

## AUDITOR'S REPORT TO THE SHAREHOLDERS OF

**W**e have audited the accompanying Balance Sheet of Global Insurance Limited as of December 31, 2006 and the Related Profit and Loss Account and Statement of Cash flows for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of December 31, 2006 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act, 1994, Insurance Rules 1958, the Securities Exchange Rules 1987 and other applicable laws and regulations.

Subject to the accompanying notes and disclosures therein we also report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and (where applicable) proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) The company's Balance Sheet and Profit and Loss Account and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- iv) The expenditure incurred and payments made were for the purposes of the company's business;
- v) As per Section 40c(2) of the Insurance Act 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit & Loss Account of the Company; and
- vi) As per Regulation-11 of Part-I of the Third Schedule of the Insurance Act 1938 as amended, we certify that to the best of our information and as shown by its books, the Company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Dated: Dhaka, April 29, 2007

# BALANCE SHEET AS

CAPITAL AND LIABILITIES	NOTES	2006 Taka	2005 Taka
<b>AUTHORISED CAPITAL :</b>			
3,000,000 Ordinary shares of Tk.100/- each.		300,000,000	300,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>	10	150,000,000	150,000,000
1,500,000 Ordinary shares of Tk.100/- each.			
<b>Reserve or Contingency Accounts:</b>		24,054,378	25,263,178
Reserve for Exceptional Losses		16,412,979	10,200,000
Profit and Loss Appropriation Account	23	7,641,399	15,063,178
<b>Balance of Fund And Accounts:</b>		24,851,914	27,320,027
Fire Insurance Business		6,624,538	6,920,319
Marine Insurance Business		9,720,204	12,136,959
Motor Insurance Business		6,561,763	5,694,902
Miscellaneous Insurance Business		1,945,409	2,567,847
Premium Deposit	11	5,366,310	5,051,306
Estimated Liabilities in respect of outstanding claim whether due or intimated	12	21,831,686	17,254,483
Amount due to other persons or bodies carrying on insurance business (S.B.C)	13	21,389,399	25,656,228
Sundry Creditors (including S.B.C)	14	254,674,107	185,340,404
<b>Note :</b>		<b>502,167,794</b>	<b>435,885,626</b>
Contingent Liabilities (Note-18)			

  
(A. B. M. Nurul Haq)  
Managing Director

Dated : Dhaka, April 29, 2007

  
(M. Amanullah)  
Director


  
(R. A. Howlader)  
Director




# AT 31 DECEMBER 2006

PROPERTY AND ASSETS	NOTES	2006 Taka	2005 Taka
<b>Investment :</b>			
National Investment Bond	1	9,000,000	9,000,000
Investment in Share	2	15,809,752	15,655,551
Interest, Divident & Rent Outstanding	3	11,478,449	11,298,754
Amount due from other persons or bodies carrying on insurance business (S.B.C)	4	218,690,921	158,121,720
Sundry Debtors	5	85,584,545	79,067,016
Deferred Expenses (IPO)	6	3,964,021	4,955,026
<b>Cash and Bank Balances :</b>		151,206,413	151,397,927
Fixed deposit with Bank	7	129,975,500	129,175,000
Cash at Bank	8	6,932,580	5,126,340
Cash in Hand	9	14,298,333	17,096,587
<b>Other Accounts :</b>		6,433,693	6,389,632
Fixed Assets (Annexure-1)		6,189,746	6,161,198
Stamps in hand		46,987	6,084
Printing and stationery (at cost)		196,960	222,350
		<b>502,167,794</b>	<b>435,885,626</b>

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

  
**(Mahabub Morshed Talukder)**  
 Chairman

  
**( A. Wahab & Co.)**  
 Chartered Accountants

## PROFIT AND LOSS ACCOUNT

PARTICULARS	2006 Taka	2005 Taka
<b>Expenses of Management</b>		
(Not Applicable to any particular fund or account)		
Audit fee	70,000	20,000
Directors Fee	349,600	344,250
Retainers Fee	60,000	60,000
Advertisement	198,148	167,197
Registration & Renewal	482,507	567,668
Rent Rates & Taxes	50,000	46,032
Subscription & Contribution	245,500	176,024
Legal & Professional Expenses	20,955	19,894
Deferred Expenses (IPO)	991,005	-
Depreciation	1,235,503	1,211,905
Profit/( Loss ) for the year transferred to Profit & Loss Appropriation Account	19,991,563	37,209,318
	<b>23,694,781</b>	<b>39,822,288</b>

## PROFIT AND LOSS APPROPRIATION ACCOUNT

PARTICULARS	2006 Taka	2005 Taka
Reverve for Exceptional Losses	6,212,979	6,000,000
Provision for Income tax	6,200,363	16,176,903
Balance Transferred to Balance Sheet	7,641,399	15,063,178
	<b>20,054,741</b>	<b>37,240,081</b>

  
(A. B. M. Nurul Haq)  
Managing Director

  
(M. Amanullah)  
Director

  
(R. A. Howlader)  
Director

Dated : Dhaka, April 29, 2007




## For The Year Ended 31 December, 2006

PARTICULARS	NOTE	2006 Taka	2005 Taka
INTEREST, DIVIDEND AND RENTS (Not Applicable to any fund or Account)		16,637,457	16,870,465
FDR Interest	16	15,664,881	15,858,906
Interest on NIB		752,425	765,000
Interest on STD Account	17	192,264	111,272
Miscellaneous Income		27,887	135,287
Dividend Income		279,000	-
Profit on Sale of Fixed Assets		1,473,040	-
Profit / ( Loss ) Transferred from :		5,305,284	22,951,823
Fire Revenue Account		(6,249,190)	2,120,686
Marine Revenue Account		7,875,150	16,381,076
Motor Revenue Account		1,199,944	2,225,972
Miscellaneous Revenue Account		2,479,380	2,224,089
		<b>23,694,781</b>	<b>39,822,288</b>

## For The Year Ended 31 December, 2006

PARTICULARS	2006 Taka	2005 Taka
Opening Balance as on 01-01-2006	63,178	30,763
Net Profit for the year transferred from Profit & Loss Account	19,991,563	37,209,318
	<b>20,054,741</b>	<b>37,240,081</b>

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

  
(Mahabub Morshed Talukder)  
Chairman

  
( A. Wahab & Co.)  
Chartered Accountants

## FIRE INSURANCE REVENUE ACCOUNT

### PARTICULARS

	2006 Taka	2005 Taka
Claims Under Policies Less Re-insurance Paid during the year	4,381,421 <u>3,419,622</u>	5,802,200 <u>(1,847,359)</u>
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	<u>12,961,777</u> <u>16,381,399</u>	<u>11,999,978</u> <u>10,152,619</u>
Less : Outstanding at the end of previous year	<u>11,999,978</u>	<u>4,350,419</u>
Agency Commission	8,760,550	243,639
Commission on reinsurance accepted	13,175,442	14,852,422
Expenses of management		
Reserve for unexpired risks being 40% of the net premium income of the year	6,624,538	6,920,319
Profit/(Loss) transferred to profit and loss account	(6,249,190)	2,120,686
	<u><u>26,692,761</u></u>	<u><u>29,939,266</u></u>

  
(A. B. M. Nurul Haq)  
Managing Director

  
(M. Amanullah)  
Director


  
(R. A. Howlader)  
Director

Dated : Dhaka, April 29, 2007

## For The Year Ended 31 December, 2006

PARTICULARS	2006 Taka	2005 Taka
Balance of account at the beginning of the year	6,920,319	4,989,514
Premium less re-insurance	16,561,345	17,300,798
Commission on re-insurance ceded	3,211,097	7,648,954
	<u>26,692,761</u>	<u>29,939,266</u>

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

  
 (Mahabub Morshed Talukder)  
 Chairman

  
 (A. Wahab & Co.)  
 Chartered Accountants



## MARINE INSURANCE REVENUE ACCOUNT

PARTICULARS	2006 Taka	2005 Taka
Claims Under Policies Less Re-insurance	3,402,951	1,930,156
Paid during the year	886,429	2,085,599
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	5,089,542	2,573,020
	5,975,971	4,658,619
Less : Outstanding at the end of previous year	2,573,020	2,728,463
Agency Commission	5,831,381	1,716,613
Commission on reinsurance accepted	—	—
Expenses of management	12,078,525	12,865,027
Reserve for unexpired risks being 40% of the net premium income of the year	9,720,205	12,136,959
Profit/(Loss) transferred to profit and loss account	7,875,150	16,381,076
	<b>38,908,211</b>	<b>45,029,831</b>

  
**(A. B. M. Nurul Haq)**  
 Managing Director

  
**(M. Amanullah)**  
 Director

  
**(R. A. Howlader)**  
 Director

Dated : Dhaka, April 29, 2007



## PARTICULARS

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

(A. Wahab & Co.)  
Chartered Accountants

## MOTOR INSURANCE REVENUE ACCOUNT

PARTICULARS	2006 Taka	2005 Taka
Claims Under Policies Less Re-insurance	5,581,479	4,414,998
Paid during the year	4,432,597	3,868,930
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	3,780,367	2,631,485
Less : Outstanding at the end of previous year	8,212,964 2,631,485	6,500,415 2,085,417
Agency Commission	3,960,829	303,753
Commission on re-insurance accepted	—	—
Expenses of management	5,980,391	5,787,503
Reserve for unexpired risks being 40% of the net premium income of the year	6,561,763	5,694,902
Profit/(Loss) transferred to profit and loss account	1,199,944	2,225,972
	<u>23,284,406</u>	<u>18,427,128</u>

  
**(A. B. M. Nurul Haq)**  
 Managing Director

  
**(M. Amanullah)**  
 Director

  
**(R. A. Howlader)**  
 Director

Dated : Dhaka, April 29, 2007



## For The Year Ended 31 December, 2006

PARTICULARS	2006 Taka	2005 Taka
Balance of account at the beginning of the year	5,694,902	3,287,633
Premium less re-insurance	16,404,407	14,237,255
Commission on re-insurance ceded	1,185,097	902,240
	<b>23,284,406</b>	<b>18,427,128</b>

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



(Mahabub Morshed Talukder)  
Chairman

W. L. L.

(A. Wahab & Co.)  
Chartered Accountants

# MISCELLANEOUS INSURANCE REVENUE ACCOUNT

PARTICULARS	2006 Taka	2005 Taka
Claims Under Policies Less Re-insurance	178,136	105,363
Paid during the year	228,136	55,363
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	-	50,000
	228,136	105,363
Less : Outstanding at the end of previous year	50,000	-
Agency Commission	999,780	193,362
Commission on re-insurance accepted	-	-
Expenses of management	2,755,456	3,115,746
Reserve for unexpired risks being 40% of the net premium income of the year	1,945,409	2,567,847
Profit/(Loss) transferred to profit and loss account	2,479,380	2,224,089
	<b>8,358,161</b>	<b>8,206,407</b>

  
(A. B. M. Nurul Haq)  
Managing Director

  
(M. Amanullah)  
Director

  
(R. A. Howfader)  
Director

Dated : Dhaka, April 29, 2007



## For The Year Ended 31 December, 2006

PARTICULARS	2006 Taka	2005 Taka
Balance of account at the beginning of the year	2,567,847	1,072,653
Premium less re-insurance	4,863,521	6,419,617
Commission on re-insurance ceded	926,793	714,137
	<b>8,358,161</b>	<b>8,206,407</b>

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

  
(Mahabub Morshed Talukder)  
Chairman

(A. Wahab & Co.)  
Chartered Accountants

## CASH FLOW STATEMENT

For The Year Ended 31 December, 2006

PARTICULARS	2006 Taka	2005 Taka
<b>A. Cash Flows From Operating Activities :</b>		
Collection from Premium & Other Income	192,482,663	153,149,729
Payment against Management Expenses, Commission, Re-insurance & Claims	(168,699,827)	(125,356,146)
Income Tax Paid and deducted	(11,587,949)	(3,054,131)
<b>Net Cash Flow From Operating Activities</b>	<b>12,194,887</b>	<b>24,739,452</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(1,264,051)	(964,934)
Disposal of Fixed Assets	561,800	-
Investment in Share	(154,500)	(25,781,132)
<b>Net Cash Flow from Investing Activities</b>	<b>(856,751)</b>	<b>(26,746,066)</b>
<b>C. Cash Flows From Financing Activities</b>		
Share Capital	-	90,000,000
Dividend Paid	(11,529,650)	(6,000,000)
<b>Net Cash Flow From Financing Activities</b>	<b>(11,529,650)</b>	<b>84,000,000</b>
<b>Net Cash Flows/(Outflows) for the year (A+B+C)</b>	<b>(191,514)</b>	<b>81,993,386</b>
Opening Cash and Bank Balance	151,397,927	69,404,541
<b>Closing Cash and Bank Balance</b>	<b>151,206,413</b>	<b>151,397,927</b>

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

Note : The Cash Flow statement has been prepared using direct method.

  
(A. B. M. Nurul Haq)  
Managing Director

  
(M. Amanullah)  
Director

  
(R. A. Howlader)  
Director

  
(Mahabub Morshed Talukder)  
Chairman

Dated : Dhaka, April 29, 2007

  
(A. Wahab & Co.)  
Chartered Accountants



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For The Year Ended 31 December, 2006

Particulars	Share Capital	Reserve for Exceptional Loss	Income Tax Provision	Proposed Dividend	Profit & Loss Appropriation Account	Total
Opening Balance as on 01-01-2006	150,000,000	10,200,000	16,570,500	15,000,000	63,178	191,833,678
Dividend Paid/adjusted	-	-	-	(15,000,000)	-	(15,000,000)
Net Profit during the year	-	-	-	-	19,991,563	19,991,563
Reserve for Exceptional Losses	-	6,212,979	-	-	(6,212,979)	-
Provision for Income Tax	-	-	6,200,363	-	(6,200,363)	-
Closing Balance as on 31-12-2006	<u>150,000,000</u>	<u>16,412,979</u>	<u>22,770,863</u>	<u>-</u>	<u>7,641,399</u>	<u>196,825,241</u>

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

  
(A. B. M. Nurul Haq)  
Managing Director

  
(M. Amanullah)  
Director

  
(R. A. Howlader)  
Director

  
(Mahabub Morshed Talukder)  
Chairman

Dated: Dhaka, April 29, 2007

  
(A. Wahab & Co.)  
Chartered Accountants

### GENERAL:

#### a) Significant accounting policies and other relevant information.

- i) The company is a Public Limited company formed under the companies Act, 1994 and is engaged in general insurance business as per Insurance Act, 1938. It has adopted relevant International Accounting Standards as were adopted in Bangladesh under the title, Bangladesh Accounting Standards (BAS) particularly with regard to disclosure of accounting policies and relevant information in financial statements as well as accounting for property, plant & equipment and depreciation there on and the valuation of investments and other relevant matters.

#### ii) Basis of Accounting:

The financial statements have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention. Accrual basis of accounting has been followed.

#### iii) Basis of Presentation:

The Balance sheet has been prepared in accordance with the regulations as contained in part-I of the First Schedule and the Revenue Account of each class of general insurance business has been prepared in accordance with the regulations as contained in part-I of the third schedule and as per Form 'F' set forth in part-II of Third schedule of the Insurance Act, 1938 as amended from time to time.

#### iv) Premium Income:

The total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against various policies, the amount of re-insurance premium due to Sadharan Bima Corporation, the amount of re-insurance commission earned and the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of account of the company and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year, whether due or intimated have also been duly reflected in order to arrive at the net underwriting profit for the year.

#### v) Interest on Statutory and other Investments:

Interest earned on statutory investment lying with Bangladesh Bank in the form of NIBs as renewed has been accrued and accounted for. Accordingly Tk. 752,425 has duly been credited to the profit and loss account of the company. Interests on other investments in the form of STD and FDR have been credited to profit & loss account.

#### vi) Management Expenses:

Management expenses as charged to Revenue Accounts, amounting to Tk. 33,989,815 represents approximately 26.67% of Gross premium of Tk. 127,467,621. Management expenses have been apportioned @ 38.76% to Fire, 35.54% to Marine, 17.59% to Motor and 8.11% to Miscellaneous business as per management decision.



## For The Year Ended 31 December, 2006

### vii) Surplus of Revenue Account & Provision for Unexpired Risks:

Before arriving at the surplus of each class of business, necessary provision for unexpired risks have been created at the rate of 40% on all business except on Marine Hull business in which case 100% has been provided.

### viii) Depreciation on Fixed Assets:

Depreciation on Fixed Assets has been charged on cost from the date of procurement. Depreciation has been charged on diminishing balance method on the cost of individual assets at the following rates:

Category of Assets	Rate of Depreciation
Furniture & Fixture	10%
Telephone Set	10%
Air Conditioner	20%
Office Decoration	20%
Office Equipment	15%
Sign Board	10%
Motor Vehicles	20%
Electrical Installation	20%
Computer	20%

### ix) Employees Benefits:

Since the present business is not at the expected level the company could not afford the employees benefit as per BAS-19. But the management is very much committed to introduce such benefit plans in coming years.

### x) Use of Estimate:

The preparation of financial statements in conformity with the Bangladesh Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures at Balance Sheet date and of the revenues and expenses during the year.

### b) Operation:

During the year under audit, through the operation of 19 offices (including Head Office) the gross premium income earned by the company amount to Tk. 127,467,621 including public sector business of Tk. 19,259,166. After ceding for re-insurance premium the net premium for the year amounted to Tk. 62,129,785 and after charging direct expenses therefrom the net underwriting profit/(loss) stood at Tk. 5,305,284

### c) Public Sector Business:

Public Sector Business for four quarters up to June 2006 has been accounted for on the basis of statement received from SBC.

## NOTES ON ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2006

### d) Income Tax:

- i) Income Tax provision has been made for business profit in the amount of Tk. 6,200,363.
- ii) Income Tax Assessment of the company has been completed upto assessment year 2005-2006 (Accounting year 31-12-2004) and the assessment for the year 2006-2007 is under process.
- iii) The company could not comply with BAS-12 as regards to Deferred Tax during the year 2006 but has a plan to comply with the BAS in the coming years.

### e) Reserve for Exceptional Loss:

As per provision of Income Tax Ordinance 1984 the company has made provision for reserve for exceptional loss in the amount of Tk. 6,212,979, which is 10% of net premium income.

### f) Resumption of Agency Commission:

Restriction on payment of agency commission has been withdrawn by the Chief Controller of Insurance vide circular no. ৩৯৫/১৫/৯৬-১২০০ dated July 26, 2005. As such the company has resumed payment of agency commission to the licensed insurance agents with effect from September 2005.

### g) Others:

- i) The margin of security of investments over liabilities of the company has been maintained as appeared from the Balance Sheet.
- ii) Figures have been rounded off to the nearest Taka.

## NOTES ON ACCOUNTS For The Year Ended 31 December, 2006

### BALANCE SHEET:

#### 1.00 National Investment Bond : Tk. 9,000,000

The amount represents 3 years National Investment Bond @ 8.5% simple interest which is a statutory deposit under Insurance Act, 1938.

#### 2.00 Investment in Shares: Tk. 15,809,752

The above balance is made up as follows:

Name of the Company	Balance of Shares	Cost price per share (W.A)	Total Cost	Market Price per share as on 31-12-2006	Total Market price as on 31-12-2006
EXIM Bank BD. Ltd.	136	80.88	11,000	336.75	45,798
NCC Bank Ltd.	16,500	309.22	5,102,135	289.25	4,772,625
Mercantile Bank Ltd.	23,040	276.72	6,375,549	354.25	8,161,920
Prime Bank Ltd.	4,437	398.48	1,768,067	528.75	2,346,064
Southeast Bank Ltd.	4,680	360.77	1,688,384	320.75	1,501,110
Dhaka Bank Ltd.	1,732	499.20	864,617	465.75	806,679
			<b>15,809,752</b>		<b>17,634,196</b>

Value of shares have been shown at cost. No provision for fall in market price has been made in view of the fact that the aggregate market value of the shares as on December 31, 2006 was higher than the total cost of shares.

#### 3.00 Interest, Dividend and Rents Outstanding :Tk. 11,478,449

The balance is made up as follows:

Particulars	2006 Taka	2005 Taka
Interest on NIB	494,630	2,037,205
Interest on FDR	10,983,819	9,261,549
	<b>11,478,449</b>	<b>11,298,754</b>

#### 4.00 Amount due from other persons or bodies carrying on insurance business: Tk. 218,690,921

The business wise break-up of the balance is given below:

Particulars	2006 Taka	2005 Taka
Fire	197,373,547	154,153,746
Marine	19,623,765	1,708,073
Motor	1,693,609	2,259,901
	<b>218,690,921</b>	<b>158,121,720</b>

This amount is due from SBC against outstanding claims recovery, which will be adjusted against corresponding amount of Tk. 218,137,771 payable by SBC as per reinsurance agreements shown under sundry creditors.



## NOTES ON ACCOUNTS

### 5.00 Sundry Debtors: Tk. 85,584,545

The balance is made up as under:

PARTICULARS	Notes	2006 Taka	2005 Taka
I. T. deducted on Bank & FDR Interest	5.01	14,680,057	3,092,108
Advance against Office Rent		1,097,388	1,056,360
Deposit Clearing	5.02	9,133,588	4,862,516
Security Deposits		476,400	474,400
Short deposit premium	5.03	54,713,028	62,998,749
Advance against Printing		-	100,000
Advance against Office Deceration		40,000	-
Advance against Calender		150,000	-
Advance against Salary		363,426	156,950
Advance against Car on Hire Purchase		2,198,535	3,450,635
Advance against Mobile		8,331	14,166
Advance against Service Charge		13,335	66,675
Advance against VAT Payment	5.04	2,650,457	2,650,457
Advance against Sign Board		25,000	25,000
Advance against Furniture & Fixture		35,000	119,000
		<b>85,584,545</b>	<b>79,067,016</b>

- 5.01 Income tax deducted by bank from Interest income needs to be adjusted on finalization of Assessment
- 5.02 Deposit clearing refers to cheques received on or before December 31, 2006 but deposited to bank subsequently.
- 5.03 Short deposit premium refers to outstanding premium recoverable from different parties over the several years and not adjusted in full subsequently. The management is confident that the same will be realized within the shortest possible period.
- 5.04 Advance VAT payment also needs to be charged to account on issuance of policy

### 6.00 Deferred Expenses (IPO): Tk. 3,964,021

The Board of Directors has decided to write off the IPO expense of Tk. 49,55,026 in five equal installments. As such Tk. 991,005 has been written off during the year.

## For The Year Ended 31 December, 2006

### 7.00 Fixed deposit with Banks: Tk. 129,975,500

The balance has been arrived at as under:

#### Name of the Bank

	2006 Taka	2005 Taka
Al-Arafah Islami Bank Ltd.	1,600,000	1,450,000
Arab Bangladesh Bank	3,600,000	3,700,000
Bangladesh Shilpa Bank	2,000,000	2,000,000
Bangladesh Commerce Bank	450,000	750,000
Bangladesh Krishi Bank	-	1,000,000
Bank Asia Ltd	6,150,000	2,800,000
Basic Bank Ltd	200,000	2,200,000
BRAC Bank Ltd.	-	300,000
Dhaka Bank Ltd	4,000,000	1,800,000
Dutch Bangla Bank Ltd.	1,550,000	1,250,000
Eastern Bank Ltd	600,000	1,600,000
EXIM Bank Ltd	8,400,000	7,800,000
First Security Bank Ltd	2,400,000	2,400,000
HSBC Ltd.	2,500,000	-
IFIC Bank Ltd	5,100,000	3,150,000
Islami Bank (BD) Ltd	4,100,000	4,000,000
Jamuna Bank Ltd	4,650,000	4,450,000
Mercantile Bank Ltd	9,750,000	3,600,000
Midas Financing (BD) Ltd.,	1,500,000	500,000
Mutual Trust Bank Ltd	3,400,000	1,900,000
National Bank Ltd	2,275,500	2,850,000
NCC Bank Ltd	6,300,000	3,400,000
One Bank Ltd.	4,400,000	2,400,000
Premier Bank Ltd	400,000	1,400,000
Premier Leasing International Ltd.	30,500,000	45,500,000
Prime Bank Ltd	8,000,000	6,000,000
Pubali Bank Ltd	-	1,400,000
Rajshahi Krishi Unnayan Bank	-	1,000,000
Shahjalal Bank Ltd.	2,450,000	2,250,000
Social Investment Bank Ltd.	2,700,000	2,200,000
Southeast Bank Ltd	3,800,000	3,200,000
Standard Bank Ltd	4,500,000	3,300,000
State Bank of India	800,000	800,000
The City Bank Ltd	-	2,000,000
The Oriental Bank Ltd.	1,900,000	2,700,000
United Commercial Bank	-	1,000,000
Uttara Bank Ltd.	-	1,125,000
	<b>129,975,500</b>	<b>129,175,000</b>

Out of the above balance FDRs in the amount of Tk. 5,300,000 and Tk. 57,00,000 has been put under lien with Standard Bank Ltd. and IFIC Bank Ltd respectively for Loan in the amount of Tk 47.70 lacs and Tk 46.00 lacs.



## NOTES ON ACCOUNTS

### 8.00 Cash at Bank: Tk. 6,932,580

The balance is made up as follows:

	2006 Taka	2005 Taka
<b>Particulars</b>		
STD, SND & SB A/C	6,376,532	5,097,722
Current Account	556,048	28,618
	<b>6,932,580</b>	<b>5,126,340</b>

The above balance have been confirmed with the respective bank statement and reconciliation statements as applicable. However, as per Bank Statement, there is a balance of us \$ 1,076.54 (FC A/C # 311) and £ 501.64 (FC account number # 68) with Mercantile Bank Ltd, Main Branch, Dhaka. Reconciliation of FC accounts are yet to be done.

### 9.00 Cash in hand: Tk. 14,298,333

The balance has been arrived at as under:

	2006 Taka	2005 Taka
<b>Particulars</b>		
Head Office	4,306,462	5,506,066
Branch	9,991,871	11,590,521
	<b>14,298,333</b>	<b>17,096,587</b>

The management has furnished certificate confirming the position.

### 10.00 Issued Subscribed and Paid up Capital Tk. 150,000,000

The balance represents 1,500,000 ordinary shares of Tk. 100 each fully paid up in cash.

#### SHAREHOLDING STRUCTURE

Sponsors	600,000	40%
Financial & Other Institutions (including ICB)	483,800	32%
General Public	416,200	28%
	<b>1,500,000</b>	<b>100%</b>

A distribution schedule of each class of equity setting out the number of holders and percentage of holding in the different categories as on 31.12. 2006 is given as follows :

#### Group "A" Shareholders ( Sponsors)

Class Interval	No. of Shares	No. of Shareholders	Total Holdings %	% of Total Paid up Capital
5001 – 10000	20,000	2	3.33%	1%
10001 – 15000	30,000	2	5.00%	2%
15001 – 20000	60,000	3	10.00%	4%
20001 – 25000	50,000	2	8.33%	3%
25001 – 30000	210,000	7	35.00%	14%
35001 – 40000	80,000	2	13.33%	5%
45001 – 50000	150,000	3	25.00%	10%
<b>Total of (I)</b>	<b>600,000</b>	<b>21</b>	<b>100%</b>	<b>40%</b>



## For The Year Ended 31 December, 2006

### Group "B" Shareholders (Public)

Class Interval	No. of Shares	No. of Shareholders	Total Holdings %	% of Total Paid up Capital
01 - 500	206,550	3,323	22.95%	13.77%
501 - 5000	102,450	70	11.38%	6.83%
5001 - 10000	88,450	11	9.83%	5.90%
10001 - 15000	23,600	2	2.62%	1.57%
15001 - 20000	53,750	3	5.97%	3.58%
20001 - 25000	72,200	3	8.02%	4.81%
25001 - 30000	30,000	1	3.33%	2.00%
50001 - 100000	138,300	2	15.37%	9.22%
100001 - 200000	184,700	1	20.52%	12.31%
<b>Total of (II)</b>	<b>900,000</b>	<b>3,416</b>	<b>100.00%</b>	<b>60.00%</b>
<b>GRAND TOTAL (I+II)</b>	<b>1,500,000</b>	<b>3,437</b>	<b>100.00%</b>	<b>100.00%</b>

### 11.00 Premium Deposit: Tk. 5,366,310

The amount represents the un-adjusted balance of premium as received against cover notes over the years for which policies have not been issued within December 31, 2006.

### 12.00 Estimated Liabilities in respect of outstanding claims whether due or intimated: Tk. 21,831,686

The break-up of the amount is noted below:

Particulars	2006 Taka	2005 Taka
Fire	12,961,777	11,999,978
Marine	5,089,542	2,573,020
Motor	3,780,367	2,631,485
Miscellaneous	-	50,000
	<b>21,831,686</b>	<b>17,254,483</b>

### 13.00 Amount due to other persons or bodies carrying on Insurance Business: Tk. 21,389,399

The above balance is due to SBC. The break-up of the amount is given below:

Particulars	2006 Taka	2005 Taka
Opening Balance	25,656,228	16,675,675
Add: Due to SBC for Re-insurance Net	7,588,138	16,815,575
	33,244,366	33,491,250
Less: Amount Received against PSB Net	2,516,803	2,835,022
	30,727,563	30,656,228
Less: Cash Paid during the year	9,338,164	5,000,000
	<b>21,389,399</b>	<b>25,656,228</b>

## NOTES ON ACCOUNTS

### 14.00 Sundry Creditors: Tk. 254,674,107

The balance is made-up as follows:

Particulars	Notes	2006 Taka	2005 Taka
Provision for Office Rent		368,584	885,384
Provision for Audit Fee		30,000	30,000
VAT Deducted at Source		38,849	(13,799)
Excess Premium Deposit	14.01	900,160	3,836,865
Salary Income Tax Payable		70,488	43,400
Vendors Account		56,300	65,000
Income Tax Deduction (Office Rent)		12,834	12,834
SOD Account	14.02	5,766,455	3,924,143
Claim Payable (Outstanding Claims SBC Share)	14.03	218,137,771	157,568,570
Security Deposit (Open Cover)		583,000	675,105
I.T. Deduction at Source		452,780	103,442
GIL Foundation		5,000	5,000
Provision for Income Tax (2005-06 & 2006-07)		22,770,863	16,570,500
Provision for Proposed Dividend		3,470,350	-
Share Application Money Refundable		969,000	1,579,000
Income Tax Payable (upto assessment year 2004-2005)		54,960	54,960
Provision for Incentive Bonus		986,713	-
		<b>254,674,107</b>	<b>185,340,404</b>

14.01 Excess Premium Deposits will be adjusted after reconciliation.

### 14.02 SOD Account: Tk. 5,766,455

This is made up as follows:

Standard Bank Ltd., A/c.No.010238000654	1,203,658	7,003,139
IFIC Bank Ltd., A/c.No.000132086387	4,562,797	2,465,455
	<b>5,766,455</b>	<b>9,468,594</b>

The above has been confirmed with bank and reconciliation statements.

14.03 This refers to the amount of SBC portion of outstanding claims of the company.



## For The Year Ended 31 December, 2006

### 15.00 REVENUE ACCOUNTS:

The summarized position of Net underwriting Profit earned during the year 2006 is as follows:

PARTICULARS	NOTES	FIRE	MARINE	MOTOR	MISCELLANEOUS	TOTAL
A. Gross Premium (Including SBC & Govt. Business)		45,548,514	44,735,770	20,542,229	16,641,108	127,467,621
B. Re-Insurance Premium ceded		28,987,168	20,435,259	4,137,822	11,777,587	65,337,836
C. Net Premium (A-B)		16,561,346	24,300,511	16,404,407	4,863,521	62,129,785
<b>DIRECT EXPENSES:</b>						
D. Commission (Net)		5,549,453	3,360,640	2,775,732	72,987	11,758,812
E. Claim Settled and Provided (Net)		4,381,421	3,402,951	5,581,479	178,136	13,543,988
F. Management Expenses	15.1	13,175,442	12,078,525	5,980,392	2,755,456	33,989,815
G. Total Direct Expenses (D+E+F)		23,106,316	18,842,116	14,337,603	3,006,579	59,292,615
H. Adjusted Fund Balance for unexpired risk (opening balance less closing balance)		295,781	2,416,755	[866,861]	622,439	2,468,114
Net Underwriting Profit (C-G+H)		6,249,190	7,875,150	1,199,940	2,479,380	5,306,284
<b>COMMISSION (NET)</b>						
Commission paid on Direct Business		8,760,550	5,831,381	3,960,829	999,780	19,552,540
Commission paid on Re-Insurance Accepted		-	-	-	-	-
		8,760,550	5,831,381	3,960,829	999,780	19,552,540
Less: Commission earned or Re-Insurance ceded		3,211,097	2,470,741	1,185,097	926,793	7,793,728
Net Commission		5,549,453	3,360,640	2,775,732	72,987	11,758,812
<b>CLAIMS SETTLED (NET)</b>						
Gross Claim		14,420,032	1,699,352	4,432,597	27,742,355	48,294,336
Less: Re-Insurance Claim Recovery		11,000,410	812,923	-	27,514,218	39,327,551
Paid during the year		3,419,622	886,429	4,432,597	228,136	8,966,784
Add Outstanding Claim at the end of the year whether due or intimated		12,961,777	5,089,542	3,780,367	-	21,831,686
		16,381,399	5,975,971	8,212,964	228,136	30,798,470
Less: Outstanding claim at the end of the previous year		11,999,978	2,573,020	2,631,483	50,000	17,254,481
Net Amount		4,381,421	3,402,951	5,581,479	178,136	13,543,987

### 15.1 Management Expenses: Tk. 33,989,815

The expenses have been charged to Revenue Accounts on product basis of Gross Premium earned or direct business as under:

Revenue Accounts	Percentage	Amount
Fire	38.76%	13,175,442
Marine	35.54%	12,078,525
Motor	17.59%	5,980,392
Miscellaneous	8.11%	2,755,456
	<b>100.00%</b>	<b>33,989,815</b>