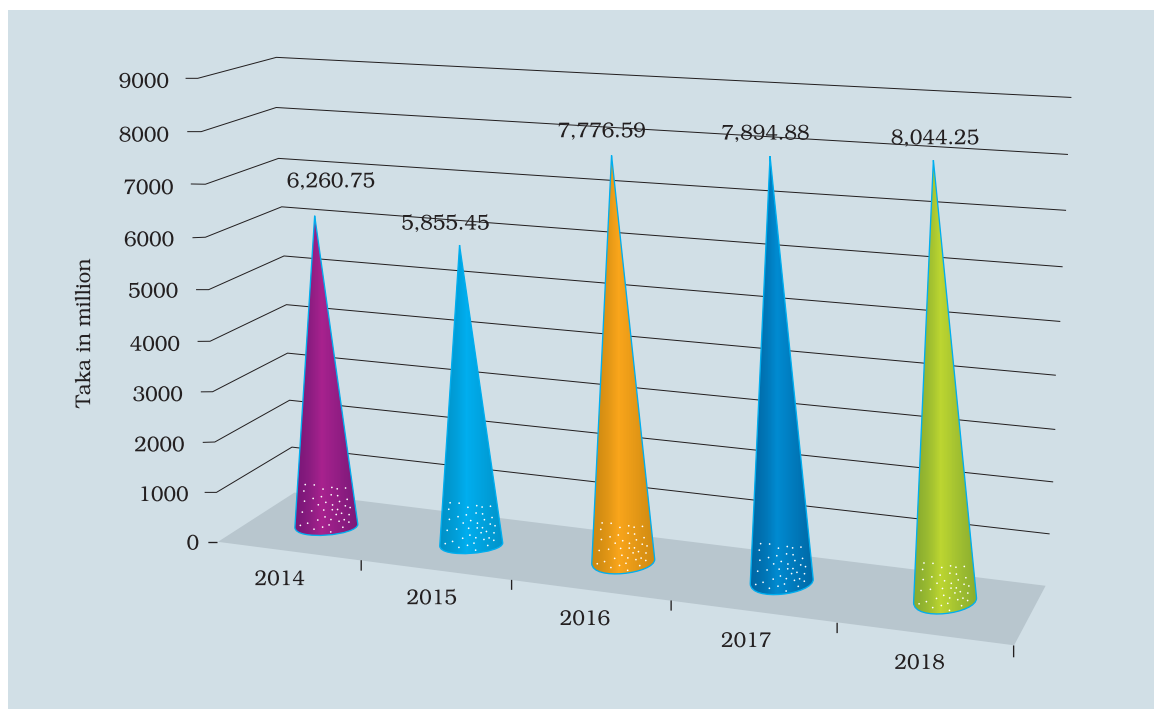
Return on Equity



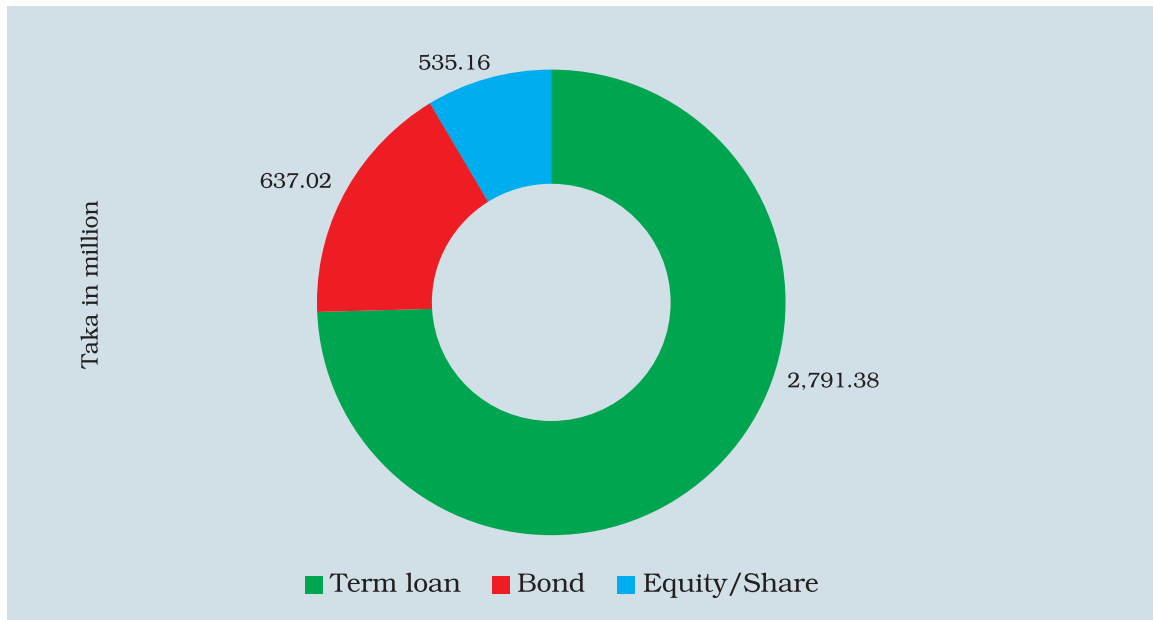
Dividend



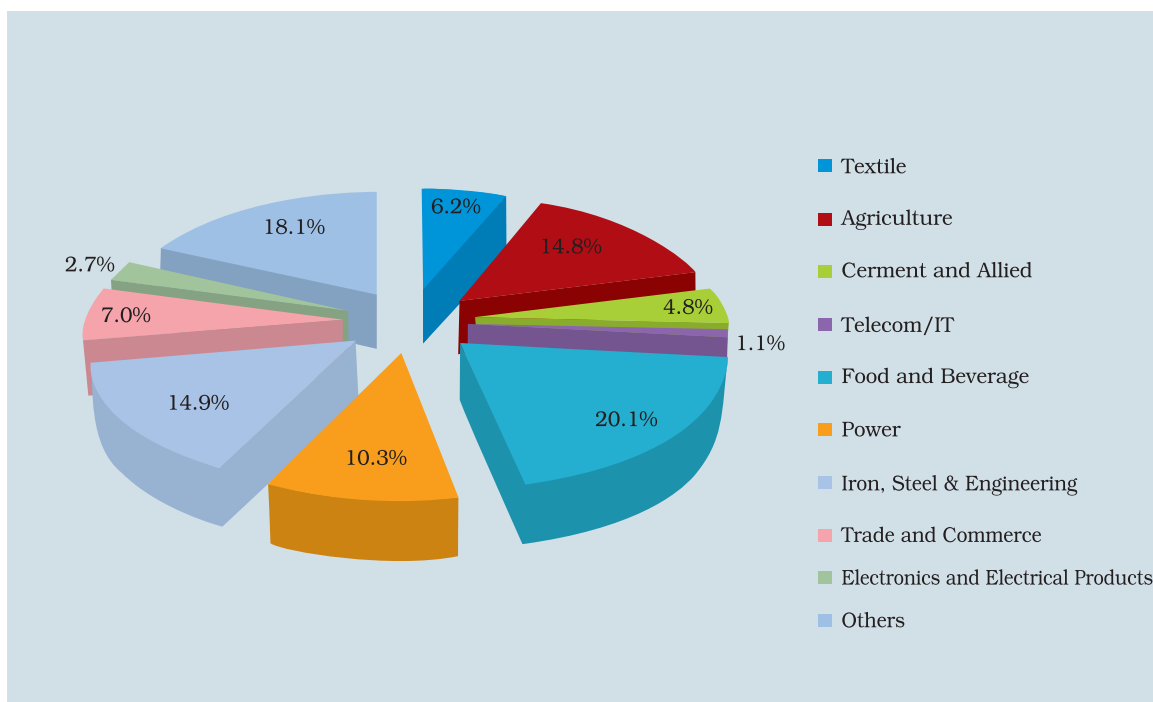
Total Assets:



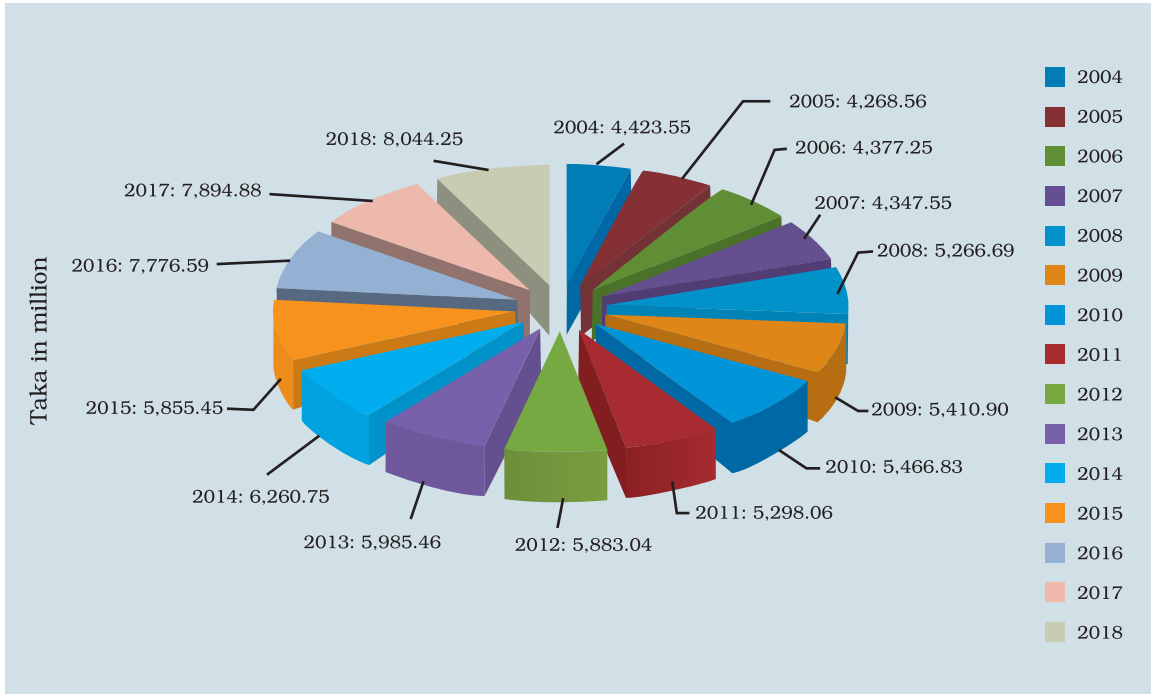
Portfolio Mix:



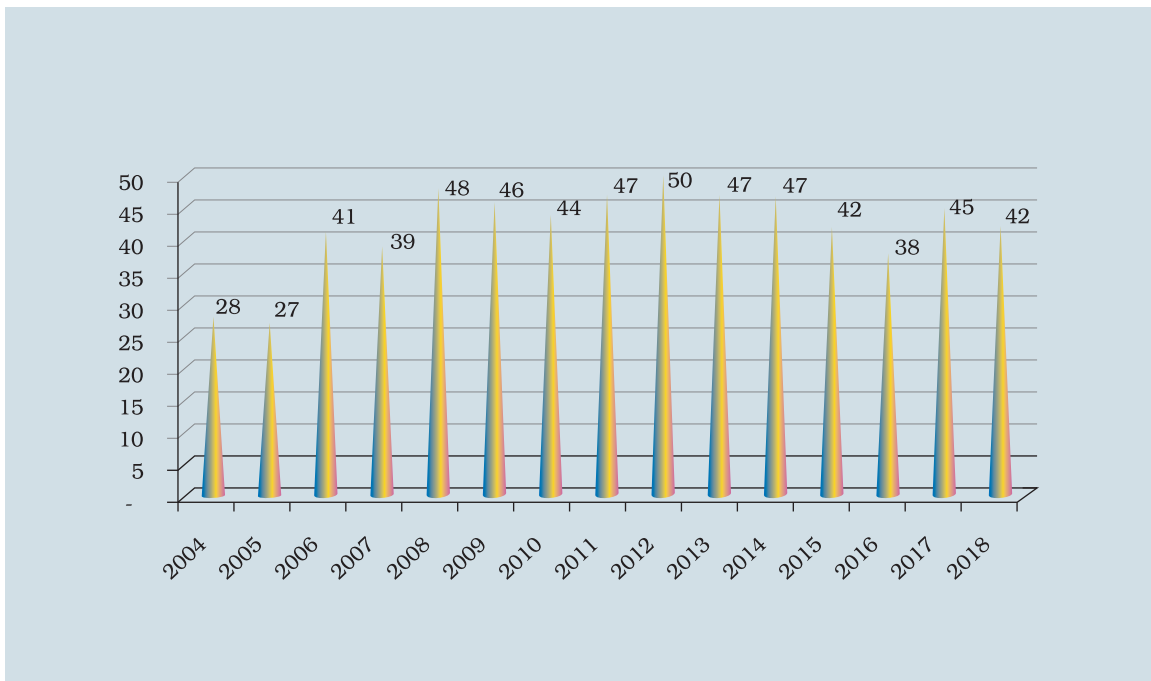
Sector-Wise Exposure [Term Loan %]



Balance sheet size



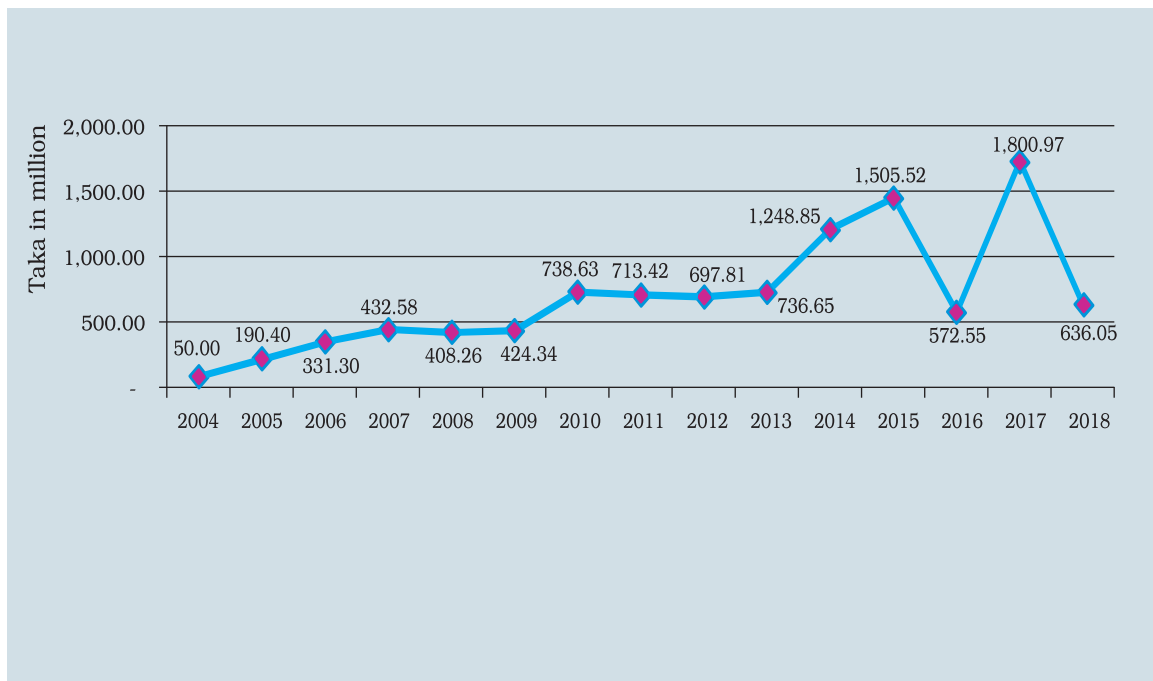
Total Net Active Projects



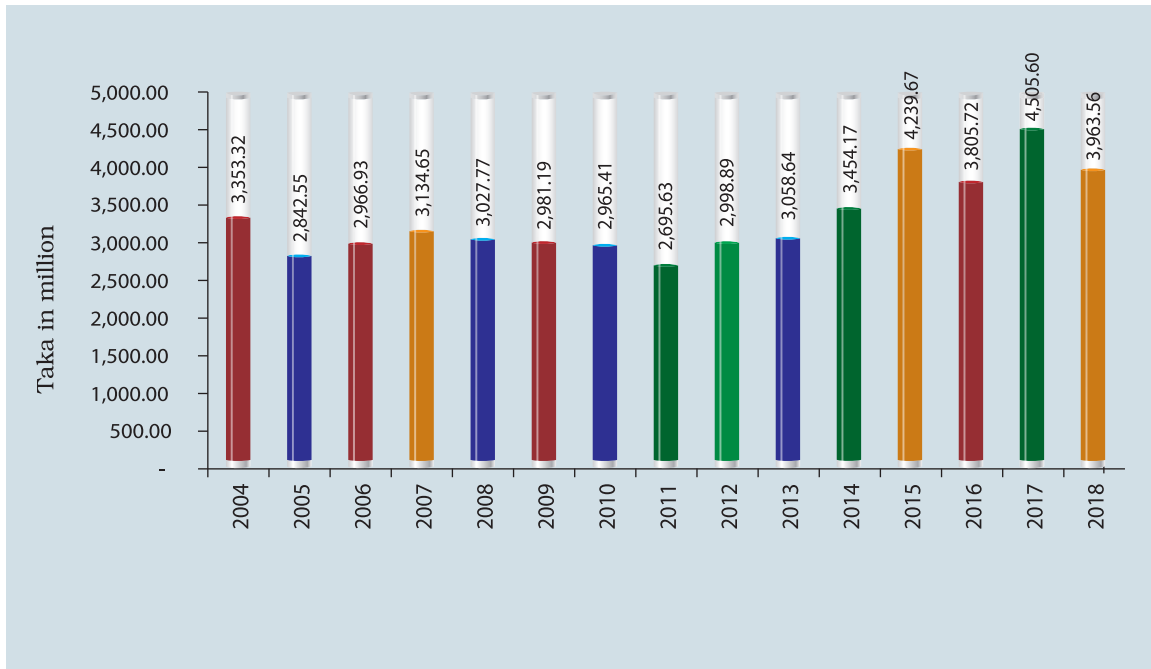
Amount Approved during the year



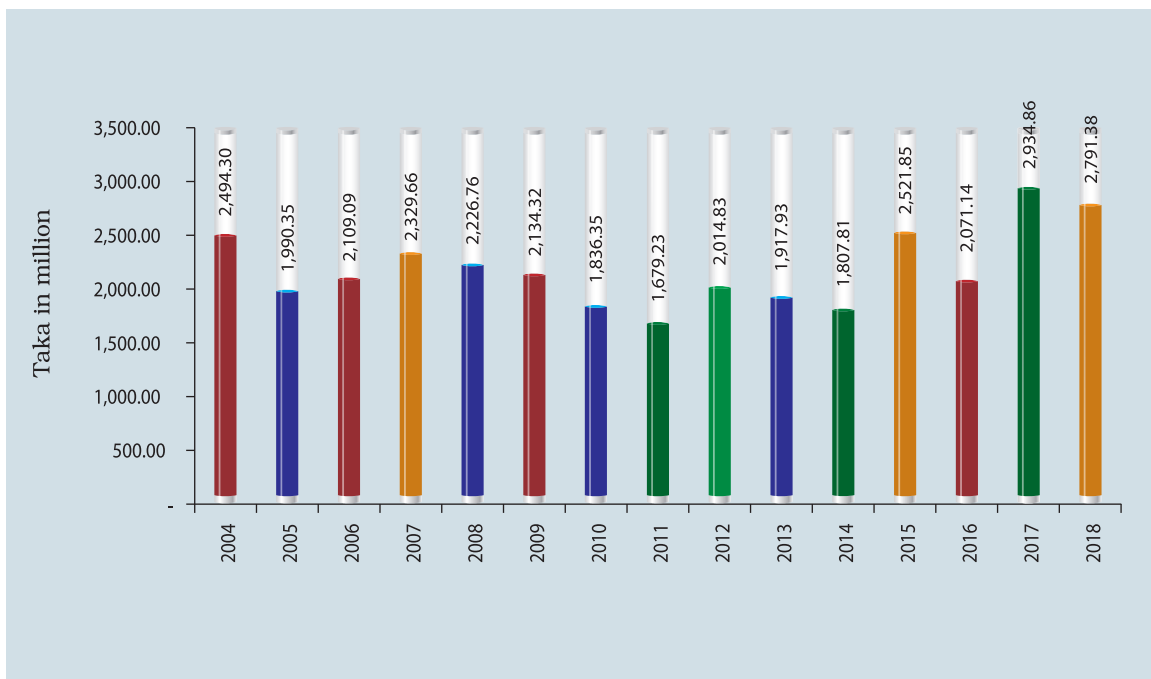
Amount Disbursed during the year



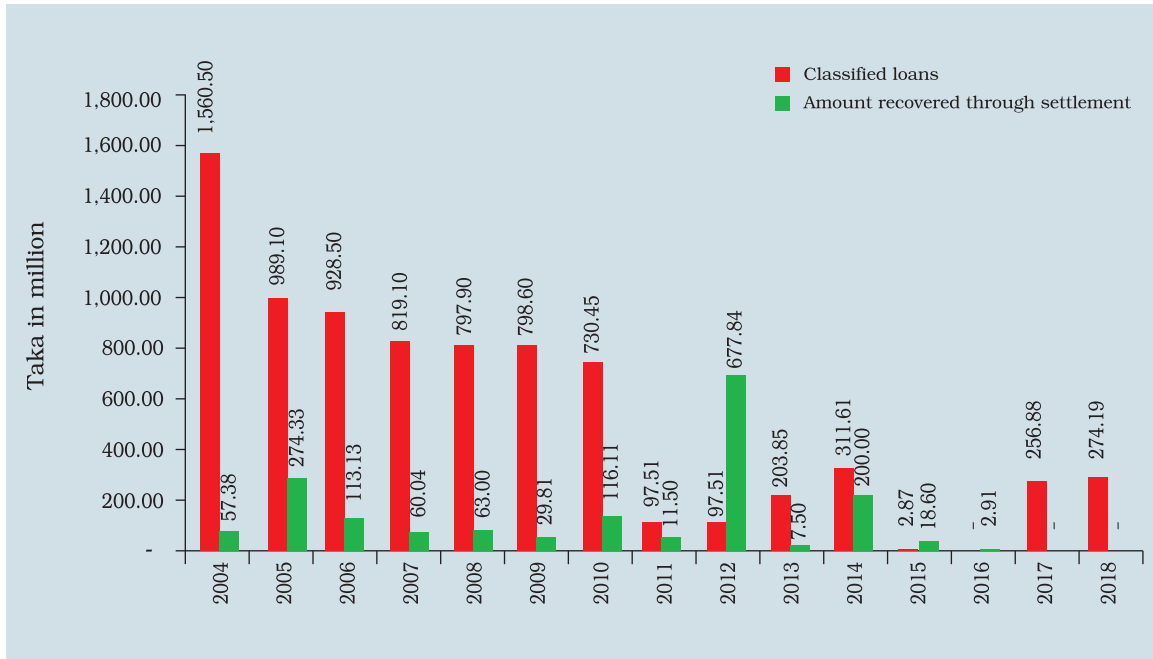
Total Investment



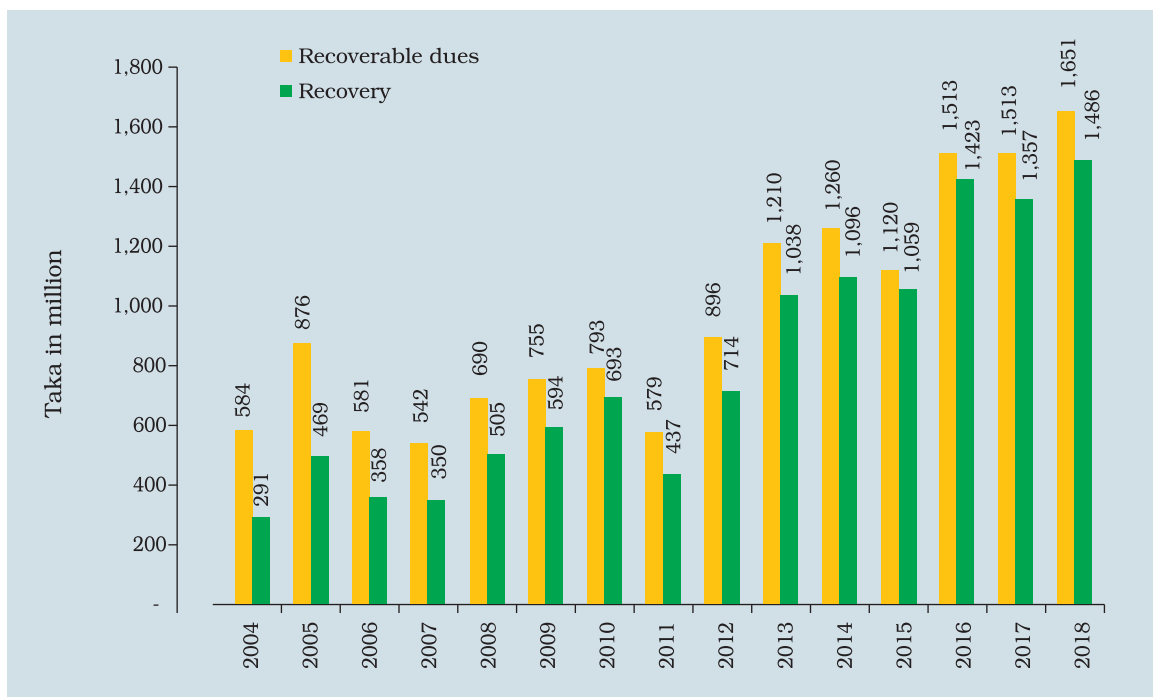
Loan Outstanding



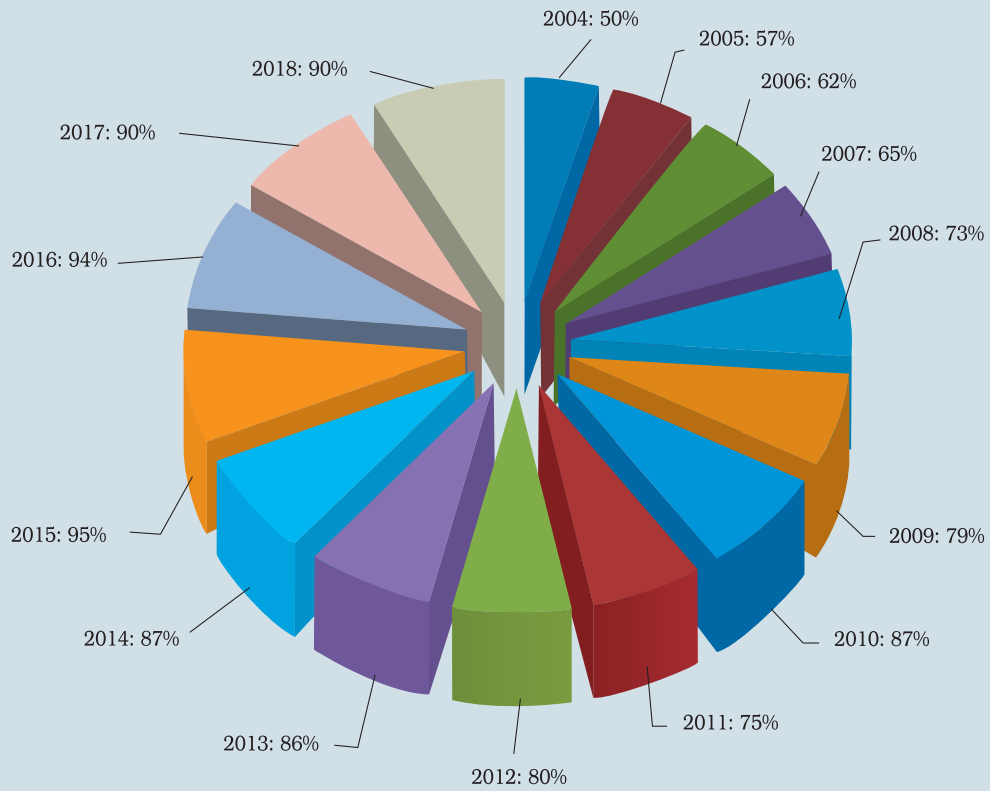
Classified Loans & Recovery



Recoverable dues & Recovery



Recovery as % of target



Few Photographs

Projects Financed under Syndication

Fair Electronics Ltd.
Shibpur, Narshingdi: Factory inside view



Raj Lanka Power Company Limited

Natore



Outside View



Inside View

Desh Energy Chandpur Power Company Limited

Chandpur



Outside View



Overall View

Hashem Rice Mills Limited

Godagari, Rajshahi



Factory View



Factory inside View

Gazi Fish Culture Limited
Kailashganj, Sundarbans, Khulna





Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SAUDI-BANGLADESH INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LTD. (SABINCO)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd. (The Company) which comprise the balance sheets as at 31 December 2018 and the profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the balance sheet of the Company as at 31 December 2018, and of its profit and loss accounts and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.13 and comply with the applicable section of Financial Institutions Act, 1993, the rules and regulation issued by Bangladesh Bank, the companies act, 1994 and other applicable laws and regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon these matters.

We have determined that there are no audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and those charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2.13 and comply with the applicable section of Financial Institutions Act, 1993, the rules and regulation issued by Bangladesh Bank, the companies act, 1994 and other applicable laws and regulation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;

- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (ix) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (x) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xi) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xii) based on our work as mentioned above under the auditors' responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiii) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xiv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 348 person hours for the audit of the books and accounts of the Company;
- (xv) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

(xvi) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

(xvii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Khan Wahab Shafique Rahman

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated, Dhaka
02 March, 2019

Balance Sheet

as at 31 December 2018

	Notes	Amount in Taka	
		31-Dec-18	31-Dec-17
Property and Assets			
Cash:	3.00	49,621,140	54,398,714
In hand		36,698	66,109
Balance with Bangladesh Bank (including foreign currencies)		49,584,442	54,332,605
Balances with other Banks:	4.00	1,526,568,556	851,582,515
In Bangladesh		1,526,568,556	851,582,515
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments:	5.00	1,172,181,910	1,570,738,700
Government		2,500	2,500
Others		1,172,179,410	1,570,736,200
Loans and Advances:			
Term Loan	6.00	2,791,379,201	2,934,857,086
Fixed Assets (including land, building, furniture & fixture and equipments)	7.00	2,107,480,240	2,115,908,397
Other Assets	8.00	397,018,945	367,391,612
Total Assets		8,044,249,992	7,894,877,024
Liabilities and Capital			
Liabilities:			
Borrowings from other Banks	9.00	-	-
Other Liabilities	10.00	1,145,256,678	1,074,170,337
Total Liabilities		1,145,256,678	1,074,170,337
Capital/Shareholders' Equity:			
Paid up Capital	11.00	2,106,084,305	2,106,084,305
Statutory Reserve	12.00	1,044,844,600	976,844,600
General Reserve	13.00	1,569,470,212	1,509,183,585
Revaluation Reserve	14.00	1,968,594,197	1,968,594,197
Retained Surplus	15.00	210,000,000	260,000,000
Total Shareholders' Equity		6,898,993,314	6,820,706,687
Total Liabilities and Shareholders' Equity		8,044,249,992	7,894,877,024

The accompanying notes form an integral part of this financial statement.


(Ahmed Ehsanul Karim)
Deputy Managing Director
and Company Secretary


(Quazi Shajirul Hassan)
Managing Director


(M. Tofazzel Hossain Miah)
Director


(Ahmed M. Al-Ghannam)
Chairman

As per our report of same date.

Dated: Dhaka
02 March 2019


Khan Wahab Shafiqur Rahman & Co.
Chartered Accountants

Profit and Loss Account for the year ended 31 December 2018

	Notes	Amount in Taka	
		2018	2017
Operating Income			
Interest Income	16.00	290,881,865	280,798,364
Interest paid on deposits & borrowings		-	-
Net Interest Income		290,881,865	280,798,364
Income from Investment	17.00	149,336,636	216,471,774
Fees, Commission & Brokerage	18.00	125,696	4,831,943
Other Operating Income	19.00	6,204,281	8,152,991
Total Operating Income		446,548,478	510,255,072
Salary and Allowances		39,482,282	39,429,191
Rent, Taxes, Insurance, Electricity, etc.		2,601,222	2,606,770
Legal expenses		373,578	684,429
Postage, Stamp, Telecommunication, etc.		267,524	234,845
Stationery, Printing, Advertisement		360,864	275,743
Managing Director's salary & benefits		7,784,028	7,466,738
Directors' Fees and Expenses	20.00	5,792,332	6,052,372
Audit Fee		177,100	177,100
Depreciation and repairs of assets		9,009,382	12,624,988
Other expenses	21.00	17,413,539	54,327,112
Total Operating Expenses		83,261,851	123,879,288
Profit/(Loss) before provision		363,286,627	386,375,784
Provision for Loans		21,933,680	53,906,062
Provision for diminution in the value of investments		2,000,000	-
Other provisions		1,066,320	-
Total Provisions		25,000,000	53,906,062
Profit/(loss) before tax		338,286,627	332,469,722
Provision for Tax:			
Current Tax		-	-
Deferred Tax		-	-
Net Profit after Taxation		338,286,627	332,469,722
Appropriations:			
Statutory Reserve		68,000,000	66,500,000
General Reserve		60,286,627	5,969,722
		128,286,627	72,469,722
Retained surplus		210,000,000	260,000,000
Earnings per share (EPS)	22.00	16,914	16,623

The accompanying notes form an integral part of this financial statement.



(Ahmed Ehsanul Karim)
Deputy Managing Director
and Company Secretary


(Quazi Shairul Hassan)
Managing Director


(M. Tofazzel Hossain Miah)
Director


(Ahmed M. Al-Ghannam)
Chairman

As per our report of same date.


Khan Wahab Shafiqur Rahman & Co.
Chartered Accountants

Dated: Dhaka
02 March 2019

Cash Flow Statement

for the year ended 31 December 2018

Notes	Amount in Taka	
	2018	2017
A. Cash flows from operating activities		
Interest receipts	261,810,493	247,103,704
Dividend receipts	23,623,351	18,946,303
Fees and commission receipts	125,696	4,831,943
Recovery of loan previously written off	-	-
Cash payments to employees	(47,266,310)	(46,895,929)
Cash payments to suppliers	(2,532,489)	(2,742,897)
Income taxes paid	(17,407,948)	(85,395,375)
Receipts from other operating activities	126,349,626	205,678,462
Payments for other operating activities	(17,809,426)	(55,455,495)
Operating profit before changes of operating assets and liabilities (i)	326,892,993	286,070,716
Increase/(decrease) in operating assets and liabilities		
Loans and advances	202,164,492	(828,955,370)
Other assets	3,594,477	6,327,832
Other liabilities	(1,000)	(19,199)
Cash utilized in operating assets and liabilities (ii)	205,757,969	(822,646,737)
Net cash flows from operating activities (i+ii)	532,650,962	(536,576,021)
B. Cash flows from investing activities		
Receipts/(payment) from sale of shares/bonds	397,695,090	163,839,858
Fixed assets	(137,585)	(722,205)
Net cash used for investing activities	397,557,505	163,117,653
C. Cash flows from financing activities:		
Repayment of borrowing	-	-
Dividend paid	(260,000,000)	(270,000,000)
Net cash used for financing activities	(260,000,000)	(270,000,000)
D. Net increase/(decrease) in cash & cash equivalent (A+B+C)	670,208,467	(643,458,368)
E. Effects of exchange rate changes on Foreign Currency	-	-
F. Cash and Cash equivalents at the beginning of the year	905,981,229	1,549,439,597
Cash and cash equivalents at the end of the year (D+E+F)	1,576,189,696	905,981,229
Cash and cash equivalents at end of the year:		
Cash in hand and balance with Bangladesh Bank	49,621,140	54,398,714
Balance with other banks	1,526,568,556	851,582,515
	1,576,189,696	905,981,229


(Ahmed Ehsanul Karim)
Deputy Managing Director
and Company Secretary


(Quazi Shairul Hassan)
Managing Director


(M. Tofazzel Hossain Miah)
Director


(Ahmed M. Al-Ghannam)
Chairman

As per our report of same date.

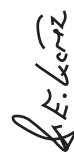
Dated: Dhaka
02 March 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Changes in Equity

for the year ended 31 December 2018

Particulars	Amount in Taka						Total
	Paid-up Capital	Statutory Reserve	General Reserve	Revaluation Reserve	Retained Surplus		
Balance at 01 January 2018	2,106,084,305	976,844,600	1,509,183,585	1,968,594,197	260,000,000	6,820,706,687	
Dividend paid	-	-	-	-	(260,000,000)	(260,000,000)	
Net profit after tax	-	-	-	-	338,286,627	338,286,627	
Appropriation made during the year	-	68,000,000	60,286,627	-	(128,286,627)	-	
Balance at 31 December 2018	2,106,084,305	1,044,844,600	1,569,470,212	1,968,594,197	210,000,000	6,898,993,314	


(Ahmed Ehsanul Karim)
 Deputy Managing Director
 and Company Secretary


(Guazi Shairul Hassan)
 Managing Director


(M. Tofazul Hossain Miah)
 Director


(Ahmed M. Al-Ghanham)
 Chairman

As per our report of same date.

Dated: Dhaka
 02 March 2019


Khan Wasim Shafique Rahman
 Khan Wahab Shafique Rahman & Co.
 Chartered Accountants

Liquidity Statement (Assets and Liability maturity Analysis) as at 31 December 2018

Amount in Taka

Particulars	Upto 1 month	1 - 3 month	3 - 12 month	1 - 5 years	More than 5 years	Total
Assets						
Cash in hand	36,698	-	-	-	-	36,698
Balance with Bangladesh Bank (including foreign currencies)	4,368,768	-	45,215,674	-	-	49,584,442
Balance with Other Banks	622,842,272	678,726,284	225,000,000	-	-	1,526,568,556
Investments	-	49,308,302	204,540,216	888,333,392	30,000,000	1,172,181,910
Loans and Advances	16,068,343	158,352,938	581,203,919	1,623,055,200	412,698,801	2,791,379,201
Fixed Assets (including land, furniture & fixtures and equipments)	190	-	43,783	2,785,372	2,104,650,895	2,107,480,240
Other Assets	-	21,263,150	113,400	368,490,491	7,151,904	397,018,945
Total Assets (A)	643,316,271	907,650,674	1,056,116,992	2,882,664,455	2,554,501,600	8,044,249,992
Liabilities						
Borrowings from Other Banks	-	-	-	-	-	-
Other liabilities	221,655	758,579	1,845,000	4,125,000	1,138,306,444	1,145,256,678
Total Liabilities (B)	221,655	758,579	1,845,000	4,125,000	1,138,306,444	1,145,256,678
Net Liquidity difference (C) = A - B	643,094,616	906,892,095	1,054,271,992	2,878,539,455	1,416,195,156	6,898,993,314

The following assumptions have been applied in preparing the maturity analysis:

- (i) Investments are on the basis of their expected timing of Cash flows.
- (ii) Loans and advances are on the basis of their maturity.
- (iii) Fixed assets including land & land development, furniture and fixtures are on the basis of their useful life.
- (iv) Other assets are on the basis of their adjustment.
- (v) Other liabilities are on the basis of their adjustment.

Notes to the Financial Statements

as at and for the year ended 31 December 2018

1.00 Background of SABINCO:

Saudi Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) is a joint venture Industrial Finance and Investment Company owned by the Governments of Saudi Arabia and Bangladesh.

The Company was incorporated under the Bangladesh Companies Act 1913 (now 1994) on 24th June 1984 with its headquarter in Dhaka and commenced operation in 1986. In 1995, was granted a license to operate as a Non Bank Financial Institution (NBFI) by Bangladesh Bank.

The company has a paid up capital of USD 60 million equivalent to Taka 2,106.08 million with following shareholdings:

Government of the Kingdom of Saudi Arabia - 50%

Government of the People's Republic of Bangladesh - 50%

The company has a six-member Board of Directors to which the Government of Saudi Arabia nominates the Chairman and two members, while the Deputy Chairman and two other members are nominated by the Government of Bangladesh.

SABINCO offers both loan and equity based products and it also acts as financial intermediary and advisor. SABINCO has promoted several medium and large scale industrial projects in the manufacturing, agro based and infrastructure sectors some of which were first of its kind in Bangladesh.

SABINCO played a pioneering role in the Bangladesh economy by creating new industrial sub sectors like industrial scale fish farming, fishery and poultry supporting industries, private sector cement factory, export oriented fruit and vegetable processing unit etc.

SABINCO also extends financing in the Telecom & IT, Food and Beverage, Glass & Ceramics, Iron, Steel & Engineering and Power Sector and thereby expanding its financing depth.

1.01 Objective of the Company:

The objective of the company is to make investment in manufacturing, agro-processing, infrastructure and utility service projects/industries in Bangladesh on commercial basis through loans & advances and equity participation. The company has sanctioned 133 projects up to December 2018.

2.00 Summary of significant Accounting Policies and basis of preparation of the financial statements

2.01 Statement of compliance

The Financial Statements have been prepared on the basis of going concern concept and accrual method under historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994 and other applicable laws and regulations.

In the event any requirement of the Financial Institutions Act 1993, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Financial Institutions Act 1993, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per FID circular 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision are required to be made for any loss arising from the diminution in value of the investment; otherwise investments are recognized at cost.

ii) Provision on loans and advances/ investments

IFRS: As per IAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002 and FID circular No. 3 dated 3 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue.

iii) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 39 and interest income is recognized through effective

interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

iv) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are required to be strictly followed by all Financial Institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Financial Institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vi) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', T-bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as face item in statement of financial position and T-bills, Prize bonds are shown under Investment.

vii) Non-banking assets

IFRS: No indication of non banking assets is found in any IFRSs.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated December 23, 2009, there must exist a face item named Non-banking asset.

viii) Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows

in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM Circular 11 dated 23 December 2009, cash flow is the mixture of direct and indirect methods.

ix) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalent.

2.02 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT), which is the company's functional currency. All values are rounded to the nearest BDT except when otherwise indicated.

2.03 Foreign Currency Translation

- (i) Transactions in foreign currencies are translated into Taka at the foreign exchange rates prevailing on the Transaction date.
- (ii) Monetary assets and liabilities in foreign currencies are expressed in taka at the rates of exchange prevailing on the Balance Sheet date.

2.04 Comparative information

As guided in paragraph 36 and 38 of IAS 1 Presentation of Financial Statements, Comparative Information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

2.05 Reporting Date

The reporting date of the financial statements begins from 1st January 2018 to 31 December 2018.

2.06 Cash Flow Statement

Cash Flow Statement is prepared in accordance with IAS-7 (direct method) "Cash Flow Statement" and format provided by the Bangladesh Bank vide DFIM Circular No-11 dated 23 December 2009 as applicable for preparation of Cash Flow Statement.

2.07 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.08 Liquidity statement (Assets & Liability Maturity Analysis)

The Liquidity Statement of assets and liabilities as on the reporting date has been prepared on residual maturity term, which has been given on the statement.

2.09 Assets and basis of their evaluation

2.09.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the company management for its short term commitment.

2.09.2 Loans & Advances

i) Loans and advances are stated at gross amount. Provision and interest suspense against loans and advances are shown separately as liability.

ii) Interest on loans and advances is calculated and charged on monthly, quarterly, half yearly and in some instances on an annual basis.

iii) Interest on loan is recognized as income only when it is realized in cash.

iv) As per Bangladesh Bank directives, interest on loans and advances, which are classified as Bad/loss, is not accounted for. A separate memorandum record is maintained for such interest.

v) Provisions for loans and advances are made on the basis of Bangladesh Bank FID Circular No.11 of 2005 and FID Circular No.03 of 2006:

General Provision on:	Rate
Unclassified (SME)	0.25%
Unclassified	1%
Special Mention Account (SMA)	5%
Sub Standard	20%
Doubtful	50%
Bad	100%

2.09.3 Investment

i) Income from dis-investment in shares is accounted for as and when it is received.

ii) Dividend is recognized as income when it is received/realized.

iii) Value of Investments has been considered as follows:

Government securities-Prize Bonds	At cost Price
Investment in shares-Quoted	At cost Price
Investment in shares-Unquoted	At cost Price

Provision has been made at an estimate on the value of shares and bonds due to fluctuations of market value in terms of economic conditions that exists in the market. Necessary provisions are being made to cover the losses, if any, as per regulatory guidelines.

2.09.4 Recognition of Fixed Assets:

All property and equipment are classified and grouped according to the nature of individual assets and the major categories of assets are land, building, furniture and fixture, motor vehicles and equipment. Recognition of fixed assets have been made based on probable future economic benefits associated with the assets.

Fixed Assets are shown in the carrying amount as per IAS 16 and such Fixed Assets have been stated at cost less accumulated depreciation i.e. at written down value.

Gain or loss on sale of fixed assets is recognized in profit and loss account.

2.09.5 Depreciation of fixed assets:

Depreciation on fixed assets has been charged on straight line method. Depreciation has been charged based on the date of acquisition of assets during the accounting year on daily basis.

Depreciation has been calculated at the following rates:

Types of Assets	Rate of Depreciation
Building	5.0%
Furniture and fixture	12.5%
Motor vehicles	25.0%
Office and electrical equipment	20.0%

2.09.6 Intangible assets and amortization of intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization. Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of 5 year. Subsequent expenditure on software is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense when incurred.

2.10 Liabilities and basis of their valuation

2.10.1 Employees benefit plans

The company operates a non-funded gratuity scheme and contributory provident fund.

Gratuity fund:

SABINCO operates a non-funded gratuity scheme, provision for which is made annually covering its all eligible employees according to the relevant provision of "Service Rules".

Provident fund:

The company maintains a contributory provident fund recognized by National Board of Revenue. The fund is administered by a Board of Trustee and it is funded equally by the employer and employees @ 10% of their basic salary.

2.10.2 Taxation

Income tax expense represents the sum of the tax currently payable along with the deferred tax.

It is be noted that, SABINCO is exempted from the payment of taxes vide the provision of SRO 103-AIN/2012 dated 19.04.2012, Article 26 (Specific Provisions), with effective date of 01 October, 2011.

In this connection, reference is made to the Articles VII & XI of the bilateral agreement "An agreement for the establishment of the Saudi Bangladesh Industrial and Agricultural Investment Company Limited", wherein the Company was exempted from payment of tax for an initial period of ten years from the date of the first balance sheet of the Company that showed profit, which commenced on 01 January 1985 expired on 31 December 1994.

After the expiry of the tax holiday period the Company continued to pay taxes (for the next twenty two years) up to the assessment year 2017-2018, though the income of the Company was fully exempted once again from taxation as per the provision of SRO 103-AIN/2012 dated 19.04.2012, Article 26 (Specific Provisions), with effective date of 01 October, 2011.

The Company in the meantime has applied to the appropriate tax authority seeking refund of Tk.1,186,780,618 which was inadvertently paid by SABINCO during the assessment year 2013-2014 to 2017-2018. Tax provision (current and deferred) has not been created against income for this year 2018.

Given the above elaboration SABINCO therefore is not required to make any further tax provisions (both current and deferred) and accordingly no tax provision has been created for the year 2018.

2.10.3 Provision and accrued expenses

Provision and accrued expenses are recognized in the financial statements based on obligation in view of past event for which an outflow of economic benefit will be required to settle the obligation and a reliable estimate has been made for the amount of obligation.

2.11 Statutory reserve

In fulfillment of requirement of Financial Institutions Act 1993, 20% of profit is being transferred to statutory reserve.

2.12 Revenue recognition

The revenues during the year are recognized on an accrual basis (other than interest on loan, interest on bond and dividend), which comply with the conditions of revenue recognition as provided in IFRS 15: Revenue from contracts with customer.

2.13 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

The following Accounting and Reporting Standards are applicable for Saudi Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) which are followed in preparing the Financial Statements of the Company.

Sl. No.	Name of the IAS	IAS No.	Status
01	Presentation of Financial Statements	01	Applied *
02	Inventories	02	Not Applicable
03	Statement of Cash Flows	07	Applied
04	Accounting Policies, Changes in Accounting estimates and Errors	08	Applied
05	Events after the Reporting Period	10	Applied
06	Construction Contract	11	Not Applicable
07	Income Taxes	12	Applied
08	Property, Plant and Equipment	16	Applied
09	Leases	17	Not Applicable
10	Employee Benefits	19	Applied
11	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
12	The Effects of Changes in Foreign Exchange Rates	21	Applied
13	Borrowing Costs	23	Not Applicable
14	Related Party Disclosures	24	Applied
15	Accounting and Reporting by Retirement Benefit Plans	26	Applied
16	Separate Financial Statements	27	Not Applicable
17	Investments in Associates and Joint Ventures	28	Not Applicable
18	Financial Instruments: Presentation	32	Applied
19	Earnings per Share	33	Applied
20	Interim Financial Reporting	34	Not Applicable
21	Impairment of Assets	36	Not Applicable
22	Provision, Contingent Liabilities and Contingent Assets	37	Applied
23	Intangible Assets	38	Applied
24	Financial Instruments: Recognition and Measurement	39	Applied
25	Investment Property	40	Not Applicable
26	Agriculture	41	Not Applicable

* As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements.

Name of the IFRS	IFRS No	Status
First Time adoption of IFRS	1	Not Applicable
Share Based Payment	2	Not Applicable
Business Combinations	3	Not Applicable
Insurance Contracts	4	Not Applicable
Non-current Assets held for sales and discontinued operations	5	Not Applicable
Exploration for and Evaluation of Mineral Resources	6	Not Applicable
Financial Instruments: Disclosures	7	Applied
Operating Segments	8	Not Applicable
Financial Instruments	9	Applied
Consolidated financial statements	10	Not Applicable
Joint Arrangements	11	Not Applicable
Disclosure of interest in other entities	12	Applied
Fair value measurement	13	Applied
Revenue from contracts with customer	15	Applied

	Amount in Taka	
	31-Dec-18	31-Dec-17
3.00 Cash:		
In hand (Local currency)	36,698	66,109
Balance with Bangladesh Bank:		
Local Currency	4,368,768	4,262,318
Foreign Currency-	-	-
US\$ 545,266.99	45,215,674	-
US\$ 609,275.82		50,070,287
	49,621,140	54,398,714
4 .00 Balance with Other Banks:		
In Bangladesh:		
Local Currency Accounts with-	255,473,431	192,428,857
Standard Chartered Bank- SND Account	131,651	120,355
The City Bank Ltd.- SND Account	255,341,780	192,308,502
Foreign Currency Current Account with-		
Standard Chartered Bank-		
US\$ 3,825.94 equivalent to	317,285	-
US\$ 4,229.90 equivalent to	-	347,613
Fixed Deposit Accounts(Local currency) with-	1,270,777,840	658,806,045
AB Bank Ltd.	70,162,788	66,046,324
Dhaka Bank Ltd.	31,226,960	26,322,941
IFIC Bank Ltd.	126,573,189	65,970,519
Mutual Trust Bank Ltd.	101,325,904	-
Southeast Bank Ltd.	127,661,454	65,962,037
National Bank Ltd.	126,548,936	66,032,680
Delta BRAC Housing Finance Corporation Ltd.	127,469,665	65,968,226
IDLC Finance Ltd.	126,548,915	66,015,208
Bank Asia Ltd.	126,597,882	-
National Credit & Commerce Bank Ltd.	31,261,507	58,688,110
The City Bank Ltd.	10,000,000	46,600,000
Standard Bank Ltd.	-	65,600,000
Mercantile Bank Ltd.	126,651,606	65,600,000
Pubali Bank Ltd.	102,249,034	-
Prime Bank Ltd.	36,500,000	-
	1,526,568,556	851,582,515
5.00 Investments		
Government Securities - Prize Bond	2,500	2,500
Other Investments (Note - 5.01)	1,172,179,410	1,570,736,200
	1,172,181,910	1,570,738,700

	Amount in Taka	
	31-Dec-18	31-Dec-17
5.01 Other Investments:		
Ordinary shares (listed companies) (5.02)	206,020,215	212,694,868
Ordinary shares (Un-listed companies) (5.03)	153,316,900	153,316,900
Preference shares (5.04)	175,818,184	204,909,094
Bond (5.05)	637,024,111	999,815,338
	1,172,179,410	1,570,736,200
5.02 Ordinary shares (listed companies : Note - 5.07)		
Opening balance	212,694,868	257,170,389
Additions	-	-
Disposal	(6,674,653)	(44,475,521)
	206,020,215	212,694,868
5.03 Ordinary shares (un-listed companies : Note - 5.07)		
Opening balance	153,316,900	153,316,900
Additions	-	-
Disposal	-	-
	153,316,900	153,316,900
5.04 Preference share		
Opening balance	204,909,094	74,000,000
Additions	-	145,454,550
Disposal/Redemption	(29,090,910)	(14,545,456)
	175,818,184	204,909,094
5.05 Bond		
Opening balance	999,815,338	1,250,088,769
Additions	-	150,000,000
Disposal	(362,791,227)	(400,273,431)
	637,024,111	999,815,338
5.06 Maturity grouping of investments		
On demand	-	4,992,995
Less than 3 months	49,308,302	47,272,728
More than 3 months but less than 1 year	204,540,216	254,609,410
More than 1 year but less than 5 years	888,333,392	1,203,863,567
Above 5 years	30,000,000	60,000,000
	1,172,181,910	1,570,738,700

5.07 Cost and market value of investments as of 31 December 2018

	No. of shares	Cost price	Market price
Listed		206,020,215	58,219,321
Mita Textiles Ltd.	532,820	52,322,829	-
Dynamic Textile Industries Ltd.	891,300	64,715,814	-
National Oxygen Ltd.	8	800	-
Dhaka Fisheries Ltd.	300	30,000	-
Gachihata Aquaculture Farms Ltd.	100,000	10,000,000	-
Meghna Vegetable Oil Industries Ltd.	100	19,557	-
Beximco Ltd.	1,124,336	73,603,097	26,421,896
Beximco Pharma Ltd.	165,385	2,035,575	13,081,954
Linde Bangladesh Ltd. (BOC)	14,050	1,619,267	16,837,520
Maq paper Ltd.	4,000	673,276	-
Fu-wang Ceramic Industries Ltd.	142,269	-	1,877,951
Texpic Industries Ltd.	10,000	1,000,000	-
	No. of shares	Cost price	NAV
Un-listed		153,316,900	276,936,259
A. Taken Over Project (TOP)		147,862,500	165,890,914
Saudi Bangla Fish Feed Ltd.	739,400	70,262,500	140,230,022
S&M Shrimp Culture Ltd.	250,000	19,100,000	-
Gazi Fish Culture Ltd.	600,000	58,500,000	25,660,892
B. Others		5,454,400	111,045,345
Quality Feeds Ltd.	49,130	4,913,000	111,045,345
Bright Tubes Ltd.	5,414	541,400	-
Preference Shares:			
A. Taken Over Project (TOP)		74,000,000	21,384,076
Gazi Fish Culture Ltd.	500,000	50,000,000	21,384,076
S&M Shrimp Culture Ltd.	240,000	24,000,000	-
B. Others		101,818,184	101,818,184
Raj Lanka Power Company Ltd.	10,181,818	101,818,184	101,818,184
Total		535,155,299	458,357,840

	Amount in Taka	
	31-Dec-18	31-Dec-17
6.00 Loans and Advances		
In Bangladesh		
Term Loans	2,790,188,655	2,934,054,398
Staff Loans	1,190,546	802,688
	2,791,379,201	2,934,857,086
6.01 Loans and Advances		
Opening Balance	2,934,857,086	2,071,139,823
Addition	876,267,345	1,690,557,952
Repayments/adjustments	(1,019,745,230)	(826,840,689)
Balance at the end of the year	2,791,379,201	2,934,857,086
6.02 Maturity-wise Grouping		
On demand	16,068,343	20,559,989
Less than 3 months	158,352,938	91,720,137
More than 3 months but less than 1 year	581,203,919	437,417,823
More than 1 year but less than 5 years	1,623,055,200	1,994,360,916
Above 5 years	412,698,801	390,798,221
	2,791,379,201	2,934,857,086
6.03 Significant Concentration-wise Grouping:		
Loans and Advances to Directors and their allied concern	-	-
Advances to Chief-Executive and other Senior Executives	-	-
Advances to Customers (Group-wise):		
Medium enterprise	573,015,507	703,357,009
Large enterprise	2,217,173,148	2,230,697,389
	2,790,188,655	2,934,054,398
Advances to other staff	1,190,546	802,688
	2,791,379,201	2,934,857,086
Disclosure on large loan:		
The company did not sanction/ disburse any loan to any individual, or enterprise or any organization exceeding 15% of the total Capital of the company.		
6.04 Sector-wise loans and advances		
Textile	171,973,303	196,403,960
Agriculture	412,659,907	690,213,506
Cement and allied	133,064,835	158,870,656
Telecom/IT	31,406,575	31,406,575
Foods and Beverage	560,252,444	454,278,494
Power	288,664,190	302,706,746
Iron, Steel & Engineering	416,735,406	101,120,430
Trade and Commerce	195,096,854	348,954,031
Electronics and Electrical Products	74,803,544	-
Others	505,531,597	650,100,000
	2,790,188,655	2,934,054,398

	Amount in Taka	
	31-Dec-18	31-Dec-17
6.05 Geographical location -wise grouping		
Dhaka	1,766,737,177	2,304,550,467
Chattogram	416,735,406	101,120,431
Khulna	244,378,338	225,992,710
Sylhet	177,226,775	249,553,781
Mymensingh	48,729,925	52,837,009
Rajshahi	136,381,034	-
Barishal	-	-
	2,790,188,655	2,934,054,398
6.06 Grouping as per classification rules:		
Unclassified Loans i.e Standard Loans (including staff loans)	2,454,079,538	2,677,977,801
Special Mention Account	63,111,524	-
Classified Loans:		
Sub-Standard	17,308,854	-
Doubtful	-	-
Bad/Loss	256,879,285	256,879,285
	2,791,379,201	2,934,857,086
6.07 Particulars of loans and advances		
(a) Debts considered good in respect of which the company is fully secured.	2,517,191,062	2,677,977,801
(b) Debts considered good for which the company holds no other security than the debtor's personal security.	-	-
(c) Debts considered good which is secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.	-	-
(d) Loans classified but provision not maintained against such loan.	-	-
(e) Debts due by directors or officers of the company or any of them either severally or jointly with any other persons.	-	-
(f) Debts due by companies or firms in which the directors or officers of the company are interested as Directors, partners or Managing Agents or in the case of private companies, as members.	-	-

	Amount in Taka	
	31-Dec-18	31-Dec-17
(g) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the company or any of them either severally or jointly with any other persons.		
(h) Due from other banking companies.	-	-
(i) Classified loans for which interest/profit not charged:		
a) Decrease/ increase in provisions	-	-
Amount realized against loan previously written off.	71,349,161	71,349,161
b) Total amount of provisions created as of the date of preparing the Balance sheet against classified bad/loss loans	105,841,917	105,841,917
c) Interest creditable to interest suspense account	44,531,078	11,839,557
(j) Cumulative amount of the written off loan	720,451,672	720,451,672
Amount written off during the current year	-	-
The amount of written off loan for which law suit filed	536,876,245	536,876,245
7.00 Fixed Assets		
Cost	2,194,453,571	2,194,315,986
Land & Land Development	2,000,000,000	2,000,000,000
Building	149,011,648	149,011,648
Motor vehicles	11,326,824	11,326,824
Office & Electrical equipment	27,388,735	27,354,135
Furniture & fixtures	3,361,728	3,337,118
Intangible Assets-Software	3,364,636	3,286,261
Less: Accumulated depreciation	86,973,331	78,407,589
Building	44,668,986	37,218,404
Motor vehicles	11,326,817	11,326,817
Office & Electrical equipment	26,785,567	26,484,315
Furniture & fixtures	2,866,327	2,724,058
Intangible Assets-Software	1,325,634	653,995
Written down value at the end of the year	<u>2,107,480,240</u>	<u>2,115,908,397</u>

7.01 Fixed assets

Amount in Taka

Particulars	at Cost			Depreciation				Written Down value at 31-Dec-18		
	At 01-Jan-18	Addition during the year	Disposal during the year	At 31-Dec-18	Rate of depreciation	At 01-Jan-18	Charged for the year		Disposal during the year	At 31-Dec-18
Land & Land Development	2,000,000,000	-	-	2,000,000,000	0%	-	-	-	-	2,000,000,000
Building	149,011,648	-	-	149,011,648	5%	37,218,404	7,450,582	-	44,668,986	104,342,662
Motor vehicles	11,326,824	-	-	11,326,824	25%	11,326,817	-	-	11,326,817	7
Office & Electrical equipment	27,354,135	34,600	-	27,388,735	20%	26,484,315	301,252	-	26,785,567	603,168
Furniture & fixtures	3,337,118	24,610	-	3,361,728	12.50%	2,724,058	142,269	-	2,866,327	495,401
Intangible Assets-Software	3,286,261	78,375	-	3,364,636	20%	653,995	671,639	-	1,325,634	2,039,002
as on 31-Dec-18	2,194,315,986	137,585	-	2,194,453,571		78,407,589	8,565,742	-	86,973,331	2,107,480,240
as on 31-Dec-17	2,193,593,781	722,205	-	2,194,315,986		66,152,791	12,254,798	-	78,407,589	2,115,908,397

	Amount in Taka	
	31-Dec-18	31-Dec-17
8.00 Other Assets		
Advance income tax	368,490,491	351,082,543
Advances against expenses	-	14,000
Deposits	220,100	224,600
Other Receivables	7,336,517	5,344,554
Accrued interest	13,926,633	3,680,711
Prepaid Expenses	113,400	113,400
Deferred tax	6,931,804	6,931,804
	397,018,945	367,391,612

Deferred Tax:

In fulfillment of the requirement of International Accounting Standard (IAS) 12, deferred tax has been recognized by the company based on taxable temporary difference in the carrying amounts of the assets and its tax base.

9.00 Borrowings from other banks

a) (i) Borrowings inside Bangladesh	-	-
(ii) Borrowings outside Bangladesh	-	-
	-	-
b) (i) Borrowings with security	-	-
(ii) Borrowings without security	-	-
c) (i) Borrowings payable on demand	-	-
(ii) Borrowings others	-	-

10.00 Other Liabilities

Provision for loans and investment in shares (Note - 10.01)	437,562,509	413,424,209
Interest suspense account (Note - 10.02)	267,333,181	227,472,024
Provision for tax (Note - 10.03)	396,165,264	396,165,264
Liabilities for expenses (Note - 10.04)	30,536,949	23,449,065
Other creditors	4,125,000	4,126,000
Deferred tax liabilities	9,533,775	9,533,775
	1,145,256,678	1,074,170,337

10.01 Provisions for loans, investment in shares and other assets:

i) Provision for loans:		
a) for classified loans		
Opening Balance	105,841,917	-
Addition during the year	3,000,000	105,841,917
Adjustment made during the year	-	-
Closing Balance	108,841,917	105,841,917

	Amount in Taka	
	31-Dec-18	31-Dec-17
b) for unclassified loans		
Opening Balance	26,383,501	39,317,328
Addition during the year	18,933,680	
Adjustment made during the year	-	(12,933,827)
Closing Balance	45,317,181	26,383,501
Total provision for loans (a+b)	154,159,098	132,225,418
ii) Provision for investment in shares:		
Opening Balance	281,194,291	308,596,584
Addition made during the year	2,000,000	-
Adjustment made during the year	(861,700)	(27,402,293)
Closing Balance	282,332,591	281,194,291
iii) Provision for doubtful assets:		
Opening Balance	4,500	11,604,235
Addition made during the year	1,066,320	-
Adjustment made during the year	-	(11,599,735)
Closing Balance	1,070,820	4,500
Total provisions	437,562,509	413,424,209
Required Provision :		
Provision for loans	135,325,060	132,225,418
Provision for investment in shares	281,039,909	281,194,291
Provision for doubtful assets	1,070,820	4,500
Total	417,435,789	413,424,209

10.02 Interest suspense account

	IDCP	Overdue interest		
Opening Balance	117,903,466	109,568,558	227,472,024	232,076,604
Addition during the year	51,757,286	187,662,036	239,419,322	185,037,952
Total	169,660,752	297,230,594	466,891,346	417,114,556
Repayment/adjustment during the year	15,041,416	184,516,749	199,558,165	189,642,532
Closing Balance	154,619,336	112,713,845	267,333,181	227,472,024

10.03 Provision for tax

Balance at the beginning of the year	396,165,264	396,165,264
Add: Provision for the year	-	-
Less: Adjustment for previous years tax	-	-
Balance at the end of the year	396,165,264	396,165,264

10.04 Liability for Expenses

Liabilities for general & administrative expenses	2,825,234	1,262,271
Provision for gratuity	27,711,715	22,186,794
	30,536,949	23,449,065

11.00 Share Capital

	US\$	US\$
Authorized:		
20,000 ordinary shares of US\$3,000 each	60,000,000	60,000,000
Issued, subscribed and paid up:		
20,000 ordinary shares of US\$3,000 each	60,000,000	60,000,000
These are subscribed by the following shareholders:		
Name of the shareholders	US\$	Equivalent to Taka
Government of Kingdom of Saudi Arabia	30,000,000	1,078,928,400
Government of Bangladesh	30,000,000	1,027,155,905
	60,000,000	2,106,084,305

Amount in Taka

11.01 Capital adequacy Ratio:

31-Dec-18	31-Dec-17
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Capital adequacy ratio has been calculated as per DFIM circular no 14 of 28 December 2011 issued by Bangladesh Bank.

Tier-1 (Core Capital)	4,930,399,117	4,852,112,490
Paid-up Capital	2,106,084,305	2,106,084,305
Statutory Reserve	1,044,844,600	976,844,600
General Reserve	1,569,470,212	1,509,183,585
Retained Surplus	210,000,000	260,000,000
Tier-2 (Supplementary Capital):	1,029,614,279	1,010,680,599
General provision maintained against unclassified loans	45,317,181	26,383,501
Revaluation Reserve	984,297,098	984,297,098
A) Total Capital (Tier 1 + Tier 2)	5,960,013,396	5,862,793,089
B) Total Risk Weighted Assets	5,993,315,061	6,442,679,027
C) Required capital (10% on Total RWA or MCR, whichever is higher)	1,000,000,000	1,000,000,000
D) Surplus (A-C)	4,960,013,396	4,862,793,089
E) Capital Adequacy Ratio	99.44%	91.00%
F) Core Capital to RWA	82.26%	75.31%
G) Supplementary Capital to RWA	17.18%	15.69%

12.00 Statutory Reserve

Opening Balance	976,844,600	910,344,600
Addition during the year	68,000,000	66,500,000
Closing Balance	1,044,844,600	976,844,600

13.00 General Reserve

Opening Balance	1,509,183,585	1,503,213,863
Addition during the year	60,286,627	5,969,722
Closing Balance	1,569,470,212	1,509,183,585

	Amount in Taka	
	31-Dec-18	31-Dec-17
14.00 Revaluation Reserve		
Opening Balance	1,968,594,197	1,968,594,197
Addition during the year	-	-
Closing Balance	1,968,594,197	1,968,594,197

In terms of International Accounting Standard (IAS) 16: Property, Plant and Equipment, the company had revalued its 1.5 acres of land located at 79, Nikunja-2, Dhaka-1229 in 2016 by Jorip O Paridarshan Company Ltd., an independent professionally qualified valuation firm. The surplus on revaluation of land has been credited to Revaluation Reserve.

15.00 Retained Surplus

Balance at the beginning of the year	260,000,000	270,000,000
Cash Dividend for last year	(260,000,000)	(270,000,000)
Net Profit after taxation	338,286,627	332,469,722
Profit available for distribution	338,286,627	332,469,722
Appropriation :		
Statutory Reserve	(68,000,000)	(66,500,000)
General Reserve	(60,286,627)	(5,969,722)
Balance at the end of the year	210,000,000	260,000,000

16.00 Interest income

Interest on loans and advances	199,558,165	189,642,532
Interest on employees advances	55,503	45,860
Interest on deposits with other banks	91,268,197	91,109,972
	290,881,865	280,798,364

17.00 Income from Investment

Dividend on investment in shares	23,623,351	18,946,303
Profit/(Loss) on sale of investment in shares	21,704,471	67,527,238
Interest on bond	104,008,814	129,998,233
	149,336,636	216,471,774

18.00 Fees, Commission & Brokerage

Project examination, syndication and management fees	125,696	3,697,125
Documentation fees and others	-	1,134,818
	125,696	4,831,943

19.00 Other Operating Income

Income from Office Rent	5,567,940	5,567,940
Exchange gain/(loss)	447,377	2,575,821
Miscellaneous income	188,964	9,230
	6,204,281	8,152,991

	Amount in Taka	
	31-Dec-18	31-Dec-17
20.00 Directors' fees and Expenses		
Directors' fees	422,400	371,600
Annual remuneration	1,240,950	1,198,950
Travelling	4,128,982	4,481,822
	5,792,332	6,052,372
21.00 Other Expenses		
Liveries	97,804	87,812
Repair and maintenance	1,302,837	1,538,058
Fuel, oil and lubricants	505,479	600,000
Travelling and conveyance	1,834,106	1,536,272
Consultancy fees	567,966	899,350
Donation and subscription	217,976	216,596
Periodicals, news papers and books	35,512	34,751
Entertainment expenses	363,309	350,000
Meeting expenses	420,528	354,175
Bank charges	723,292	976,121
Employees welfare and recreation	897,310	900,000
Business development expenses	222,832	207,675
Training expenses	225,990	120,000
Gratuity	5,686,502	6,075,684
CDBL Charges	80,448	336,970
Security service charges	1,231,648	1,086,748
Crockerries	-	6,900
CSR Contribution	3,000,000	1,500,000
One time decretal payment	-	37,500,000
	17,413,539	54,327,112

22.00 Earnings per share

Earnings Per Share (EPS) as shown in the face of Profit and Loss Account is calculated in accordance with International Accounting Standards (IAS) No. 33 "Earnings Per Share".

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)	338,286,627	332,469,722
Number of ordinary shares outstanding during the year	20,000	20,000
Basic earnings per share (in Taka)	16,914	16,623

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

23 General

23.01 Payment in terms of foreign currency

During 2018, the company incurred an expenditure of US\$ 0.072 million in terms of foreign currency for making payments as TA/DA and subscriptions etc.

23.02 Remuneration paid to the directors

During 2018, the company remitted US\$ 7,500 to Ministry of Finance, KSA as annual remuneration of Saudi Directors while US \$7,500 equivalent in Taka currency was paid to the local Directors.

23.03 Payment of Directors for attending Board Meeting

During the period under review Taka 422,400 was paid to the Directors as fee for attending the Board of Directors meeting, Executive Committee meeting and Audit Committee meeting.

23.04 Date of authorization for issue

The financial statements were authorized for issue by the Board of Directors in its meeting held on 02 March 2019.

23.05 Related party transactions

SABINCO had provided term loan to the borrowers in accordance with the terms of the loan agreement and due to the failure of some of the sponsors to repay the loan liabilities; SABINCO was forced to take the responsibility of managing three projects, which is permitted by the memorandum of association of the Company. Other than these three projects there are no other related parties, which are required to be reported.

23.06 Subsequent events


The Board of Directors recommended Taka 210 million cash dividend for the year 2018. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting. Except for the fact stated above, no material events have occurred between the Balance Sheet date and the date when the Financial Statements were authorized for issue by the Board of Directors of the Company which would require adjustment to, or disclosure in, the financial statements or notes thereto.

23.07 Employees information


A total number of 39 employees were employed in SABINCO as on 31 December 2018. All the employees received salary more than Tk. 36,000 p.a. during the period 2018.

23.08 Till December 2018, the company has an undisbursed commitment of TK. 1,776.89 million.


(Ahmed Ehsanul Karim)
Deputy Managing Director
and Company Secretary


(Quazi Shairul Hassan)
Managing Director


(M. Tofazzel Hossain Miah)
Director


(Ahmed M. Al-Ghannam)
Chairman