

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

Prospectus of PROVATI INSURANCE COMPANY LIMITED

For

PUBLIC OFFER OF 900,000 ORDINARY SHARES OF TK. 100.00 EACH AT PAR TOTALING
TK. 90,000,000.00

OPENING DATE FOR SUBSCRIPTION: 15/11/2009

CLOSING DATE FOR SUBSCRIPTION: 19/11/2009

For Non-Resident Bangladeshi quota, subscription closes on: 28/11/2009

UNDERWRITERS:

National Bank Limited 18, Dilkusha C/A (4 th Floor), Dhaka-1000	Bangladesh General Insurance Co. Ltd. 42, Dilkusha C/A, Dhaka-1000
Fidelity Assets & Securities Co. Ltd. Suvastu Imam Square 65, Gulshan Avenue Gulshan, Dhaka-1212	Uttara Finance and Investment Ltd. Jiban Bima Tower (4 th Floor), 10, Dilkusha C/A, Dhaka-1000
Mercantile Securities Limited Paramount Heights, 65/2/1 Box Culvert Road Purana Paltan, Dhaka-1000	Banco Trans World (BD) Ltd. Ispahani Building (3 rd Floor), 14-15, Motijheel C/A., Dhaka-1000

Credit Rating by Credit Rating Agency of Bangladesh Limited

Rating	
Long Term	BB₁
Short Term	ST-4
Date of Rating	18 May 2009
Validity	09 May 2010

The issue shall be placed in "N" category
Issue date of the Prospectus: 3rd September 2009

Manager to the Issue



Amin Court, 4th Floor, 62-63, Motijheel C/A., Dhaka-1000.

Phone: +88029559602, +88029567726, Fax: 880-2-9558330

Web-site: www.aaawebbd.com E-mail: info@aaawebbd.com



PROVATI INSURANCE COMPANY LIMITED

Head Office: Khan Mansion(11th Floor), 107, Motijheel C/A, Dhaka-1000

Tel: 9559561(Hunting), Fax: 880-2-9564455

Email: provati@sigmabd.com, Website: www.provati-insurance.com

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

AVAILABILITY OF PROSPECTUS

Prospectus of the Company may be available at the following addresses:

Name & Address	Contact Person	Tel. No.
Company		
Provati Insurance Company Limited Khan Mansion (11 th Floor), 107, Motijheel C/A Dhaka-1000	Mr. Md. Ataur Rahman Mazumder Managing Director	9559561
Issue Manager		
AAA Consultants & Financial Advisers Ltd. Suite # 404, Amin Court, 62-63 Motijheel C/A Dhaka-1000	Mr. Khwaja Arif Ahmed Managing Director & CEO	9559602 9567726
Underwriters		
National Bank Limited 18, Dilkusha C/A (4 th Floor), Dhaka-1000	Mr. Mohammad Hossain Senior Vice President	9563081-85 7168729-31
Fidelity Assets & Securities Co. Limited Suvastu Imam Square (4 th floor) 65, Gulshan Avenue, Dhaka-1212	Mr. Md. Maniruzzaman Akan Assistant Vice President	8825949 9860273
Uttara Finance and Investment Ltd. Jiban Bima Tower(4 th Floor),10, Dilkusha C/A, Dhaka-1000	Mr. Md. Kamrul Islam In Charge Merchant Banking Unit	956820
Banco Trans World (BD) Limited Ispahani Building (3 rd floor) 14-15, Motijheel C/A, Dhaka-1000	Mr. A. Munim Choudhury Managing Director	9564922 01190-354684
Mercantile Securities Limited Paramount Heights,65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000	Mr. Mufakhkharul Islam Chief Operating Officer	7113894 Ext-107
Bangladesh General Insurance Company Ltd. 42, Dilkusha C/A, 3 rd floor, Dhaka-1000	Mr. Md. Mustafa Head of Share & Investment	7161223

Stock Exchanges

Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka-1000.	DSE Library	9564601-7 9666944-8
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad C.A., Chittagong.	CSE Library	714632-3 720871-3

Prospectus is also available on the web sites www.secbd.org, www.provati-insurance.com, www.aaawebbd.com, www.dsebd.org, www.csebd.com and Public Reference Room of the SEC for reading and study.

Name and Address of the Auditors

A. HOQUE & CO. Chartered Accountants Khan Mansion (11 th Floor) 107, Motijheel C/A, Dhaka-1000	G.KIBRIA & CO. Chartered Accountants Sadaran Bima Sadan(5 th Floor) 24-25, Dilkusha C/A, Dhaka-1000
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Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

AAA	:	AAA Consultants & Financial Advisers Limited
Allotment	:	Letter of allotment for shares
BB	:	Bangladesh Bank
BO A/C	:	Beneficial Owner Account or Depository Account
Certificate	:	Share Certificate
PICL		Provati Insurance Company Limited
Commission	:	Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
FC Account	:	Foreign Currency Account
FI	:	Financial Institution
GOB	:	The Government of People's Republic of Bangladesh
IPO	:	Initial Public Offering
Issue	:	Public Issue
Issuer	:	Provati Insurance Company Limited
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NRB	:	Non-Resident Bangladeshi
Offering Price	:	Price of the securities of Provati Insurance Company Limited being offered
Registered Office	:	Head Office of the Company
RJSC	:	Registrar of Joint Stock Companies & Firms
SC		Share Certificate
SEC	:	Securities and Exchange Commission
Securities	:	Shares of Provati Insurance Company Limited
Share Market		Market of the Securities
Sponsors	:	The sponsor shareholders of Provati Insurance Company Limited
STD Account	:	Short Term Deposit Account
Stockholders		Shareholders
Subscription	:	Application money
The Company	:	Provati Insurance Company Limited

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DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

"As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only and for this purpose the Provati Insurance Company Limited has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only."

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 900,000 ordinary shares of Taka 100.00 each at par worth Taka 9,00,00,000.00 (Taka nine core) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.

2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue managers within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.

3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.

4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.

5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manger within two working days from the date of said dispatch of the prospectus & the forms.

6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.

7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07(seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.

9. The following declaration shall be made by the company in the prospectus, namely:-

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

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within

fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

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

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

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

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.

13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -

- (a) Total number of securities for which subscription has been received;
- (b) Amount received from the subscription; and
- (c) Amount of commission paid to the banker to the issue.

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants in electronic form in 2 (two) CDs and final status of subscription to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original) and branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **5(five) weeks** from the date of the subscription closure) if any of the following events occur:

- (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
- (b) At least 50% of the IPO is not subscribed.

17. 10% of total public offering shall be reserved for non resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.

18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk.5,000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. **An applicant can not submit more than two applications one in his/her own name another jointly with another person. In case an applicant makes more than two applications, all application will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by Commission.**

20. Lottery (if applicable) shall be held within **4 (four) weeks** from closure of the subscription date.

21. The company shall issue share allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition 19 above.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to issue and other banks as disclosed in the prospectus. A Compliance reporting this regard shall be submitted to the commission within 7(seven) weeks from the date closure of subscription.

22. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.

23. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15(fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.

24. All issued shares of the issuer at the time of according consent shall be subject to a **lock- in of three years** from the date of issuance of prospectus or commercial operation, whichever comes later. Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

25. Either a Jumbo Share (one for each of the existing Sponsors/Directors/Shareholders) in respect of the shares already issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsor/ Directors/ Promoters/ Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-24 above**.

26. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).

27. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).

28. The company shall apply to the stock exchanges for listing within **7(seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with stock exchanges.

29. The company shall not declare any benefit other than cash dividend based on the financial statement for the period ended on December 31, 2008.

Part -B

1. The issuer and the issue manager ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.

2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under "Due Diligence Certificates" provided with SEC.

3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.

4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.

5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.

6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).

7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).

8. Directors on the company's Board will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.

2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue managers shall also ensure due compliance of all above.

GENERAL INFORMATION

AAA Consultants & Financial Advisers Ltd. has prepared this Prospectus from information supplied by **Provati Insurance Company Limited** (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both Provati Insurance Company Limited, AAA Consultants & Financial Advisers Ltd. having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers Ltd.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country. A copy of this Prospectus can be obtained from the Head Office of Provati Insurance Company Limited, AAA Consultants & Financial Advisers Ltd., the underwriters and the Stock Exchanges where the securities will be traded.

Declaration about The Responsibility of The Directors And Chief Executive Officer of The Company “Provati Insurance Company Limited” in Respect Of Prospectus

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

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

Sd/- Joarder Nowsher Ali, FCA Chairman	Sd/- Alhaj Mojir Ahmed Vice-Chairman	Sd/- Alhaj Mohammad Ali Director	Sd/- Mohammad Ali Talukder Director
Sd/- Alhaj Shahadat Hossain Director	Sd/- Md. Shahjahan Kabir Director	Sd/- Md.Shakhawat Hossain Mamun Director	Sd/- Mohammad Mohoshin Kauser Director
Sd/- Md.Shafayet Hossain Masum Director	Sd/- Md.Shahadat Hossain Ali Director	Sd/- Abdur Rahman Ansary Director	Sd/- Md. Ruhul Amin FCA Director
Sd/- Shah Mohammad Tofazzal Hossain Director	Sd/- Maroof Sattar Ali Director		Sd/- Md.Ataur Rahman Mazumder Managing Director

Consent Of Director(S) To Serve As Director(S)

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

Sd/- Joarder Nowsher Ali, FCA Chairman	Sd/- Alhaj Mojir Ahmed Vice-Chairman	Sd/- Alhaj Mohammad Ali Director	Sd/- Mohammad Ali Talukder Director
Sd/- Alhaj Shahadat Hossain Director	Sd/- Md. Shahjahan Kabir Director	Sd/- Md.Shakhawat Hossain Mamun Director	Sd/- Mohammad Mohoshin Kauser Director
Sd/- Md.Shafayet Hossain Masum Director	Sd/- Md.Shahadat Hossain Ali Director	Sd/- Abdur Rahman Ansary Director	Sd/- Md. Ruhul Amin FCA Director
Sd/- Shah Mohammad Tofazzal Hossain Director	Sd/- Maroof Sattar Ali Director		Sd/- Md. Ataur Rahman Mazumder Managing Director

Declaration About Filing of Prospectus with The Registrar of Joint Stock Companies And Firms

A dated and signed copy of this Prospectus will be filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required by Section 138 (1) of the Companies Act, 1994 on or before the date of publication of this prospectus in the newspaper.

Declaration by The Issuer about The Approval from SEC for Any Material Changes regarding Prospectus of Provati Insurance Company Limited

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer
Sd/-
Managing Director
Provati Insurance Company Limited

Declaration by The Issue Manager about The Approval from SEC for Any Material Changes regarding Prospectus of Provati Insurance Company Limited

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Manager to the Issue
Sd/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers Ltd.

Due Diligence Certificate of Manager to The Issue

Sub: Public Issue of 900,000 Ordinary Shares of Taka 100.00 each at par by Provati Insurance Company Limited.

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

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and discussion with the Company, its directors officers and other agencies; independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the Company;

WE CONFIRM that:

- a. The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;
- b. All the legal requirements connected with the said Issue have been duly complied with; and
- c. The disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision as to investment in the proposed Issue.

For Manager to the Issue

Sd/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers Ltd.

Due Diligence Certificate of The Underwriters

Sub: Public Offer of 900,000 Ordinary Shares of Taka 100.00 each at par of Provati Insurance Company Limited

We, the under-noted Underwriter(s) to the above mentioned forthcoming Issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned Issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination, and the discussion with the Issue Company; its directors and other officers, and other agencies; independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the Issuer Company;

WE CONFIRM THAT:

- a. All information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b. We shall subscribe and take up the under-subscribed Securities against the above-mentioned Public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- c. This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-
Managing Director

National Bank Limited
Uttara Finance and Investment Ltd.
Fidelity Assets & Securities Co. Ltd.
Banco Trans World (BD) Ltd.
Mercantile Securities Limited
Bangladesh General Insurance Co. Ltd.

Risk Factors And Management Perception Regarding Risks

Any investment always associates with some internal/ external risk factors and among the factors some can be averted, other are beyond control. The management of Provati Insurance Company Limited considers some risk factors involving their business which are described as under:

Interest rate risks:

Volatility of money market, which ultimately influences the interest rate structure of fund. The company's net earning of Tk. 62, 60,685 from FDR, NIB, & Bank STD Accounts which is 37.33% of total net profit before tax. The Income from fixed & other deposits may fall with the reduction of Interest rate of commercial bank as per current trend.

The Management of the Company is always aware of interest rate. If the interest rate increases the cost of credit fund will increase. But the Company procured only 1 (one) vehicle for its officers on Lease financing and amount of interest paid on purchase of Vehicles is very negligible. On the other hand, if the interest rate decreases the Company will go for the alternative investment of its existing FDR's as well as surplus fund.

Exchange rate risks:

Devaluation of local currency against major international currencies i.e. USD, GBP and Euro may affect company's marine insurance business.

Generally devaluation of local currency against international currencies increases premium income that will ultimately extend Net profit of the Company.

Industry risks:

I. Liberalization of permission to set up more insurance companies by the Government

Liberalization of permission to set up more insurance companies by government may result in severe competition amongst insurers resulting in reduction of premium income and profitability of the company.

Though liberalization of permission to set up more insurance companies by government may be encouraging to new entrants resulting tough competition, PICL does not apprehend any loss of business due to its competent and highly experienced management team and expanding trend of insurance business in the country. Besides, PICL has plan to develop the standard of their existing service and introduce new insurance services that are not available in our country.

II. Natural calamities

The coverage of natural calamities like cyclone, flood by insurance may severely weaken the financial strength of the company by accruing heavy claims on its own retained account.

*The estimated losses arising from natural calamities are covered by higher rates of premium and **reinsurance** coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and reinsurance risks. Moreover, most of our trained portfolios (Fire including flood, cyclone risks) are protected under catastrophic Excess of Loss Treaty with Shadharan Bima Corporation.*

Market & Technology related-risks:

To be competitive in the market, insurance companies need to develop new products and offer excellent clientele services and also to expand the market by bringing more and more items under the purview of insurance otherwise the competitors may take away existing company's business.

Insurance business is increasing globally. New items are coming under the cover of various insurance as days pass by; the market is expanding as people are realizing the importance of insurance. PICL provides excellent services and plan to introduce new products giving importance on Research and Development(R&D) considering market & technology related risks.

Potential or existing government regulations:

Government policy change in respect of rates of premium, underwriting commission, agent's commission, reinsurance commission, interest on deposits etc. may affect income and profitability of the Company.

The government is not expected to change policies relating to insurance requirement for the interest of economy, as when insurance business is affected industrialization, trade and commerce of the country will be also affected. Moreover, if the Government changes the policy, the Company will go for alternative Business areas under the condition of Memorandum & Articles of Association of the Company.

Potential changes in global or national policies:

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

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

History of non-operation, if any:

Is there any chance for the company to become non-operative?

*All General Insurance Companies in Bangladesh are Public Limited Companies that have an independent body. PICL is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. The company is a financial organization and its financial strength is very high. It has a very experienced Directors Group of a lot of Industrialist and two Chartered Accountants. The Executive team of the company is also well experienced. The Company has **highest 47** Branches all over Bangladesh and it achieved **ISO 9001-2000** Certification from Moody International. So there is no chance for the Company to become non-operative in future.*

Operational risks:

Any Political and social unrest/unstable situation may affect smooth operation of the business resulting in drastic fall to the value of its investment.

Political unrest may reduce the premium income of the Company for a short span of time. The shortfall can be overcome by increased income in subsequent period.

Claim Paying Ability Risk:

The company is rated 'BB1' in the long term and 'ST-4' rating in short term which reflects MARGINAL financial security characteristics. Insurance Companies rated 'ST-4' in the short term are regarded as VULNERABLE and has significant speculative characteristics.

In recent past years PICL has to settle some insurance claim most of which were covered by re-insurance and co-insurance with third party. The company pay off loan liability Tk.54,21,877/- in 2008 and settled Barlin Knitwear Ltd's claim of Tk. 1,66,00,000/- which was paid by the company's own fund. However, that claim was re-insured with Shadharan Bima Corporation and under process to realize. Management of PICL now focuses on quality business, branch efficiency and diversified product. However the company is in profit and paid 10% cash dividend on the account for the year ended 2007 and 2008.

Use Of Proceeds

The Company offers its shares to the public as required by the Insurance Act, 1938 and Insurance Rules, 1958. The sponsors have already subscribed their portion of equity capital of Tk.60.00 million as per the requirement of the Rules and the same has already been invested as reflected in the audited accounts. The proceeds of the present issue of 900,000 shares of Tk.100.00 each at Tk.90, 000,000.00 will strengthen the capital base of the Insurance and augment business expansion. The fund thus raised through public issue will be used for investment purposes.

Description Of Business

Corporate Status:

The company was incorporated on 31 January 1996 under the Companies Act 1994 as a public Limited company for carrying out all kinds of general insurance activities and was granted certificate for commencement of Business on 31 March 1996. The Authorized capital is Tk. 200 million consisting of 2,000,000 ordinary shares of Tk. 100 each. The sponsors/subscribers have already contributed to the paid up capital of Tk.60.00 million as required by the Chief Controller of Insurance. In fulfillment of the conditions of license by the Chief Controller of Insurance, the

company now proposes to raise the paid up capital to Tk. 150.00 million by issuing 900,000.00 ordinary shares of Tk. 100.00 each by way of initial public offering (IPO).

Since its operation as one of the leading general insurance companies in the private sector, the Company has within a short span of time established itself as one of the most reputed and trustworthy insurance companies in the country. The Company has a network of 47 branches throughout the country.

Highlight of the Issue

1. PICL is the only Company in Insurance industry in Bangladesh that received **ISO 9001:2000** for their proven track record. During over **thirteen years** time it has accumulated considerable goodwill, experience and know-how.
2. The sponsor directors of the Company are engaged in various enterprises, which are a source of business for the Company.
3. With the acceleration of growth in economic activities and the further opening up of the insurance business from the public to the private sector, the Company is expected to take its due share of the growth of the market.
4. The company declare 10% dividend on its' 13th AGM on May 02, 2009.

(1) Principal product or services:

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

- (i) Fire Insurance Business
- (ii) Marine Insurance Business
- (iii) Motor Insurance Business
- (iv) Miscellaneous Insurance Business

(2) Product or service that accounts for more than 10% of the total revenues:

Description	31.12.2008	Percentage
Fire Ins. Revenue Account	61,400,286	46.84%
Marine Cargo Ins. Revenue Account	26,541,570	20.25%
Motor Ins. Revenue Account	31,869,119	24.31%

(3) Associates, Subsidiary/ Related Company

The company does not have any associated / related company either as a subsidiary, parent or sister concern except those separate entities owned by the sponsors/Directors. The company however has business relationship with the enterprises owned by the Sponsors/Directors on commercial terms without allowing extra benefits to them other than the prevailing market rate.

(4) Distribution of Products/Services:

The Company conducts the business operations under the supervision of Board of Directors and the legal frame work of the Insurance Act 1938 and Insurance Rules 1958, as amended from time to time. The Company operates through the Head Office at Dhaka and 47 branches throughout the country. Network of professional staffs and commission agents promote and conduct business.

The Company's services are distributed or rendered through the Head Office and following branches of the Company:

Head Office Booth Khan Mansion 107, Motijheel C/A, (4 th Floor) Dhaka-1000	Local Office Amin Court (4 th floor), 62-63 Motijheel C/A, Dhaka-1000.	Motijheel Branch 29, Toyenbee Circular Road (2 nd Floor), Motijheel, Dhaka
Dilkusha Branch 44, Dilkusha C/A (5 th Floor), Dhaka-1000	Immamgonj Branch AL-Falah Building, 144, Mitford Road, Dhaka	Nayapaltan Branch 50/E Inner Circular Road, Nayapaltan, Dhaka
B.B. Avenue Branch Dewan Plaza, 9 B.B. Avenue, Dhaka	Hatkola Branch Amin Court (4 th floor), 62-63 Motijheel C/A, Dhaka-1000	Moghbazar Branch 17, New Eskaton Road, Moghbazar, Dhaka
Kawran Bazar Branch 91 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka	Narayangonj Branch 41 S.M. Maleh Road(2 nd Floor), Narayangonj	Arichaghat Branch Tepra, Shebaloy., Manikgonj
Nawabpur Branch Nurul Haque Market 247/1 Nawabpur Road, Dhaka	Faridpur Branch Taranga Electronics Market, 69/3, Mojib Sharani, Faridpur	Khatungonj Branch AK Tower (2 nd Floor) 599, Ramjoy Mohajon Lane, Chittagong
Gabtolli Branch 230/Ka, -Hazi Md. Razzak Bhaban (3 rd Floor), Baghbari, Mirpur	Tangail Branch Rahman Market, New Bus Terminal, Tangail	Comilla Branch Hossain Tower (2 nd Floor), Rajgonj, Comilla
Mymensingh Branch 90/02/06 C.K. Ghose Road, Mymensingh	Jamalpur Branch Dayamoy Road, Jamalpur	Noagon Branch Mokshed Ali Complex Sub Register Office, Noagaon
Agrabad Branch Progressive Tower, 1837, Sheikh Mujib Road, Agrabad C/A, Chittagong	Dewanhat Branch Arman Complex 92-93 D.T. Road Chittagong	Kurigram Branch Hospital Road, Kurigram
Jubilee Road Branch Hooplaza, 263, Jubilee Road, Chittagong	Laldighi Branch 4, Shah Amanat Road, Jail Road, East Laldighi, Chittagong	Gaibandha Branch Master Para, V-AID Road, Gaibandha
Bangshal Branch 144/1, Nawabpur Road (3 rd floor), Kotwali, Dhaka	Nayabazar Branch 4/1, Nazirabazar (2 nd Floor), Mazed Sarder Lane, Dhaka	Rangpur Branch Station Road, City Bank Building, Rangpur
Sadarghat Branch 38/B, Northbrook Hall Road, Lalkuthi Ghat, Sutrapur, Dhaka	Pabna Branch S. M. Super Market (1 st floor) H.M.M Road, Pabna	Kushtia Branch 55/1 Lovely Tower (7 th floor), S. Dullah Road, Kushtia
Natore Branch Kokbul Plaza, Kanaikhal, Natore	Bogra Branch Kabi Nazrul Islam Sarak (2 nd Floor), Jawtola, Bogra	Moulovi Bazar Branch Razia Mansion (1 st floor), Central Road, Moulovi Bazar
Sayedpur Branch TR Road, Sayedpur, Nilfamary	Dinajpur Branch Charu Bazar More (1 st Floor), Dinajpur	Sena Kallayan Branch Sena Kallayan Bhaban 195, Motijheel C/A, Dhaka-1000
Jessore Branch 47, Garikhana Road, Jessore	Jhenaidah Branch HSS Road, Jhenaidah	Principal Branch Khan Mansion (4 th Floor) 107 Motijheel C/A, Dhaka
Chuadanga Branch 2/2, Modern Mansion 186, Court Road, Chuadanga	Sylhet Branch Shaher Plaza (2 nd Floor) East Zindabazar, Sylhet	Barisal Branch Sakina Villa, 61 Sadar Road, Barisal
Madaripur Branch Amin Super Market (3 rd floor) Puran Bazar, Madaripur	Chowmuhani Branch Shamsu Volla (5 th Floor) Bank Road, Chowmuhani	

(5) Competitive conditions in the Business:

Though, soon after liberation in 1971, the insurance industry was nationalized and was controlled by two state owned institutions namely Sadharan Bima Corporation for general insurance and Jiban Bima Corporation for life Insurance (with the exception of American Life Insurance Co. in the private sector), there are at present 43 general insurance operating in the private sector. Over the years general insurance business has grown very competitive as the economic growth, especially the private sector industrial growth, has not been as expected. It is however need to mention that despite tough competition, the company's business operations show satisfactory performance.

(6) Raw materials:

The Company, being a service provider, operates on the basis of professional expertise relevant to insurance industry. Its' product is a service and its' raw materials are human resources. The general insurance industry has since developed and expanded fast in order to meet the growing need of the economy. The company has procured the services of experienced professional personnel from the existing insurance industry operators including Sadharan Bima Corporation. The company has also set up training programs for training fresh recruited employees for development of its growing need of human resources.

(7) Sources of, and requirement for, power, gas & water:

The Company does not need any power, gas and water except for ordinary uses in office work.

(8) Customers providing 10% or more revenues:

The Company's customer list does not include any one providing 10% or more of its revenues.

(9) Contract with Principal Suppliers/Customers:

The Company has not entered into any contract with any customer or supplier.

(10) Material Patents, Trade Marks, Licenses or Royalty Agreements:

The Company does not have any material patents, trademarks, licenses or royalty agreement.

(11) Employees' Position:

Number of total employees and number of full-time employees are given below:

Annual Salary	Full time Employees
Less than Tk. 36,000	133
More than Tk. 36,000	566
Total	699

In PICL there is no part-time employee.

Description of Property

The company, a provider of general insurance service, operates through its Head Office at Dhaka and branch offices at different districts / city areas which are rented premises. The company owns the following fixed assets at the written down value as given below:

(As per Audited Accounts)

Sl. No.	Particulars	31.12.2008 (W.D.V)	31.12.2007 (W.D.V)	31.12.2006 (W.D.V)
1.	Furniture & Fixture	5,307,057.00	5,429,495.00	4,795,188.00
2.	Books & Periodicals	34,958.00	38,842.00	43,158.00
3.	Motor Vehicles	14,066,482.00	11,818,214.00	8,283,442.00
4.	Motor Cycle	1,320,296.00	886,570.00	985,838.00
5.	Office Equipment	1,945,980.00	1,962,831.00	1,950,562.00
6.	Decoration	14,002,729.00	14,792,983.00	14,392,813.00
7.	Electric Fan	41,289.00	51,611.00	64,514.00
8.	Telephone Installation	895,109.00	1,004,829.00	1,123,923.00
9.	Air Cooler	850,347.00	967,908.00	869,965.00
10.	Carpet	338,996.00	369,887.00	432,602.00
11.	Electric Equipment	833,434.00	818,223.00	1,022,778.00
12.	Crockeries	80,709.00	84,772.00	85,957.00
13.	By-Cycle	1,938.00	2,423.00	3,029.00
Total		39,719,324.00	38,228,568.00	3,40,53,769.00

1. The company owns the entire property except a Motor Car No - DM-GA-6755- on financial lease basis from Bay Leasing & Investment Limited on 01-07-2005 for 60 Monthly Installments from the date of Purchase, details in page 21 of this prospectus given.
2. The property of the company is not mortgaged with any one nor there any lien on them.
3. The property is purchased in brand new condition except 25 Nos. of Motor Cars are purchased in recondition type.

Plan of Operation And Discussion of Financial Condition

(1) Internal and External Sources of Cash

(As per Audited Accounts in BDT)

	31.12.2008	31.12.2007	31.12.2006
Internal sources of Cash:			
Share Capital	60,000,000.00	60,000,000.00	60,000,000.00
Reserves for Exceptional Losses	39,598,179.00	33,044,341.00	27,894,178.00
Profit & Loss Appropriation Account	6,177,628.00	556,072.00	1,837,265.00
Total	105,775,807.00	93,600,413.00	89,731,443.00
External Sources of Cash:			
Premium Deposits	2,550,500.00	3,729,201.00	4,436,505.00
Total	108,326,307.00	97,329,614.00	94,167,948.00

(2) Material Commitment for Capital Expenditure:

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

(3) Causes for Material Changes in Income, Expenses & Net-Income:

The company's gross premium and other income as well as operating expenses and net income have continued to change or increase due to business promotion efforts of the Directors and Management staff.

Operating Income

Comparative income positions of the Company are as follows:

(As per Audited Accounts Amount in BDT)			
Description	31.12.2008	31.12.2007	31.12.2006
Interest Income (Interest on investment & deposits with bonds)	6,260,685.00	5,549,511.00	5,050,167.00
Misc. Income	701,698.00	-	
Profit/(Loss) Transferred From:			
Fire Insurance Revenue Account	5,003,887.00	2,955,743.00	16,791,689.00
Marine Cargo Insurance Revenue Account	2,713,929.00	8,603,778.00	488,688.00
Marine Hull Insurance Revenue Account	(194,079.00)	72,342.00	(84,197.00)
Motor Insurance Revenue Account	10,334,653.00	8,821,239.00	3,885,056.00
Misc. Insurance Revenue Account	(196,499.00)	(3,285,059.00)	(5,392,160.00)
Total Income	24,624,274.00	22,717,554.00	20,739,243.00

Operating Expenses

Comparative operating expenses positions of the Company are as follows:

(As per Audited Accounts Amount in BDT)			
Description	31.12.2008	31.12.2007	31.12.2006
Expenses of Management	5,000	994,866	737,100
Directors' Fees	116,000	161,000	124,500
Meeting Expenses	-	28,815	71,437
Audit Fees	177,200	155,000	120,000
Legal Fees	101,185	255,720	353,866
Statutory Fees for Business License & Annual Registration	854,692	119,696	607,280
Advertisement & Publicity	62,065	169,630	456,316
Subscription & Fees (BIA & CRC)	295,000	505,000	110,000
Depreciation	6,238,283	6,598,015	5,695,839
Total Expenses	7,849,425	8,987,742	8,276,338
Net profit before Tax & Provisions	16,774,849	13,729,812	12,462,905

(4) Seasonal Aspects

There is seasonal aspect in insurance business in the country. The coverage of natural calamities like cyclone, flood by insurance may severely weaken the financial strength of the company by accruing heavy claims on its own retained account. The estimated losses arising from natural calamities are covered by higher rates of premium and reinsurance coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and reinsurance risks.

(5) Known Trends, Events or Uncertainties

There are no known trends in customer preferences that may affect company's operations. However, political unrest, hartal, and power crisis are the known events that may affect the company's business.

(6) Changes in the Assets of the Company used to pay off any Liabilities

No asset of the Company has been used to pay off the liabilities.

(7) Loans taken from Subsidiary or Associate Concern

The Company has no Holding/Parent/ Subsidiary or Associate concern. Therefore, taking loan from or given to such concerns does not arise.

(8) Future Contractual Liabilities

The company does not have any plan in near future to contract any new liabilities except those that are required by way of insurance/reinsurance contract in the ordinary business operations.

(9) Future capital expenditure

PICL has made no plan for Future capital expenditure during the period 2008.

(10) VAT, Income Tax, Customs Duty or other Tax Liability

I. VAT: The Company has VAT payable amounting to Tk. 1,278,877 as on December 31, 2008 which has been subsequently deposited. Apart from this there is no VAT pending of the Company.

II. Income Tax: Year wise Income Tax status of the company is as under:

Accounting Year	Assessment Year	Remarks
2003	2004-2005	Assessment completed
2004	2005-2006	Assessment completed
2005	2006-2007	Assessment completed
2006	2007-2008	Return submitted and Assessment under process
2007	2008-2009	Return submitted and Assessment under process
2008	2009-2010	Return not submitted

III. Customs Duty: Custom duty is not applicable for the Company.

11) Operating Lease

The Company has established its head office as well as branches on leased accommodation as below:

Name of Offices	Address	Area (sft)	Rent Per (sft)	Monthly Rent (TK)	Date of Expiry
Head Office	107 Khan Mansion (11 th Floor), Motijheel C/A, Dhaka-1000	7,982	14.50	1,15,739	31-12-09
Agrabad	Progressive Tower, 1837 S.K. Mujib Road, Doublemuring, Chittagong	1054	12.50	13,175	30-07-09
Arichaghat	Tepra, Shebaloy, Manikgonj	333	Lump-sum	3,500.	29-02-12
B.B. Avenue	Don Plaza (3 rd Floor), 9 B. B. Avenue, Dhaka.	1,000	17.25	17,250.	31-03-10
Bangshal	144/1 Nawabpur Road (4 th Floor), Kotwali, Dhaka.	1,050	Lump-sum	10,000.	30-04-09
Bogra	Kabi Nazrul Islam Road, Jhawtola, Bogra	300	Lump-sum	3,500.	31-12-09
Barisal	61 Sadar Road, Barisal	350	10.00	3,500	31-07-09
Comilla	Hasina Tower, Rajgong, Comilla		Lump-sum	7,000	31.08.11
Chowmuhani	Reyad Mansion, Feni Road, Chowmuhani	450	Lump-sum	2700	30-06-09
Dilkusha	44, Dilkusha, Dhaka-1000	1150	18.17	20,900	29-02-12
Chuadanga	Modern Mansion, Mukitpara, Court Road, Chuadanga	750	Lump-sum	2,800	31-03-10
Dewanhat	Arman Complex, 92/93 D.T.Road	1572	10.00	15,720	31-04-12

	Dewanhat, Chittagong				
Dinajpur	Hingan Roy, Hospital Road, Dinajpur	700	Lump-sum	1,000	31-03-11
Faridpur	Taranga Electronics Market (2 nd floor), 69/3 Mojib Sharani, Faridpur	400	Lump-sum	2,200	31-12-12
Gaibandha	167, Circular Rd. Gaibandha	312	Lump-sum	1300	31-10-11
Gabtolli	Razzak Ali Bhaban, 230/A Bagbari, Mirpur, Dhaka	303	Lump-sum	4,000	31-08-09
Imamgonj	Al-Falah Building (2 nd Floor), 144 Mitford Road, Dhaka	940	16.50	15,510	31-12-11
Jubilee Road	Hoo Plaza, 263, Jubilee Road, Ctg.	1124	10.00	11,240	30-06-10
Jessore	17 Subra Chandra Road (2 nd floor), Jessore	900	7.00	6,300	30-06-10
Jamalpur	Dayamoy Road, Jamalpur	1200	Lump-sum	4,000	31-10-10
Jhenidah	Jhenidah Club (1 st Floor), Jhenidah		Lump-sum	3,300	31-03-09
Kushtia	55/1, Lovely Tower (7 th Floor) Serajuddullah Road, Kushtia	450	11.00	4,950	30-04-11
Kawran Bazar	91 Kazi Nazrul Islam Avenue, Dhaka.	730	Lump-sum	10,500	31-10-11
Khatungonj	88, Khatungonj, Kotuali, Chittagong	1190	11.50	13,685	31-07-10
Kurigram	Hingan Roy, Hospital Road, Kurigram	700	Lump-sum	2,500	31-08-13
Laldighi	4 Shahamanat Road, Laldighi, Chittagong	975	11.00	10,725	31-05-11
Local Office	Amin Court (5 th Floor), 62-63 Motijheel C/A, Dhaka-1000	895	30.00	26,850	30.11.2009
Motijheel	29 Toyanbee Circular Road (2 nd floor), Motijheel, Dhaka.	1108	18.00	19,944	30-06-09
Moulovi Bazar	Khaleq Store (2 nd Floor), Central Road, Moulovi Bazar	750	Lump-sum	4,500	31-10-10
Moghbarar	16 Moghbarar, New Eskaton Road, Dhaka	750	16.00	12,000	28-02-10
Mymensingh	90/02/06 C.K. Gosh Road, Mymensingh	750	Lump-sum	4,200	31-03-10
Narayangonj	41 S.M. Shahlah Road, Narayangonj	800	10.00	8,000	31-12-13
Nawabpur	247/1 Nawabpur Road, Kotwali Dhaka- 1100	780	11.00	8,580	30-06-09
Natore	Dhaka Rajshahi Road, Natore	400	Lump-sum	1,200	28-02-12
Nayapaltan	50 E Inner Circular Road, Dhaka	650	Lump-sum	9,600	31-05-09
Naogaon	Mukshud Ali Complex Sub register Office, Noagaon	552	Lump-sum	2,700	31-10-13
Nayabazar	4/1, Nazirabazar, Mazed Sarder Lane, Dhaka	450	Lump-sum	5,000	31-10-09
Pabna	S.M. Super Market (1 st Floor), Pabna	400	Lump-sum	2,000	31-07-11
Rangpur	Adarshapara, P.S.-Kotwali, Rangpur	755	6.50	4,907	31-12-09
Sylhet	Shahir Plaza, Zindabazar, Sylhet-3100	950	Lump-sum	6,000	01-04-11
Sena Kalyan	Floor # 20, Suit # 2005/2, 195 Motijheel C/A, Dhaka-1000	592	48.00	28,416	31-12-09
Sayedpur	T.R. Road, Sayedpur	750	Lump-sum	3,500	30-04-11
Sadarghat	38/B, North Brokhall Rd, Sutrapur, Dhaka	370	Lump-sum	4,000	30-06-11
Tangail	Rahman Market (2 nd Floor), New Bus Station, Tangail	460	Lump-sum	2,500	31-10-13
Madaripur	Amin Super Market (3 rd Floor), Puran Bazar, Madaripur	350	Lump-sum	1700	30.04.08

(12) Financial Lease commitment:

The Company has purchased 01 (one) no. of Motor Car by taking loan from leasing company and has been maintained and prepared as per BAS-17 (Lease Financing) which has shown in note 46 of the audited account. The lease asset acquired under lease has been capitalized. The details of finance lease of last 5 years is shown below:

Leasehold Asset	Name of Leasing Company	Lease Period	Outstanding Balance As 31.12.2008
Car (DM-GA-6755)	Bay Leasing & Investment Limited	01.07.2005 to 31.12.2009	Tk. 1,32,475

13) Personnel Related Scheme:

The human resources of the Company is considered as the most valuable asset of the Company and has been continuing to train, equip, and groom fresh recruits for building a strong foundation. PICL has a well-designed Compensation Plan for its employees. Employee performance is regularly evaluated and a good number of them have been promoted for their good contribution to the Company. The company has introduced a contributory Provident Fund for all its permanent employees. Besides, the Company offers festival bonus, gratuity and Insurance coverage for its employees.

(14) Break Down of IPO Expenses:

Detail of estimated Public Issue expenses are shown below:

Particulars	Rates	Fixed Cost	Variable Cost	Total Cost
Issue Management Fee	Lump-sum	675,000		675,000
SEC Fees :				
Application fee		10,000	-	10,000
Consent fee	0.15% on total IPO	135,000	-	135,000
Sub Total		145,000	-	145,000
CDBL Fees :				
Documentation fee		2,500	-	2,500
Annual fee	Paid up capital upto Tk.200.00 mill.	50,000	-	50,000
IPO fee	0.00025 on total IPO	22,500	-	22,500
Sub Total		75,000	-	75,000
LISTING FEES :				
Dhaka Stock Exchange :				
Annual subscription	Paid up capital upto Tk.150.00 mill.	50,000	-	50,000
Documentation fee	lump sum	5,000	-	5,000
Initial listing fee	0.25% on 100 mil+0.15% on 50.00 mill. (i.e; total paid up of 60+90) mill.	325,000	-	325,000
Chittagong Stock Exchange :				
Annual subscription		50,000	-	50,000
Initial listing fee	(calculation as above)	325,000	-	325,000
Sub Total		755,000	-	755,000
Commission				
Underwriting Commission	0.30% on IPO (i.e; Tk.90.00 mill.) but underwriting required 50% on IPO i.e; Tk.45.00 mill.	135,000	-	135,000
Banker to the Issue Commission	0.10% on collection amount, say 5 times i.e; on Tk. 450 mill. (assumed)	-	450,000	450,000
Sub Total		135,000	450,000	585,000
Printing, Publication & Others :				
Publication of Prospectus	In four national dailies	-	400,000	400,000
Printing of Prospectus	4,000 pcs X Tk.40.00 per copy	-	160,000	160,000
Printing of Application Forms	100,000 pcs X Tk.0.50 per copy	-	50,000	50,000
Printing of refund warrants and A/L	Approximately 400,000 pcs at Tk.0.75	-	300,000	300,000
Sub Total		-	910,000	910,000
Post Issue Expenses				
Data collection, data entry, processing & other related jobs to be complied	On the basis of 5 times applications i.e; 90,000 at Tk.6.50 per application estimated or (at actual)	-	585,000	585,000
Lottery fees to BUET	lump sum	-	209,000	209,000
Lottery conduction venue and R/W and A/L distribution Venue and courier for leftover A/L and R/W	Assumed		250,000	250,000
Sub Total		-	1,044,000	1,044,000
Grand Total		1,785,000	2,404,000	4,189,000

(15) Revaluation of Company's Assets & Summary Thereof

No revaluation has been made to the Company's assets and liabilities.

(16) Transaction between Holding Company and the subsidiary

PICL has no Holding/subsidiary/associate Company. Hence no such transaction of this type has taken place.

Declaration for Insurance Company

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

Sd/- Joarder Nowsher Ali, FCA Chairman	Sd/- Alhaj Mojir Ahmed Vice-Chairman	Sd/- Alhaj Mohammad Ali Director	Sd/- Mohammad Ali Talukder Director
Sd/- Alhaj Shahadat Hossain Director	Sd/- Md. Shahjahan Kabir Director	Sd/- Md.Shakhawat Hossain Mamun Director	Sd/- Mohammad Mohoshin Kauser Director
Sd/- Md.Shafayet Hossain Masum Director	Sd/- Md.Shahadat Hossain Ali Director	Sd/- Abdur Rahman Ansary Director	Sd/- Md. Ruhul Amin FCA Director
Sd/- Shah Mohammad Tofazzal Hossain Director	Sd/- Maroof Sattar Ali Director		Sd/- Md.Ataur Rahman Mazumder Managing Director

Auditors Certificate about Issue of Shares Other Than for Cash

Special Auditors Report

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

Place: Dhaka, Bangladesh	Sd/- A. Hoque & Co.	Sd/- G. Kibria & Co.
Dated: 9th April, 2009	Chartered Accountants	Chartered Accountants

DECLARATION REGARDING SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts, circumstance, that are disclose able has not been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-
(Md. Ataur Rahman Mazumder)
Managing Director

Directors & Officers

Sl.No.	Name of Directors	Position in PICL	Age	Date of becoming first Director	Date of expiration of current term
01.	Mr. Joarder Nowsher Ali, FCA	Chairman	68+	03.02.96	AGM-2010
02.	Mr. Alhaj Mojir Ahmed	Vice-Chairman	50+	19.08.99	AGM-2009
03.	Alhaj Mohammad Ali	Director	65+	12.03.01	AGM-2011
04.	Md. Ruhul Amin FCA	Director	60+	03.02.96	AGM-2010
05.	Mohammad Ali Talukder	Director	55+	03.02.96	AGM-2010
06.	Alhaj Shahadat Hossain	Director	50+	29.07.97	AGM-2010
07	Shah Mohammad Tofazzal Hossain	Director	50+	29.08.98	AGM-2009
08	Md. Shahjahan Kabir	Director	55+	25.07.02	AGM-2011
9	Md. Shakhawat Hossain Mamun	Director	30+	06.07.06	AGM-2011
10	Mohammad Mohoshin Kauser	Director	30+	19.08.99	AGM-2009
11	Maroof Sattar Ali	Director	30+	30.09.02	AGM-2009
12	Md.Shafayet Hossain Masum	Director	30+	06.07.06	AGM-2011
13	Md. Shahadat Hossain Ali	Director	25+	19.08.06	AGM-2009
14	Abdur Rahman Ansary	Director	22+	06.07.06	AGM-2011

Directors Involvement with other Organizations:

Sl.No.	Name and Permanent Address	Position in PICL	Directorship/Partnership/Ownership	
1.	Joarder Nowsher Ali, FCA Vill: Bhutiar Gati, P.O.+P.S+Dist: Jhenaidah	Chairman	M. Ruhul Amin & Co., Chartered Accountants Crymson Glory SNOWCEM Bangladesh Ltd.	Partner Proprietor Director
2.	Alhaj Mojir Ahmed Duria Bishnupur, Laksam, Comilla	Vice Chairman	Laksam Automatic Rice & Bran Oil Mills Ltd. MR Brick Fields Sohag Matsho Bij Utpadon Khamar Ltd. SA Auto Rice Mills	M.D. Proprietor M.D. Proprietor
3.	Md. Ruhul Amin, FCA Vill.+P.O: Amanatpur, P.S.: Begumgonj, Dist.: Noakhali	Director	M. Ruhul Amin & Co., Chartered Accountants	Partner
4.	Mohammad Ali Talukder Vill+P.O.: Afalkati, P.S. Bakergonj, Dist.: Barishal	Director	D&S Pretty Fashions Ltd. Kaveri Sweaters Pretty Sourcing & Inspection (BD) Ltd.	Chairman Proprietor Chairman

5.	Alhaj Mohammad Ali Duria Bishnupur, Laksam, Comilla	Director	M/s. Ali Store M/s. Momin Store M/s. Masum Telecom	Proprietor Proprietor Proprietor
6.	Alhaj Shahadat Hossain 247/1, North Sajahanpur, Dhaka	Director	M/s. Shadat Hossain	Proprietor
7.	Shah Mohammad Tofazzal Hossain 96/E, Kalibari Road, Mymensing	Director	M/s. Lucky Store	Proprietor
8.	Md. Shahjahan Kabir Vill.: East Borali, P.O.+P.S: Faridgonj, Chandpur	Director	M/s. Prattasi Traders	Proprietor
9.	Md. Shakhawat Hossain Mamun Duria Bishnupur, Laksam, Comilla	Director	Sigma Systems Ltd.	Chairman
10.	Maroof Sattar Ali House # 361, Road # 27, Mohakhali DOHS, Dhaka	Director	Bhaiya Food Industries Ltd.	M.D.
11.	Mohammad Mohsin Kauser House # 11/15, Road # 4, Khulshi Residential Area, Ctg.	Director	Bhaiya Printing & Packaging Ltd.	Managing Partner
12.	Md. Shafayet Hossain Masum Duria Bishnupur, Laksam, Comilla	Director	Sigma Systems Ltd.	Director
13.	Md. Shahadat Hossain Ali Duria Bishnupur, Laksam, Comilla	Director	Sigma Systems Ltd.	Director

Family Relation between Directors & Officers:

Director Md. Shakhawat Hossain Mamun, Son of Director Alhaj Mohammad Ali gets monthly salary from the Company for his service as Additional Managing Director. Other than this there is no family relationship between directors and officers.

Family Relationship among the Directors

Name of the Directors	Relationship
Alhaj Mohammad Ali	Brother of Alhaj Mojir Ahmed
Md. Shakhawat Hossain Mamun Md. Shafayet Hossain Masum Md. Shahadat Hossain Ali	Son of Alhaj Mohammad Ali
Mohammad Mohoshin Kauser Maroof Sattar Ali Abdur Rahman Ansary	Nephew of Alhaj Mojir Ahmed and Alhaj Mohammad Ali

Officers Employed by Other Companies

No officer of PICL is currently employed by any other company.

Short Bio-Data of the Directors

01. Mr. Joarder Nowsher Ali, FCA, Chairman

Mr. Ali is Fellow of the Institute of Chartered Accountants of Bangladesh. He is a Partner of M. Ruhul Amin & Co. Chartered Accountants. Moreover, Mr. Ali served as a i) Liquidator in the Government under Ministry of Textile, Government of Bangladesh, ii) Controller of Accounts, Bangladesh Chemical Industries Corporation, iii) Director Finance, Sena Kalyan Sangstha, Head of Accounts, Daulatpur Jute Mills Limited, Delta Jute Mills Limited, Fauji Chatkal. He is a sponsor director of Provati Insurance Company Limited. Moreover, he is the proprietor of Comtrade Enterprise, sponsor director of Snowcem (Bangladesh) Limited and partner of M. Ruhul & Co., Chartered Accountants. He traveled various countries such as Singapore, Thailand, America, India, and Malaysia etc.

His contributions toward socio-cultural and charitable activities are quite remarkable. Mr. Ali hails from a reputed Muslim family of Jhenidah. He is a Bangladeshi national.

02. Mr. Alhaj Mojir Ahmed, Vice-Chairman

Mr. Ahmed is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family of Comilla district. At present, he is the Chairman of Laksum Upazila. Mr. Ahmed is a successful businessman and is the Managing director of Laksum Automatic Rice & Bran Oil Mills Limited, Proprietor of M. R. Bricks Field, Managing director Sohag Matsho Bij Utpadon Khamar Ltd. and Proprietor of SA Auto Rice Mills.

03. Mr. Alhaj Mohammad Ali, Director

Mr. Ali is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family. He is a successful businessman and is the proprietor of M/s Ali Store, a distributor of Unilever Bangladesh Limited. Moreover, Mr. Ali is a proprietor of M/s. Momin Store and M/s. Masum Telecom

04. Mr. Md. Ruhul Amin FCA, Director

Mr. Amin is a Fellow of the Institute of Chartered Accountants of Bangladesh. He is a Partner of M/s M. Ruhul Amin & Co., Chartered Accountants. He served as Head of Accounts in various textile mills under Bangladesh Textile Mills Corporation (BTMC) from 1972 till October, 1981. Moreover, he was an ex-member of National Wages & Productivity Commission under Ministry of Labor, Government of Bangladesh.

Mr. Amin hails from a respectable Muslim family of Noakhali. He is a Bangladeshi national. Mr. Amin is a Sponsor Director of Provati Insurance Company Limited.

05. Mr. Mohammad Ali Talukder, Director

Mr. Talukder is a Sponsor Director of Provati Insurance Company Limited and ex Managing Director of the company. He is from a respectable Muslim family. He is a successful businessman and the Chairman of D & S Pretty Fashions Limited and Pretty Sourcing & Inspection (BD) Ltd., proprietor of M/s Kavari Sweaters Limited. Mr. Talukder also served as Executive of Sadharan Bima Corporation and Senior Executive of other insurance companies. He traveled many countries such as the USA, Canada, Thailand, Singapore and India etc.

06. Mr. Alhaj Shahadat Hossain, Director

Mr. Shahadat Hossain is director of Provati Insurance Company Limited. He comes from a respectable Muslim family. He is a successful businessman and proprietor of M/s Shahadat Hossain. His contribution towards socio-cultural and professional activities is remarkable.

07. Mr. Shah Mohammad Tofazzal Hossain, Director

Mr. Hossain is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family. He is a successful businessman and is the proprietor of M/s Lucky Store. His contribution toward socio cultural activities is remarkable.

08. Mr. Md. Shahjahan Kabir, Director

Mr. Kabir is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family. He is a successful businessman and is the proprietor of M/s Prattashi Traders. His contribution toward socio-cultural activities is remarkable.

09. Mr. Shakawat Hossain Mamun

Mr. Mamun is a Director of Provati Insurance Company Limited. He is also Additional Managing Director of the Company. He obtained his Masters of Business Administration (MBA) with concentration in Marketing from Deemed University of Luknow, Luknow, India, and Masters of International Business (MIB) from the University of Wollongong, Australia and Bachelor of Business Administration (BBA) from Independent University of Bangladesh. He was awarded Honors in Primary Scholarship, Dean's List 96, and President List, Spring 97. He also won several awards for successful participation in various games and science exhibitions. Mr. Mamun is the Chairman of Sigma Systems Limited. Mr. Mamun hails from a reputed Muslim family of Comilla. He is a member of Comilla Club.

10. Mr. Muhammed Mohoshin Kauser

Mr. Kauser is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family. At present, he is the Managing Director of Bhaiya Printing & Packaging. Mr. Kauser is a young and energetic industrialist.

11. Mr. Maroof Sattar Ali

Mr. Ali is a Director of Provati Insurance Company Limited. He is from a respectable Muslim family. He is a successful businessman and is the Managing Director of Bhaiya Food Industries Limited. Mr. Ali is a young and energetic industrialist and his contribution toward socio cultural activities is remarkable.

12. Mr. Shafayet Hossain Masum

Mr. Shafayet Hossain Masum, son of Alhaj Mohammad Ali and Mrs. Selina Akhter. He is a Director of Provati Insurance Company Limited and also the Director of Sigma Systems Limited. He obtained his BBA from Independent University and Masters of Business Administration (MBA) from Central Queensland University, Sydney, Australia. Mr. Masum hails from a reputed Muslim family of Comilla. He traveled many countries such as the Thailand, Singapore, and India.

13. Mr. Md. Shahadat Hossain Ali

Mr. Shahadat Hossain Ali, son of Alhaj Mohammad Ali and Mrs. Selina Akhter. He is a Director of Provati Insurance Company Limited and also the Director of Sigma Systems Limited. He obtained his Bachelor of Business Administration (BBA) from University of Newcastle. Mr. Ali hails from a reputed Muslim family of Comilla. He traveled many countries such as the Singapore, India.

14. Mr. Abdur Rahman Ansary

Mr. Abdur Rahman Ansary, son of Alhaj Md. Mofizur Rahman and Mrs. Aysha Akhter. He is a Director of Provati Insurance Company Limited. Mr. Ansari hails from a reputed Muslim family of Comilla. He traveled many countries such as the Canada, India, and Australia.

CIB REPORT:

Neither Provati Insurance Company Limited nor any of its Sponsors or Directors or shareholders who hold 5% or more shares in paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Particulars of top Executives/Officers:

Sl No.	Name	Educational Qualification	Position	Date of Joining	Last 5 Years Experience
1.	Mr. Md. Ataur Rahman Mazumder	M.A (D.U)	M. D.	01.12.05	Provati Ins. Co. Ltd & Controller Of Insurance
2.	Mr. M. A. Salam	M.A (D.U)	Addl. M.D.	01.12.98	Provati Ins. Co. Ltd
3.	Mr. Shakawat Hossain Mamun	MBA, MIB	Addl. M.D.	01.11.02	Provati Ins. Co. Ltd
4.	Mr. Md. Nazrul Islam Mazumder	B.Sc.	General Manager	19.04.04	Provati Ins. Co. Ltd & City Insurance Co. Ltd.
5.	Mr. Md. Zahedul Islam	M.Com	General Manager & Company Secretary	01.07.04	Provati Ins. Co. Ltd & City Insurance Co. Ltd.
6.	Mr. Md. Mizanur Rahman	M.S.S PGDPM	Asst. General Manager	15.05.96	Provati Ins. Co. Ltd
7.	Mr. Md. Mahbub-Ul Alam	B.A	Asst. General Manager	08.09.96	Provati Ins. Co. Ltd

Involvement Of Officers And Directors In Certain Legal Proceedings

No Officer or Director of the company was involved in any of the following types of legal proceedings in the past ten years:

- Any bankruptcy petition filed by or against any company of which any Officer or Director of the company filling the prospectus was a Director, Officer or general partner at the time of the bankruptcy;
- Any conviction of an Officer, Director in the criminal proceedings or any criminal proceedings pending against him;
- Any order, judgment or decree of any Court of competent jurisdiction against Officer, Director permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any Officer or Director in any type of business, securities or banking activities.
- Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any Officer or Director in any type of business securities or banking activities.

Certain Relationship And Related Transactions

The Company does not have any Related transaction during the last 3 (three) years or any proposed transaction with any of the following person as under as mentioned in note 45 by the auditor, which is enclosed in the prospectus:

- Any Director or Executive officer of the Issuer
- Any director or officer
- Any person owning 5% or more of the outstanding share of the Issuer
- Any member of the immediate family (including spouse, parents, brother, sister, children and in laws) of any of the above persons
- any transaction or arrangement entered into by the Issuer or its subsidiary for a person who is currently a Director or in any way connected with a Director of either the Issuer company or any of its subsidiaries/Holding Company/associate concerns, or who was a Director or connected in any way with a Director at any time during the last three years prior to the issuance of the prospectus.
- The Company did not take or give any loan from any Director or any person connected with any Director nor did any Director or any person connected with any Director.

Directors holding any position apart from the company

The information is already included in directors and officers part of the prospectus.

Directors' Facilities during Prospectus Publication

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

Executive Compensation

A. Remuneration paid to top five salaried Executives in the last accounting year:

(Amount in Taka)

SI	Name	Designation	31.12.2008
1.	Mr. Md. Ataur Rahman Mazumder	Managing Director	12,82,000
2.	* Shakawat Hossain Mamun, MBA	Addl. Managing Director	9,05,400
3.	Mr. M. A. Salam	Addl. Managing Director	9,22,075
4.	Mr. Md. Nazrul Islam Mazumder	General Manager	4,09,884
5.	Mr. Md. Zahedul Islam (Zahid)	General Manager & Company Secretary	4,09,884

* Mr. Shakawat Hossain Mamun is also a Director of Provati Insurance Company Limited.

B. Aggregate Amount of Remuneration paid to Directors & Officers

SL. No.	Name	31.12.2008	31.12.2007
01.	Directors' Fees	1,16,000.00	1,61,000.00
02.	Remunerations paid to Executives & Employees	1,85,64,298.00	1,79,11,045 .00
03.	Management Expenses Including Salary & Remuneration (Details in Additional Disclosure No.-3 by the Auditors)	3,90,74,696.00	3,66,71,340.00

- Except Mr. Shakawat Hossain Mamun, Director, the Company did not pay any remuneration to any Director who was not an Officer of the Company during the last fiscal year.
- There is no contract with any Director/Officer for future compensation.

Pay Increase Intention

Besides normal increment, additional salary increment has also been made.

Option Granted to Officers, Directors And Employees

The Company has not offered any option for issuance of shares to any of the officers, directors and employees or to any outsiders.

Transactions With The Directors And Subscribers to The Memorandum

(a) The directors and subscribers to the memorandum have not received any benefits other than Dividend and Board Meeting attendance fees, and the Company also has not received anything from its director's subscribers except fund against allotment of Shares during the last 5 years.

(b) Directors and subscribers to the memorandum have not transferred any asset to the Company but deposited share money as required. The Company acquired assets by investing its own funds.

Tangible Assets Per Share

Particulars	Amount (Tk.)
A. Assets:	
Investment at cost	90,00,000
Investment in Shares	3,07,000
Outstanding Premium	30,14,752
Interest Accrued but not due	46,77,510
Amount due from other persons or bodies carrying on Insurance Business	4,10,75,653
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,30,07,532
Cash and Bank Balances	12,04,64,362
Other Accounts (Fixed Assets & Stock of Stationery)	4,10,46,149
Total Tangible Assets	23,25,92,958
B. Liabilities:	
Balance of Funds and Accounts	5,25,34,308
Estimated Liabilities in respect of outstanding claims whether due or intimated	3,73,94,859
Amount due to other persons or bodies carrying on Insurance Business	5,37,367
Sundry Creditors (Including provision for expenses and Taxes)	3,38,00,117
Other Sums Owing (Premium Deposit Account)	25,50,500
Total liabilities	12,68,17,150
Net Tangible Assets (A-B)	10,57,75,807
No. Of Shares	6,00,000
Net Tangible Assets Value per Share	176.29

Net Tangible Asset backing per unit of securities being offered is Tk.176.29 as on 31.12.2008.

Ownership of The Company's Securities

As per Schedule X certified by RJSC

SL. No.	Name	Position	Shareholdings	Percentage
1.	Mr. Joarder Nowsher Ali, FCA	Chairman	5,000	0.83
2.	Mr. Alhaj Mojir Ahmed	Vice-Chairman	67,000	11.17
3.	Mr. Alhaj Mohammad Ali	Director	20,000	3.33
4.	Mr. Md. Ruhul Amin FCA	Director	5,000	0.83
5.	Mr. Mohammad Ali Talukder	Director	20,000	3.33
6.	Mr. Alhaj Shahadat Hossain	Director	15,000	2.50
7.	Mr. Shah Mohammad Tofazzal Hossain	Director	5,000	0.83
8.	Mr. Md. Shahjahan Kabir	Director	10,000	1.67
9.	Md. Shakhawat Hossain Mamun	Director	22,000	3.67
10.	Mr. Mohammad Mohoshin Kauser	Director	36,000	6.00
11.	Mr. Maroof Sattar Ali	Director	112,000	18.67
12.	Mr. Md. Shafayet Hossain Masum	Director	12,000	2.00
13.	Mr. Md. Shahadat Hossain Ali	Director	12,000	2.00
14.	Mr. Abdur Rahman Ansary	Director	80,000	13.33
15.	Mr. Md. Ali Ashgar	Shareholder	25,000	4.17
16.	Ms. Sabrina Yasmin (Mouri)	Shareholder	50,000	8.33
17.	Mr. Md. Mamun	Shareholder	5,000	0.83
18.	Mr. Md. Salahuddin Shohag	Shareholder	12,000	2.00
19.	Mr. Md. Saiful Islam Azad	Shareholder	10,000	1.67
20.	Mr. Md. Murtaza Ali Nayan	Shareholder	10,000	1.67
21.	Mr. Md. Sayeduzzaman	Shareholder	10,000	1.67
22.	Mr. Md. Moshir Rahman	Shareholder	17,000	2.83
23.	Mrs. Ayesha Akter	Shareholder	10,000	1.67
24.	Mr. Ikram Hossain	Shareholder	10,000	1.67
25.	Mr. Alhaj Mofizur Rahman	Shareholder	10,000	1.67
26.	Mrs. Hosne Ara Begum	Shareholder	10,000	1.67
Total			600,000	100.00

* No officers except Md. Shakhawat Hossain Mamun, Addl. Managing Director of the company hold any share.

Beneficial Owners Holding Shares 5% or Above

Name of Shareholders	Status	No. of Shares Subscribed	Amount of Shares Owned in Taka	Percentage
Mr. Alhaj Mojir Ahmed	Vice-Chairman	67,000	6,700,000	11.17
Mr. Mohammad Mohoshin Kauser	Director	36,000	3,600,000	6.00
Mr. Maroof Sattar Ali	Director	112,000	11,200,000	18.67
Mr. Abdur Rahman Ansary	Director	80,000	8,000,000	13.33
Ms. Sabrina Yasmin (Mouri)	Shareholder	50,000	5,000,000	8.33

Determination of Offering Price

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

Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost(NIB)	90,00,000
Investment in Shares	3,07,000
Outstanding Premium	30,14,752
Interest Accrued but not due	46,77,510
Amount due from other persons or bodies carrying on Insurance Business	4,10,75,653
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,30,07,532
Cash and Bank Balances	12,04,64,362
Other Accounts (Fixed Assets & Stock of Stationery)	4,10,46,149
Total	23,25,92,958
B. LIABILITIES:	
Balance of Funds and Accounts	5,25,34,308
Estimated Liabilities in respect of outstanding claims whether due or intimated	3,73,94,859
Amount due to other persons or bodies carrying on Insurance Business	5,37,367
Sundry Creditors (Including provision for expenses and Taxes)	3,38,00,117
Other Sums Owing (Premium Deposit Account)	25,50,500
Total	12,68,17,150
Net Assets (A-B)	10,57,75,807
No. of Shares	6,00,000
Intrinsic Value / Net Assets Value per Share	176.29

We have examined the above calculation of Net Assets Value (NAV) of the Company which appears to be correct.

Place: Dhaka, Bangladesh
Dated: 9 th April, 2009

Sd/-
Chartered Accountants
G.KIBRIA & CO.

Sd/-
Chartered Accountants
A. HOQUE & CO.

Net asset Value per share of Tk. 100 each is Tk. 176.29 that is higher than the face value, but the company is offering its issue price at Tk. 100 each share at par.

Market For The Securities Being Offered

The issuer shall apply to all the stock exchanges in Bangladesh within 7 (seven) working days from the date of consent accorded by the Commission to issue prospectus.

Dhaka Stock Exchange Limited (DSE)

9/F, Motijheel C/A, Dhaka-1000

And

Chittagong Stock Exchange Limited (CSE)

CSE Building, 1080, Sk. Mujib Road,
Agrabad C/A, Chittagong

“Declaration about Listing of Shares with the stock exchange (s):

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

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

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

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

Description of Securities Outstanding Or Being Offered

Dividend, Voting, Pre-emption Right

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

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

Conversion & Liquidation Right

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Dividend Policy

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net Profit of the Company shall be conclusive.
- c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- e) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- f) There is no limitation on the payment of dividend.

OTHER RIGHTS OF STOCK HOLDERS

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

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

Debt Securities

Provati Insurance Company Limited has not issued any Debt Securities and has no plan to issue within next six months.

Financial Structure

	Particulars	Amount in BDT
1	Authorized Capital 2,000,000 ordinary shares of Tk. 100.00 each	<u>Tk. 200,000,000</u>
2	Issued & Fully Paid up Capital 600,000 ordinary shares of Tk. 100.00 each have been subscribed and paid in full	Tk. 60,000,000
3	IPO (Initial Public Offering) Issue of 900,000 ordinary shares of Tk. 100.00 each	Tk. 90,000,000
Capital Structure after IPO		Tk. 150,000,000

IPO funds will be utilized for purposes mentioned in the section "Use of Proceeds"

Lock-In on Sponsors' Capital

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

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

SL. No.	Name	Position	Shareholdings	Percentage
1.	Mr. Joarder Nowsher Ali, FCA	Chairman	5,000	0.83
2.	Mr. Alhaj Mojir Ahmed	Vice-Chairman	67,000	11.17
3.	Mr. Alhaj Mohammad Ali	Director	20,000	3.33
4.	Mr. Md. Ruhul Amin FCA	Director	5,000	0.83
5.	Mr. Mohammad Ali Talukder	Director	20,000	3.33
6.	Mr. Alhaj Shahadat Hossain	Director	15,000	2.50
7.	Mr. Shah Mohammad Tofazzal Hossain	Director	5,000	0.83
8.	Mr. Md. Shahjahan Kabir	Director	10,000	1.67
9.	Md. Shakhawat Hossain Mamun	Director	22,000	3.67
10.	Mr. Mohammad Mohoshin Kauser	Director	36,000	6.00
11.	Mr. Maroof Sattar Ali	Director	112,000	18.67
12.	Mr. Md. Shafayet Hossain Masum	Director	12,000	2.00
13.	Mr. Md. Shahadat Hossain Ali	Director	12,000	2.00
14.	Mr. Abdur Rahman Ansary	Director	80,000	13.33
15.	Mr. Md. Ali Ashgar	Shareholder	25,000	4.17

16.	Ms. Sabrina Yasmin (Mouri)	Shareholder	50,000	8.33
17.	Md. Mamun	Shareholder	5,000	0.83
18.	Mr. Md. Salahuddin Shohag	Shareholder	12,000	2.00
19.	Mr. Md. Saiful Islam Azad	Shareholder	10,000	1.67
20.	Mr. Md. Murtaza Ali Nayan	Shareholder	10,000	1.67
21.	Mr. Md. Sayeduzzaman	Shareholder	10,000	1.67
22.	Mr. Md. Moshiur Rahman	Shareholder	17,000	2.83
23.	Mrs. Ayesha Akter	Shareholder	10,000	1.67
24.	Mr. Ikram Hossain	Shareholder	10,000	1.67
25.	Mr. Alhaj Mofizur Rahman	Shareholder	10,000	1.67
26.	Mrs. Hosne Ara Begum	Shareholder	10,000	1.67
Total			600,000	100%

As per condition of the 2CC of the consent letter above shares will be locked-in from 03/09/2009 to 02/09/2009

Availability of Securities

a)	10% of the Issue i.e. 90,000 ordinary Shares @ Taka 100/- each shall be reserved for Non-resident Bangladeshis.	Tk. 9,000,000.00
b)	10% of the Issue i.e. 90,000 ordinary Shares @ Taka 100/- each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 9,000,000.00
c)	The remaining 80% i.e. 720,000 Ordinary Shares @ Taka 100/- each shall be open for subscription by the general public.	Tk. 72,000,000.00
Total		Tk.90,000,000.00

- (1) 10% of total public offering shall be reserved for non-resident Bangladeshi **(NRB)** and 10% for **mutual funds** and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.
- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

01. Application for shares may be made for a minimum lot of 50 (Fifty) ordinary shares to the value of **Tk. 5,000.00** and should be made on the Company's Printed Application forms. Application forms and the Prospectus May be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants May use photocopied/cyclostyled/ handwritten/ typed copies of the forms. Application must not be for less than 50 shares. Any application not meeting the criterion will not be considered for allotment purpose.
02. Joint application form for more than two persons will not be accepted. In the case of a joint application each party must sign the application form.
03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and Limited Companies must be accompanied by Memorandum and Articles of Association.
- 04. An applicant can NOT submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
05. Bangladeshi nationals (including non resident Bangladeshis residing/working abroad) and Foreign nationals shall be entitled to apply for shares.
06. Payment for subscription by investor other than Non-Resident Bangladeshi may be made to the said branches/office of the bank mentioned below in cash /cheque/pay order /Bank Draft. The Cheque or Pay order or Bank Draft shall be made payable to the bank to which it is sent and be marked "**Provati Insurance Company Limited**" and shall bear the crossing "**Accounting Payee only**" and must be drawn on a Bank the same town of the bank to which application form is deposited.
07. All completed Application forms, together with remittance for the full amount payable on Application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
08. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for. The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of Shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the company, Issue Manager, DSE, CSE and the SEC.
09. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's STD Account No. **0320000164** with Jamuna Bank Limited Foreign Exchange Branch, Dhaka-1000 for the purpose.
10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or Euro shall be deposited to three FC Accounts opened by the Company for IPO purpose are as follows:

SL. No.	Name of the FC Accounts	Account No.	Bank & Branch
1.	USD	0018-0027000068	Jamuna Bank Limited, Foreign Ex. Branch
2.	EURO	0018-0027000086	
3.	GBP	0018-0027000077	

The Company shall close these Accounts after refund of over subscription, if any.

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

Refund of Subscription Money

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

Southeast Bank Limited	The City Bank Limited
Dhaka Bank Limited	National Bank Limited
Investment Corporation of Bangladesh	One Bank Limited
Bank Asia Limited	

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

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

Subscription by And Refund to Non-Resident Bangladeshi (NRB):

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

Allotment

The company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 6(six) weeks from the date of closure of subscription.

Underwriters Obligation

As per Securities and Exchange Commission's guideline 50% of the **Public Offer of 9,00,000** ordinary share i.e., 450,000 ordinary shares of TK. 100.00 each at par i.e., for TK. 45,000,000.00 will be underwritten at a rate of 0.50% (underwriting commission) by the Proposed Underwriters for the IPO of **Provati Insurance Company Limited**. No additional commission will be paid on the amount of shares required to be subscribed by the underwriter.

SL. No.	Name of Underwriter	Number of Share	<u>Amount@Tk.100 per share</u>
1.	National Bank Limited	100,000	10,000,000
2.	Bangladesh General Insurance Co. Ltd.	100,000	10,000,000
3.	Fidelity Assets & Securities Co. Ltd.	100,000	10,000,000
4.	Uttara Finance and Investment Ltd.	50,000	5,000,000
5.	Banco Trans World (BD) Ltd.	50,000	5,000,000
6.	Mercantile Securities Limited	50,000	5,000,000
	Total	450,000	45,000,000

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited. In any case within 7 (seven) days after expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission. In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission.

Miscellaneous Information

Issue Manager	AAA Consultants & Financial Advisers Ltd. Amin Court, 4 th Floor (Suit#404) 62-63, Motijheel C/A, Dhaka-1000	
Auditor	M/s G. Kibria & Co. Chartered Accountants 24-25, Dilkusha C/A (5 th Floor) Dhaka, Bangladesh.	M/s A. Hoque & Co. Chartered Accountants 67, Motijheel C/A (5 th Floor) Dhaka, Bangladesh.
Banker	Jamuna Bank Limited	
Company's Compliance Officer	Md. Zahedul Islam (Zahid) General Manager & Company Secretary	
Compliance Officer of Manager to The Issue	Md. Khalid Hossain Assistant Manager AAA Consultants & Financial Advisers Ltd.	

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment /Share Certificates/Refund warrants/Cancelled Stock Investors, etc.

Material Contracts

The following are material contracts in the ordinary course of business, which have been entered into by the Company.

- a) Underwriting Agreement between the Company and the Underwriters.
 - b) Issue Management Agreement between the Company and the Managers to the Issue, AAA Consultants & Financial Advisers Ltd.
 - c) Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).
- Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

BANKERS TO THE ISSUE

<p><u>Southeast Bank Limited</u></p> <ol style="list-style-type: none"> Principal Br, Dhaka Corporate Br., Dhaka Imamgonj Br., Dhaka Dhanmondi Br., Dhaka Uttara Br., Dhaka New Elephant Rd. Br, Dhaka Gulshan Br., Dhaka-1212. Kakrail Br., Dhaka Banani Branch, Banani, Dhaka Bangshal Br, North South Rd, Dhaka New Eskaton Br. Dhaka. Agargaon Br. Dhaka. , Motijheel Br., Motijheel C/A, Dhaka Shymoli Br., Dhaka Aganagar Br., Dhaka Kawran Bazar Br., Dhaka MadhabdiBr. (Rural), Dhaka Ashulia Br.(Rural), Dhaka Narayanganj Br., Narayanganj Joypara Br. (Rural), Dohar, Dhaka Savar Br. Dhaka Mouchak Br., Dhaka Konabari Br.(Rural), Dhaka Bandar Bazar Br. Sylhet Moulivi Bazar Br., Sylhet Hetimganj Br., Sylhet Chouhatta br. Choutatta, Sylhet Laldighirpar Br., Sylhet Shahjahaj Upashahar Br. Sylhet Kulaura Br.(Rural), Sylhet Pathantula Br., Sylhet Agrabad Br., Chittagong Khatungonj Br., Chittagong Jubilee Road Br., Chittagong Halishahar Br, Chittagong Chowmuhani Br, Chittagong CDA Avenue Br., Chittagong Cox's Bazar Br., Cox Bazar. Chagalnaya Br. (Islami Banking), Feni Feni Branch, Feni, Pahartali Br, Chittagong Bashurhat Br.(Rural), Noakhali Momin Road Br., Chittagong Rangpur Br., Rangpur Bogra Br., Bogra Khulna Br., Khulna 	<p><u>National Bank Ltd.</u></p> <ol style="list-style-type: none"> Agrabad BR. Chittagong Anderkillah Br. Chittagong Babubazar Br, Dhaka Banani Branch, Dhaka Bangsai Road Br., Dhaka Barishal Br, Barashal Bogra Br, Bogra Chawk Bazar Br.,Chittagong Comilla Br. Comilla Dhanmondi Br., Dhaka Dilkusha Br. , Dhaka Elephant Road Br. Dhaka Faridpur Br., Faridpur Feni Br., Feni Foreign Exchange Br. Dhaka Gazipur Br., Gazipur Gulshan Br. Dhaka Imamgonj Br, Dhaka Islampur Br., Dhaka Jatrabari Br. Dhaka Jubilee Road BR.Chittagong Kawran Bazar Br., Dhaka Katunganj BR. Chittagong Khulna Br, Khulna Lake Circus Br. Dhaka Malibagh Br. Dhaka Mirpur Br. Dhaka Mohakhali Br. DHAKA Mohammadpur Br. Dhaka Motijheel Br., Dhaka Narayanganj Br. Narayanganj Narsingdi Br, Narsingdi North brook Hall Br. Dhaka Pagla bazaar Br. N'Gonj Pahartoli BR. Chittagong Pragati Sarani Br. Dhaka Rajshahi Br, Rajshahi Rangpur Br, Rangpur Savar Bazar Br. Savar Sheikh Muzib Road BR. Chittagong Sylhet Br. Sylhet Tangail Br, Tangail Uttara Br. Dhaka Z.H .Sikder M. C. Br. Dhaka <p><u>Investment Corporation of Bangladesh (ICB)</u></p> <ol style="list-style-type: none"> Head Office, Dhaka. Chittagong Br. Agrabad C/A, Chittagong Rajshahi Br., Saheb Bazar, Rajshahi Khulna Br., Shilpa Bank Bhaban, Khulna Barishal Br., Hemayat Uddin Road, Barishal. Sylhet Br., Chamber Building, Jail Road,Sylhet Bogra Br.,Baragola, Bogra Local Office, Nayapaltan, VIP Road, Dhaka. 	<p><u>Bank Asia</u></p> <ol style="list-style-type: none"> Principal Office Br., Dhaka MCB Dilkusha Br., Dhaka Corporate Br., Dhaka Scotia Br., Dhaka Gulshan Br., Dhaka MCB Banani Br., Dhaka Uttara Br., Dhaka Mitford Br., Dhaka North South Rd. Br.,Dhaka Dhanmondi Br., Dhaka Bashundhara Br., Dhaka Sylhet Main Br., Sylhet Sylhet Upashahar Br., Sylhet Agrabad Br., Chittagong Khatun gonj Br, Chittagong MCB Sk. Mujib Road Br., Chittagong CDA Avenue Br., Chittagong Station Road Br., Chittagong Rajshahi Br. Rajshahi Khulna Br., Khulna Mohakhali Br., Dhaka Mirpur Br. Dhaka Bogra Br, Bogra Jessore Br. Jessore Anderkilla Br.Chittagong Shantinagar Br. Dhaka <p><u>One Bank Limited</u></p> <ol style="list-style-type: none"> Principal Br., Dhaka Karwanbazar Br, Dhaka Mirpur Br., Dhaka Dhanmondi Br., Dhaka Ganakbari EPZ Br. Savar Prohati Sharoni Br., Dhaka Motijheel Br., Dhaka Gulshan Br., Dhaka Uttara Br., Dhaka Banani Branch, Dhaka Kakrail Br., Dhaka Imamganj Br., Dhaka Elephant Road Br., Dhaka Nababganj Br., Dhaka Joypara Br., Dohar Agrabad Br., Chittagong Cox's Bazar Br Feni Branch, Feni Raipur Br., Laxmipur Jatrabari Br., Dhaka Bangsai Br., Dhaka Narayanganj Br., N'Ganj Khatungonj Br., Chittagong Jubilee Road Br., Chittagong Chandragonj Br.,Laxmipur Dagonbhuiyan Br., Feni Sylhet Br., Sylhet Bogra Br., Boghra Chowmuhuni Br.,Noakhali Sherpur Br., Moulvi Bazar Jessore Branch, Jessore Sirajgonj Br., Sirajgonj Br 	<p><u>The City Bank Limited</u></p> <ol style="list-style-type: none"> Principal, Br. Dhaka B.B. Avenue Br. Dhaka Dhaka Chamber Br Dhaka Dhanmondi Br. Dhaka Foreign Ex. Br. Dhaka Gulshan Br. Dhaka Imamganj Br. Dhaka Islami Banking Br. Dhaka Johnson Road Br. Dhaka Kawran Bazar Br. Dhaka Mirpur Br. Dhaka Mouchak Br. Dhaka New Market Br. Dhaka Shaymoli Br. Dhaka Uttara Br. Dhaka VIP Road Br. Dhaka Islampur Br., Dhaka Barishal Br. Barishal Tongi Br. Gazipur Tanbazar Br. Narayanganj Comilla Br. Comilla Agrabad Br. Chittagong Jubilee Road Br. Chittagong Khatungonj Br.Chittagong O.R. Nizam Road Br. Chittagong Bandar Bazar Br. Sylhet Zinda Bazar Br. Sylhet Bogra Br. Bogra Rajshahi Br. Rajshahi Khulna Br. Khulna <p><u>Dhaka Bank Limited</u></p> <ol style="list-style-type: none"> Local office, Motijheel, Dhaka Bangshal Br., Dhaka Imamgonj Br., Dhaka Islampur Br., Dhaka Uttara Br., Dhaka Foreign Exchange Br., Motijheel, Dhaka Dhanmondi Br., Dhaka Karwanbazar Br., Dhaka Narayanganj Br., N'gong Amin Bazar Br., Savar, Dhaka Islami Banking Br., Dhaka Laldighirpar Br., Sylhet Agrabad Br., Chittagong Jubilee Road Br., Chittagong Khatungong Br., Chittagong Cox's Bazar Br., Cox Bazar.
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INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must NOT be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/Cheque/Bank Draft/Pay Order payable to one of the Bankers to the Issue A/C **"Provati Insurance Company Limited"** and crossed **"A/C Payee only"** and must be drawn on a Bank in the same town as the Bank to which the Application form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. An applicant can submit NOT more than two Applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two Applications, those in excess of two Applications shall NOT be considered for allotment purpose.
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. Refund will be made only through **"ACCOUNT PAYEE"** Cheque(s) with Bank A/C No. and name of Bank Branch as mentioned in the Application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money. The said forfeited Application money will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
15. The Banker's to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription of the IPO.
16. **No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25(twenty five) days after the prospectus has been published.**

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in Block Letters in English and must NOT be abbreviated.
3. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of Shares favoring **"Provati Insurance Company Limited"** and crossed **"ACCOUNT PAYEE ONLY"**.
5. Application shall be sent by the applicant directly to the Company within **19/11/2009**, so as to reach the Company within **28/11/2009**. No Application sent after **19/11/2009** or received by the Company after **28/11/2009** will be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.
7. All the applicants shall first be treated as applied for one minimum lot. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.
8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint Application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or Company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money.
12. The intending NRB applicants shall deposit share money by US \$/UK Pound Sterling/Euro draft drawn on and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account or in taka, supported by foreign currency encashment certificate issued by the concerned Bank, so that the Issuer's collecting Bank can clear that proceeds and deposit the same into Issuer's Bank account in time.
13. Spot buying rate (TT Clean) in US Dollars, Euro and UK Pound Sterling of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
14. The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.
15. In case of joint NRB application joint applicant shall also submit supporting papers/ documents in support of their being an NRB as mentioned in para-14 above.
16. An applicant can submit NOT more than two Applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two Applications, those in excess of two Applications shall NOT be considered for allotment purpose.
17. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 days after the prospectus has been published.

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

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
"PROVATI INSURANCE COMPANY LIMITED"**

We have jointly examined the annexed Balance Sheet of **PROVATI INSURANCE COMPANY LIMITED** as at 31st December, 2008 and the related Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance Revenue Accounts as well as Profit & Loss Account, Profit and Loss Appropriation Account, Statement of Changes in Equity, the related Cash Flow Statement for the year then ended and notes to the Financial Statements in which the returns from the branch offices certified by the branch managers have been incorporated. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

Scope:

We conducted our audit in accordance with approved auditing standards as adopted by the Institute of Chartered Accountants of Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, subject to the disclosure as per notes to the accounts, the Financial Statements prepared in accordance with approved accounting standards as adopted by the Institute of Chartered Accountants of Bangladesh, give a true and fair view of the state of the company's affairs as of 31st December, 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Insurance Act 1938, Insurance Rules 1958, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) The company's balance sheet and revenue accounts and its cash flows dealt with by the report are in agreement with the books of account and returns;
- iv) The expenditure incurred was for the purposes of the company's business;
- v) The Balance Sheet and the Revenue Account have been prepared in accordance with the regulations contained in Part I and Part II (Form A) of the First Schedule and Part I and Part II (Form F) of the Third Schedule of Insurance Act, 1938. As per regulation 11 of Part I of the Third Schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by its books, the Company during the period under report has not paid any person any commission in any form outside Bangladesh and that the Company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad;
- vi) As per Section 40-C (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of Management wherever incurred whether directly or indirectly, in respect of Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance businesses transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the Company.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

BALANCE SHEET AS AT 31ST DECEMBER, 2008

CAPITAL AND LIABILITIES	NOTE NO.	BALANCE AS AT 31ST DEC., 2008	BALANCE AS AT 31ST DEC., 2007
SHARE CAPITAL:			
AUTHORIZED SHARE CAPITAL: 20,00,000 Ordinary Shares of Tk. 100.00 each	20.00	<u>20,00,00,000</u>	<u>20,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL: 6,00,000 Ordinary Shares of Tk. 100.00 each	21.00	6,00,00,000	6,00,00,000
RESERVE & SURPLUS:	22.00	4,57,75,807	3,36,00,413
Reserve for Exceptional Losses		3,95,98,179	3,30,44,341
Profit & Loss Appropriation Account		61,77,628	5,56,072
BALANCE OF FUNDS AND ACCOUNTS:	23.00	5,25,34,308	5,37,02,680
Fire Insurance Business		2,45,60,114	3,15,67,327
Marine Cargo Insurance Business		1,06,16,628	1,07,18,710
Marine Hull Insurance Business		1,72,675	56,530
Motor Insurance Business		1,27,47,648	1,01,13,492
Miscellaneous Insurance Business		44,37,243	12,46,621
ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED	24.00	3,73,94,859	3,51,65,009
AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	25.00	5,37,367	18,93,380
SUNDRY CREDITORS (Including Provision for Expenses)	26.00	3,38,00,117	4,15,02,416
OTHER SUMS OWING (Premium Deposits Account)	27.00	25,50,500	37,29,201
TOTAL CAPITAL AND LIABILITIES		23,25,92,958	22,95,93,099

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000

BALANCE SHEET AS AT 31ST DECEMBER, 2008

PROPERTY AND ASSETS	NOTES NO.	BALANCE AS AT 31ST DEC., 2008	BALANCE AS AT 31ST DEC., 2007
INVESTMENT -AT COST (Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond)	28.00	90,00,000	90,00,000
INVESTMENT IN SHARES	29.00	3,07,000	0
OUTSTANDING PREMIUM	30.00	30,14,752	95,82,055
INTEREST ACCRUED BUT NOT DUE (On FDR & National Investment Bond)	31.00	46,77,510	61,89,955
AMOUNT DUE FROM OTHER PERSONS OR BODIES			
CARRYING ON INSURANCE BUSINESS	32.00	4,10,75,653	2,06,21,052
SUNDRY DEBTORS (Including Advances, Deposits and Prepayments)	33.00	1,30,07,532	2,82,19,577
CASH AND BANK BALANCES	34.00	12,04,64,362	11,60,26,442
OTHER ACCOUNTS:	35.00	4,10,46,149	3,99,54,018
Fixed Assets (At Cost Less Depreciation)	35.01	3,97,19,324	3,82,28,568
Stock of Printing & Stationery	35.02	13,26,825	17,25,450
TOTAL PROPERTY AND ASSETS		23,25,92,958	22,95,93,099

Accounting Policies

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Sd/-
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DIRECTOR

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DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

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CHARTERED ACCOUNTANTS

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G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
Reserve for Exceptional Losses		65,53,838	51,50,163	Balance brought down		5,56,072	18,37,265
Provision for Income Tax		45,99,455	38,60,842	Profit for the year		1,67,74,849	1,37,29,812
Proposed Dividend		0	60,00,000				
Balance Transferred to Balance Sheet		61,77,628	5,56,072				
TOTAL		1,73,30,921	1,55,67,077			1,73,30,921	1,55,67,077
Basic Earning Per Share (value per share Tk.100/- each)	42.00	15.38	12.59				

Accounting Policies

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Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
EXPENSES OF MANAGEMENT (Not Applicable to any particular Fund or Account)	38.00	5,000	9,94,866	Miscellaneous Income	36.00	7,01,698	0
Directors' Fees		1,16,000	1,61,000	Interest, Dividends and Rents	37.00	62,60,685	55,49,511
Meeting Expenses		0	28,815	(Not Applicable to any particular Fund or Accounts)			
Audit Fees		1,77,200	1,55,000				
Legal Expenses		1,01,185	2,55,720				
Statutory Fees for Business License & Annual Registration		8,54,692	1,19,696	Profit / (Loss) Transferred from Revenue Accounts		1,76,61,891	1,71,68,043
Advertisement & Publicity		62,065	1,69,630	Fire Insurance Revenue Account		50,03,887	29,55,743
Subscription & Donation		2,95,000	5,05,000	Marine Insurance Cargo Revenue Account		27,13,929	86,03,778
Depreciation		62,38,283	65,98,015	Marine Insurance Hull Revenue Account		(1,94,079)	72,342
Profit/(Loss) transferred to Profit & Loss Appropriation Account		1,67,74,849	1,37,29,812	Motor Insurance Revenue Account		1,03,34,653	88,21,239
TOTAL		2,46,24,274	2,27,17,554	Miscellaneous Insurance Revenue Account		(1,96,499)	(32,85,059)
						2,46,24,274	2,27,17,554

Accounting Policies

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The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTES NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		1,46,06,090	3,78,29,646	Balance of Account at the beginning of the year		3,15,67,327	1,84,80,150
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		3,38,20,355	85,52,469	Premium Less Re-Insurance		6,14,00,286	7,89,18,317
		4,84,26,445	4,63,82,115	Commission on re-insurance ceded		1,13,28,315	1,30,29,289
Less: Outstanding claims at the end of the previous year		85,52,469	1,68,74,972				
Agency Commission		3,98,73,976	2,95,07,143				
Expenses of Management	39.00	1,49,09,499	2,48,24,142				
Reserve for un-expired risks being 40% of Premium Income of the year		1,99,48,452	2,15,73,401				
Profit / (Loss) Transferred to Profit & Loss A/c		2,45,60,114	3,15,67,327				
		50,03,887	29,55,743				
TOTAL		10,42,95,928	11,04,27,756			10,42,95,928	11,04,27,756

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

MARINE CARGO INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:				Balance of Account at the beginning of the year		1,07,18,710	2,13,52,223
Paid during the year		3,66,74,662	89,91,878	Premium Less Re-Insurance		2,65,41,570	2,67,96,774
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		11,66,712	2,15,04,077	Commission on re-insurance ceded		32,77,709	27,48,478
		3,78,41,374	3,04,95,955				
Less: Outstanding claims at the end of the previous year		2,15,04,077	1,05,24,814				
		1,63,37,297	1,99,71,141				
Agency Commission		39,00,059	55,27,509				
Expenses of Management	39.00	69,70,076	60,76,337				
Reserve for un-expired risks being 40% of premium income of the year		1,06,16,628	1,07,18,710				
Profit/(Loss) transferred to Profit & Loss A/C		27,13,929	86,03,778				
TOTAL		4,05,37,989	5,08,97,475			4,05,37,989	5,08,97,475

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

MARINE HULL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
CLAIMS UNDER THE POLICIES							
LESS RE-INSURANCE:							
Paid during the year		2,15,341	32,483	Balance of Account at the beginning of the year		56,530	1,33,860
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		0.00	0.00	Premium Less Re-Insurance		1,72,675	56,530
Less: Outstanding claims at the end of the previous year		2,15,341 0.00	32,483 0.00	Commission on re-insurance ceded		13,638	9,521
Agency Commission		2,15,341	32,483				
Expenses of Management		0.00	0.00				
Reserve for un-expired risks being 100% of premium income of the year	39.00	48,906	38,556				
Profit/(Loss) transferred to Profit & Loss Account		1,72,675	56,530				
		(1,94,079)	72,342				
TOTAL		2,42,843	1,99,911			2,42,843	1,99,911

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		96,71,996	56,39,518	Balance of Account at the beginning of the year		1,01,13,492	64,42,874
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		24,07,792	43,94,383	Premium Less Re-Insurance		3,18,69,119	2,52,83,729
		1,20,79,788	1,00,33,901	Commission on re-insurance ceded		13,813	0.00
Less : Outstanding claims at the end of the previous year		43,94,383	72,33,360				
		76,85,405	28,00,541				
Agency Commission		48,02,765	50,56,746				
Expenses of Management	39.00	64,25,953	49,34,585				
Reserve for un-expired risks being 40% of premium income of the year		1,27,47,648	1,01,13,492				
Profit/(Loss) transferred to Profit & Loss A/C		1,03,34,653	88,21,239				
TOTAL		4,19,96,424	3,17,26,603			4,19,96,424	3,17,26,603

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA	PARTICULARS	NOTE NO.	31-12-2008 TAKA	31-12-2007 TAKA
CLAIMS UNDER THE POLICIES							
LESS RE-INSURANCE:							
Paid during the year		2,26,540	1,93,526	Balance of Account at the beginning of the year		12,46,621	10,59,608
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		0	7,14,080	Premium Less Re-Insurance		1,10,93,107	31,16,553
		2,26,540	9,07,606	Commission on Re-insurance ceded		13,41,002	12,03,833
Less: Outstanding claims at the end of the previous year		7,14,080	6,21,273				
		(4,87,540)	2,86,333				
Agency Commission	39.00	42,46,217	30,83,638				
Expenses of Management		56,81,309	40,48,461				
Reserve for un-expired risks being 40% of Miscellaneous and Accident Premium							
Income of the year		44,37,243	12,46,621				
Profit/(Loss) transferred to Profit & Loss A/C		(1,96,499)	(32,85,059)				
TOTAL		1,36,80,730	53,79,994			1,36,80,730	53,79,994

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2008

Particulars	Share Capital	Reserve for Exceptional Losses	Retained Earnings	Total Shareholders Equity
At the beginning of the year	6,00,00,000	3,30,44,341	5,56,072	9,36,00,413
Net Profit for the year	0	0	1,67,74,849	1,67,74,849
Provision for Income Tax	0	0	(45,99,455)	(45,99,455)
Transferred to Reserve for exceptional losses	0	65,53,838	(65,53,838)	0
At the end of the year	6,00,00,000	3,95,98,179	61,77,628	10,57,75,807

Accounting Policies

6

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

Sd/-
MANAGING DIRECTOR

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DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. HOQUE & CO.
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G. KIBRIA & CO.
 CHARTERED ACCOUNTANTS

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	31ST DECEMBER, 2008	31ST DECEMBER, 2007
Cash Flows from Operating Activities:		
Cash Receipts from Insurers and Others	15,68,50,809	16,34,15,125
Cash Paid for Claims and Management Expenses	12,74,76,815	(13,68,89,049)
Cash Generated from Operations	2,93,73,994	2,65,26,076
Interest Paid	21,91,724	(27,47,215)
Income Tax Paid & Deducted at Source	32,86,434	(6,72,785)
	54,78,158	(34,20,000)
Net Cash Generated from Operating Activities	2,38,95,836	2,31,06,076
Cash Flows from Investing Activities		
Investment in Bonds / Shares	(3,07,000)	0
Acquisition of Property, Plant & Equipments etc.	(89,70,441)	(1,07,72,814)
Disposal of Property, Plant and Equipments etc.	12,41,402	0.00
Net Cash used in Investing Activities	(80,36,039)	(1,07,72,814)
Cash Flows from Financing Activities		
Proceeds from Issuing of Shares	0	0
Proceeds from Short Term Borrowing	0	0
Dividend Paid	(60,00,000)	0
Re-payment of Short Term Loan	(54,21,877)	(7,67,728)
Re-payment of Long Term Loan	0	0
Net Cash Generated/ (Used) in Financing Activities	(1,14,21,877)	(7,67,728)
Net Increase in Cash and Bank Balances	44,37,920	1,15,65,534
Cash and Bank Balances at the Beginning of the Year	11,60,26,442	10,44,60,908
Cash and Bank Balances at the End of the Year	12,04,64,362	11,60,26,442

Accounting Policies

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The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 09-04-2009 and signed for and on behalf of the Board.

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MANAGING DIRECTOR

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DIRECTOR

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DIRECTOR

Sd/-
CHAIRMAN

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

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A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

**PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR
107, MOTIJHEEL COM. AREA, DHAKA-1000**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

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

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

The Company was incorporated in Bangladesh as a Public Company Limited by Shares on the 31st day of January, 1996 under the Companies Act, 1994 and permission for its commencement of business was given on 25th day of March, 1996 and the registration from the Controller of Insurance on 31st day of March, 1996 was received to start general insurance business.

Address of Registered Office

The registered office of the Company is located at Khan Mansion, 11th Floor, 107, Motijheel Commercial Area, Dhaka-1000.

Principal Activities

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

Number of Employees

There were 699 employees at the year ended 31st December, 2008.

Sl. No.	Particulars	No. of Employees
(i)	Managing Director	1
(ii)	Adviser	1
(iii)	Additional Managing Director	2
(iv)	Deputy Managing Director	7
(v)	Assistant Managing Director	5
(vi)	General Manager Cum Company Secretary	1
(vii)	General Manager	25
(viii)	Senior Deputy General Manager	2
(ix)	Deputy General Manager	20
(x)	Assistant General Manager	64
(xi)	Officers	430
(xii)	Other Employees	141
Total		699

2.00 Basis of Presenting Financial Statements

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

Going Concern

Accrual

Historical Cost Convention

Generally accepted accounting principles and practices in Bangladesh

The Companies Act, 1994

Insurance Act, 1938

Insurance Rule, 1958

The Securities and Exchange Rules, 1987

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

3.00 **Compliance of International Financial Reporting Standards (IFRSs)**

The Financial Statements have been prepared in accordance with the *International Financial Reporting Standards (IFRSs)*, including *International Accounting Standards (IASs)*.

4.00 **Risk and Uncertainty for use of Estimates and Judgments**

The preparation of financial statements in conformity with the *International Financial Reporting Standards (IFRSs)* including the *International Accounting Standards (IASs)* require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure during and at the date of financial statements.

Actual results could differ from those estimates. Estimates and underline assumptions are used for accounting of certain items such as long-term contracts, provision for doubtful accounts, depreciation and amortization, taxes, reserves and contingencies.

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

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

IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Cash Flow Statements
IAS 10 Events after the Balance Sheet Date
IAS 12 Income Tax
IAS 16 Property, Plant and Equipment
IAS 17 Lease
IAS 18 Revenue
IAS 24 Related Party
IAS 33 Earnings Per Share
IAS 36 Impairment of Assets

6.00 **Specific Accounting Policies Selected and Applied for Significant Transactions and Events**

The specific accounting policies selected and applied by the Company's Directors for significant transactions and events that have material effect within the framework of IAS 1 "*Preparation and Presentation of Financial Statements*", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS 1 "*Preparation and Presentation of Financial Statements*".

(a) **Revenue Recognition**

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

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

(b) **Revenue Account**

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

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

(c) **Premium and Claim**

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

(d) **Management Expenses**

The management expenses charged to Revenue Account amounting to **Tk. 3,90,74,696** represent approximately 19.66% of Gross Premium of **Tk. 19,87,23,797** (including public sector business). The said management expenses have been apportioned 51.05% to fire, 17.96% to marine (cargo & hull), 16.45% to motor, 14.54% to miscellaneous business as per management decision.

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

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

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

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

Depreciation on Fixed Assets has been charged at a reducing balance method. 12 month's depreciation has been charged on the book value of Fixed Assets at the rates varying from 10% to 20%. Depreciation is charged at the rate shown below:

Furniture & Fixture	10%
Books & Periodicals	10%
Motor Vehicles	20%
Motorcycle	20%
Office Equipment	20%
Decoration	10%
Electric Fan	20%
Telephone Installation	15%
Air Cooler	15%
Carpet	20%
Electric Equipment	20%
Crockeries	20%
By Cycle	20%

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

Investment is stated at its cost of acquisition and interest earned on statutory deposits lying with the Bangladesh Bank in the form National Investment Bond and the interest and profit earned on term deposit have been duly accounted for on accrual basis. The Profit and Loss Account also reflects the income on account of interest on investment only to the extent of amount which has been accrued but not due. No dividend has yet been received against investment in shares of ICB Islami Bank Ltd.

(h) **Disposal of Fixed Assets**

On disposal of Fixed Assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

(i) **Inventories**

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

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

(j) **Sundry Debtors (Including Advance, Deposits and Pre-Payments)**

These are carried at original invoice amounts, which represent net realizable value.

(k) **Cash and Cash Equivalents**

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

(l) **Other Current Assets**

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

(m) **Income Tax**

The Company is not a Publicly Traded Company as per Income Tax Ordinance, 1984. The Company is subject to the assessment under the Income Tax Ordinance, 1984 and accordingly the assessment of the Income Tax has been completed up to the assessment year 2006-2007. Income Tax assessment year 2007-08 & 2008-09 is under consideration of DCT/Tax Authority.

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

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

Provision for Income Tax

Basis of Provision for Income Tax: Net Profit - Reserve for exceptional loss x tax rate.

(n) **Proposed Dividend**

No dividend has been declared during the year under audit but the dividend has been recommended by the Board of Directors in its Meeting held on 09-04-2009 and for which no effect has been given into accounts.

(o) **Leased Assets**

In compliance with the IAS 17: Lease, cost of assets acquired under finance lease alongwith related obligation have been accounted for as assets and liabilities respectively of the company.

(p) **Lease Payment**

Lease payments made under finance leases are apportioned between the operating expenses and the reduction of the outstanding liability.

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

(i) **Defined Contribution Plan**

This represents recognized contributory Provident Fund for all its permanent employees. Assets of provident fund are held in a separate trustee administered the fund as per the relevant rules and is funded by payments from employees and by the Company at pre-determined rates. The Company's contributions to the provident fund are charged off as revenue expenditure in the year to which the contributions relate.

(ii) **Defined Benefits Plan**

This represents unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service in the company. The gratuity is calculated on the basis of last basic pay and is payable at the rate one month basic pay for every completed year of service.

(iii) **Insurance Scheme**

Employees of the company are covered under personal accident insurance scheme.

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

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

(s) **Provisions**

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

(t) **Earnings per Share (EPS)**

The Company calculates earnings per share (EPS) in accordance with IAS 33 earnings per share" which has been shown on the face of profit and loss account. The disclosure has been made in the **Note 42** in respect of numerator (net profit) and denominator (weighted average number of shares) used in the calculation of basic EPS with necessary computation and reconciliation.

Basic Earnings

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

Diluted Earnings per Share

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

(u) **Reserve for Exceptional Losses**

Provision for exceptional losses has been made during the year under audit.

(v) **Share of Public Sector Business**

Company's Share of Public Sector business is accounted for in the year in which the complete statement of accounts from Sadharan Bima Corporation (SBC) is received. During the year the company has included 4 (four) quarters of its share of the Public Sector business as confirmed by the Sadharan Bima Corporation (SBC) in the following manner:

Period	Particulars of Quarter	No.
1 st July, 2007 to 30 th Sep-2007	3 rd Quarter-2007	1 (One)
1 st Oct., 2007 to 31 st December, 2007	4th quarter of 2007	1 (One)
1 st January, 2008 to 31 st March, 2008	1 st quarter of 2008	1 (One)
1 st April, 2008 to 30 th June, 2008	2 nd quarter of 2008	1 (One)
Total		4 (Four)

(w) **Recognized Gains and Losses**

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

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

(x) **Historical Cost Profit and Losses**

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

(y) **Profit and Loss Account**

The results for the year were not materially affected by the following:

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

7.00 **Classified Summary of Assets**

The valuation of all assets as at 31st December, 2008 as shown in the Balance Sheet and in the classified summary of assets in **Form AA** annexed with the report has been reviewed and the said assets have been set-forth in the Balance Sheet at amount not exceeding their realizable or market value in aggregate.

8.00 **Financial Instruments and Derivatives**

Primary Financial Instruments (Financial Assets and Liabilities)

The disclosure of primary financial instruments carried at the balance sheet date alongwith the recognition methods and risks involved are summarized in **Note 44** in accordance with the provisions of **IAS 32** Financial Instruments: "Disclosure and Presentation."

9.00 **Derivative Financial Instruments**

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

10.00 **Impairment**

In accordance with the provisions of IAS 36: Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss account. No such indication of impairment has been observed till to date.

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

Industry Segment Information

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

Geographic Segment Information

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

12.00 **Reporting Currency**

No Foreign Currency Transactions were transacted during the period and thus the conversion of Foreign Currency into Bangladeshi Taka Currency is not required during the year ended 31st December, 2008.

13.00 **Comparative Information and Re-Arrangement thereof**

Comparative information have been disclosed in respect of the year 2008 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the year 2007 have been rearranged whenever considered necessary to ensure comparability with the current year.

14.00 **Transactions with Related Parties**

The company carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The information as required by IAS 24: Related party disclosures has been disclosed in a separate note to the accounts.

15.00 **Events after the Balance Sheet Date**

In compliance with the requirements of IAS 10: Events After the Balance Sheet Date, post balance sheet adjusting events that provide additional information about the company's position at the balance sheet date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

16.00 **Approval of the Financial Statements**

The financial statements were approved by the Board of Directors on 9th April, 2009.

17.00 **Reporting Period**

The Financial Statements of the Company cover a year from 1st January, 2008 to 31st December, 2008 consistently.

18.00 **Cash Flow Statement**

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

19.00 **Components of the Financial Statements**

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

- (i) Balance Sheet as at 31st December, 2008
- (ii) Profit & Loss Appropriation Account for the year ended 31st December, 2008;
- (iii) Profit and Loss Account for the year ended 31st December, 2008;
- (iv) Revenue Accounts (Fire, Marine Cargo, Marine Hull, Motor, Miscellaneous Insurance Revenue Account) for the year ended 31st December, 2008;
- (v) Statement of Changes in Equity for the year ended 31st December, 2008;
- (vi) Cash Flow Statement for the year ended 31st December, 2008;
- (vii) Accounting Policies and Explanatory Notes.

BALANCE SHEET**CAPITAL AND LIABILITIES**

AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
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20.00 SHARE CAPITAL**AUTHORIZED SHARE CAPITAL**

Tk. 20,00,00,000 Tk. 20,00,00,000

20,00,000 Ordinary Shares of Tk. 100/= each.

21.00 ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL

6,00,000 Ordinary Shares of Tk. 100/- each fully paid up in cash

6,00,00,000	6,00,00,000
6,00,00,000	6,00,00,000

Composition of Shareholdings:

Name of Directors / Shareholders and their interest in the Company stated below:

Sl. #	Name of Directors/Shareholders	Status	Class of Share	No. of Shares Subscribed	Percentage
1.	Joarder Nowsher Ali, FCA	Chairman	Ordinary	5,000	0.83%
2.	Alhaj Mojir Ahmed	Vice Chairman	Ordinary	67,000	11.17%
3.	Md. Ruhul Amin, FCA	Director	Ordinary	5,000	0.83%
4.	Mohammad Ali Talukder	Director	Ordinary	20,000	3.33%
5.	Alhaj Mohammad Ali	Director	Ordinary	20,000	3.33%
6.	Alhaj Shahadat Hossain	Director	Ordinary	15,000	2.50%
7.	Mohd. Ali Asghar	Director	Ordinary	25,000	4.17%
8.	Shah Md. Tofazzal Hossain	Director	Ordinary	5,000	0.83%
9.	Md. Shahjahan Kabir	Director	Ordinary	10,000	1.67%
10.	Md. Shakhawat Hossain Mamun	Director	Ordinary	22,000	3.67%
11.	Maroof Sattar Ali	Director	Ordinary	1,12,000	18.67%
12.	Mohammad Mohsin Kauser	Director	Ordinary	36,000	6.00%
13.	Abdur Rahman Ansary	Director	Ordinary	80,000	13.33%
14.	Md. Shafayet Hossain Masum	Director	Ordinary	12,000	2.00%
15.	Md. Shahadat Hossain Ali	Director	Ordinary	12,000	2.00%
16.	Md. Mamun	Shareholder	Ordinary	5,000	0.83%
17.	Ms. Sabrina Yasmin (Mouri)	Shareholder	Ordinary	50,000	8.33%
18.	Md. Salahuddin Shohag	Shareholder	Ordinary	12,000	2.00%
19.	Md. Saiful Islam Azad	Shareholder	Ordinary	10,000	1.67%
20.	Murtaza Ali Nayan	Shareholder	Ordinary	10,000	1.67%
21.	Md. Sayeduzzaman	Shareholder	Ordinary	10,000	1.67%
22.	Md. Moshir Rahman	Shareholder	Ordinary	17,000	2.83%
23.	Ayesha Akter	Shareholder	Ordinary	10,000	1.67%
24.	Ikram Hossain	Shareholder	Ordinary	10,000	1.67%
25.	Hosne Ara Begum	Shareholder	Ordinary	10,000	1.67%
26.	Alhaj Mofizur Rahman	Shareholder	Ordinary	10,000	1.67%
Total				6,00,000	100%

22.00 RESERVE AND SURPLUS

Tk. 4,57,75,807

Tk. 3,36,00,413

This is made up as follows:

22.01 Reserve for Exceptional Losses
22.02 Profit & Loss Appropriation Account

Tk. 3,95,98,179	Tk. 3,30,44,341
61,77,628	5,56,072
Tk. 4,57,75,807	Tk. 3,36,00,413

22.01 RESERVE FOR EXCEPTIONAL LOSSES

Tk. 3,95,98,179

Tk. 3,30,44,341

This represents profit set-aside upto the year under review as expenses to meet exceptional losses. This reserve has been created as per requirement of paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.

The company has made the reserve for exceptional losses amounting to Tk. 65,53,838 during the year under audit @ 5% of the following net premium income earned during the year:

Particulars	Amount (Tk.)
Fire Insurance Business	6,14,00,286
Marine Cargo Insurance Business	2,65,41,570
Marine Hull Insurance Business	1,72,675
Motor Insurance Business	3,18,69,119
Miscellaneous Insurance Business	1,10,93,107
Total	13,10,76,757

22.02 **PROFIT & LOSS APPROPRIATION ACCOUNT** **Tk. 61,77,628** **Tk. 5,56,072**

This is made up as follows:

Opening Balance	5,56,072	18,37,265
Add: Profit for the year	1,67,74,849	1,37,29,812
	1,73,30,921	1,55,67,077
Less: Reserve & Provisions:	1,11,53,293	1,50,11,005
Reserve for Exceptional Losses	65,53,838	51,50,163
Provision for Income Tax	45,99,455	38,60,842
Proposed dividend	0	60,00,000
	61,77,628	5,56,072

23.00 **BALANCE OF FUNDS AND ACCOUNTS** **Tk. 5,25,34,308** **Tk. 5,37,02,680**

This represents Reserve for un-expired risks provided from Net Premium Income including Public Sector Business of the year at the rate of 40% on different classes of business except Marine Hull Insurance for which 100% as shown below:

CLASSES OF BUSINESS	PERCENTAGE	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Fire	40%	2,45,60,114	3,15,67,327
Marine Cargo	40%	1,06,16,628	1,07,18,710
Marine Hull	100%	1,72,675	56,530
Motor	40%	1,27,47,648	1,01,13,492
Miscellaneous	40%	44,37,243	12,46,621
TOTAL		5,25,34,308	5,37,02,680

24.00 **ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED** **Tk. 3,73,94,859** **Tk. 3,51,65,009**

The break up of the above amount is noted below:

CLASSES OF BUSINESS	PRIVATE SECTOR	PUBLIC SECTOR	TOTAL 31-12-2008	TOTAL 31-12-2007
Fire	3,38,20,355	0	3,38,20,355	85,52,469
Marine Cargo	11,66,712	0	11,66,712	2,15,04,077
Marine Hull	0.00	0	0.00	0
Motor	24,07,792	0	24,07,792	43,94,383
Miscellaneous	0	0	0	7,14,080
TOTAL	3,73,94,859	0	3,73,94,859	3,51,65,009

25.00 **AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** **Tk. 5,37,367** **Tk. 18,93,380**

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

NAME OF THE PERSON OR BODIES	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Agrani Insurance Co. Ltd.	30,780	20,520
Bangladesh Co-operative Insurance Co. Ltd.	0	1,42,137
Central Insurance Company Ltd.	0	20,134
Desh General Insurance Company Ltd.	72,122	71,990
Express Insurance Co. Ltd.	57,178	6,26,992
Mercantile Insurance Co. Ltd.	1,39,096	51,494
Meghna Insurance Company Ltd.	0	3,76,301
Northern General Insurance Co. Ltd.	0	1,15,714
Prime Insurance Company Ltd.	0	1,36,878
Pioneer Insurance Co. Ltd.	0	76,090
Rupali Insurance Company Ltd.	1,61,277	1,65,262
Republic Insurance Company Ltd.	70,789	66,804
Reliance Insurance Co. Ltd.	6,125	23,064
Total	5,37,367	18,93,380

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

26.00 **SUNDRY CREDITORS INCLUDING PROVISION FOR EXPENSES AND TAXES** **Tk. 3,38,00,117** **Tk. 4,15,02,416**

The balance is made as under:

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Salary and Allowances	13,52,274	14,36,945
Office Rent, Rates & Taxes	2,96,536	3,27,986
Telephone, Telex & Trunk Call	59,850	63,254
Electricity Charges	91,091	75,876
Penalty for IPO	5,50,000	0
Audit Fees	50,000	50,000
Provident Fund Trust	69,99,775	68,79,155
Gratuity	23,56,179	26,09,886
Bank Overdraft (SEBL, Principal Br., CD-11100005222)	1,05,60,804	1,62,56,452
Bank Overdraft (Bank Asia Ltd. MCB, Dilkusha, CD-00833007057)	0	19,17,953
Car loan	1,32,475	0
VAT	13,29,224	14,07,442
Tax Deducted at Source	10,80,685	1,35,698
Proposed Dividend	0	60,00,000
Provision for Income Tax	89,41,224	43,41,769
Total	3,38,00,117	4,15,02,416

- (a) The amount of bank overdraft has subsequently been adjusted on 29-01-2009.
- (b) Penalty for Tk. 5,50,000.00 imposed for non-compliance of going IPO in time from 1st July, 2007 to 31st December, 2008 has already been deposited to the Bangladesh Bank on 09-02-2009;
- (c) The amount of provision for VAT has been subsequently deposited on 19-01-2009;

27.00 **OTHER SUMS OWING (PREMIUM DEPOSITS ACCOUNT) Tk. 25,50,500 Tk. 37,29,201**

Balance on this account represents net premium received against cover notes for which no policy has been issued within 31st December, 2008.

PROPERTY AND ASSETS

28.00 **INVESTMENTS -AT COST Tk. 90,00,000 Tk. 90,00,000**

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

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
9 Nos. 3 (Three) years National Investment Bonds at Face Value of Tk. 10,00,000 each vide bearing no. OK- 3098 - 3105 & PK-000110 Date: 21-07-2008	90,00,000	90,00,000

29.00 **INVESTMENT IN SHARES Tk. 3,07,000 Tk. 0**

The market price of investment in shares as per requirement para 19 of BAS-25 have been shown as under:

Name of the Company	31-12-2008				Market Value as on 31-12-2008
	Face Value per Share	No. of Shares	Acquisition Cost	Market Rate	
ICB Islami Bank Ltd.	100	307	3,07,000	1,219.25	3,74,310.00

The acquisition cost has been taken into consideration in valuation of Investment in Shares.

30.00 **OUTSTANDING PREMIUM Tk. 30,14,752 Tk. 95,82,055**

It represents the outstanding premium for which policies / cover note were issued but the collections remained outstanding till to 31st December, 2008. The amount of outstanding has been subsequently received.

31.00 **INTEREST ACCRUED BUT NOT DUE (On FDR & National Investment Bond) Tk. 46,77,510 Tk. 61,89,955**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2008	AMOUNT (TK.) 2007
Interest on FDR	42,31,260	42,13,705
Interest on 3 (Three) years National Investment Bonds	4,46,250	19,76,250
Total	46,77,510	61,89,955

32.00 **AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS Tk. 4,10,75,653 Tk. 2,06,21,052**

The above amount represents the total receivable from various persons or bodies carrying on insurance business as co-insurance and re-insurance as on 31st December, 2008. The details of which are given below:

NAME OF PERSONS OR BODIES	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Bangladesh General Insurance Co. Ltd.	96,937	39,322
Bangladesh National Insurance Co. Ltd.	2,62,801	84,735
City General Insurance Company Ltd.	1,14,422	1,14,422
Crystal Insurance Co. Ltd.	71,612	15,309
Continental Insurance Co. Ltd.	1,06,702	1,06,702
Eastland Insurance Co. Ltd.	29,153	29,153
Federal Insurance Co. Ltd.	2,40,997	2,40,997
Green Delta Insurance Co. Ltd.	1,49,057	2,87,639

NAME OF PERSONS OR BODIES	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Islami Insurance Co. Ltd.	1,27,062	63,895
Islami Commercial Insurance Co. Ltd.	2,18,648	1,90,414
Janata Insurance Co. Ltd.	0	12,455
Karnaphuli Insurance Co. Ltd.	1,05,480	1,05,480
Dhaka Insurance Co. Ltd.	39,270	39,270
Purubi General Insurance Co. Ltd.	35,433	35,433
Meghna Insurance Ltd	68,760	0
People's Insurance Co. Ltd.	8,423	8,424
Pragati Insurance Co. Ltd.	7,58,412	3,31,315
Phoenix Insurance Co. Ltd.	2,45,863	1,38,968
Standard Insurance Company Ltd.	2,507	23,915
United Insurance Co. Ltd.	12,091	1,77,333
Takaful Islami Insurance Company Limited	2,36,037	99,458
Sadharan Bima Corporation	3,81,45,986	1,84,76,413
Total	4,10,75,653	2,06,21,052

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

33.00 **SUNDRY DEBTORS (INCLUDING ADVANCES, DEPOSITS & PREPAYMENTS)** **Tk. 1,30,07,532** **Tk. 2,82,19,577**

The break up of the above is as under:

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Advance against Salary & Allowances	8,46,214	25,22,365
Advance against Office Rent	40,07,269	82,96,356
Advance against Traveling	2,11,824	1,96,946
Advance Income Tax and deducted at sources	68,64,590	1,45,61,612
Security Deposits	79,000	79,000
Advance against Purchase	9,98,635	25,63,298
Total	1,30,07,532	2,82,19,577

- (a) The advance income tax deducted at source is called for adjustment against the assessment of assessed tax of the Company;
- (b) No amount was due by directors, managers and other officer of the Company and any of them severally or jointly with any other person except as stated above;
- (c) No amount was due by the related party.

34.00 **CASH AND BANK BALANCES** **Tk. 12,07,71,362** **Tk. 11,60,26,442**

The above amount is made up as follows:

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Fixed Deposit Receipts	8,77,79,000	7,74,94,876
Short Term Deposit Account	2,36,56,282	2,77,11,350
Current Accounts	6,39,495	4,01,343
Cash in Hand	79,56,120	94,22,586
Stamps in Hand	2,22,465	65,460
Cash in Transit	2,11,000	9,30,827
Total	12,04,64,362	11,60,26,442

(i) Fixed Deposit Receipts:

The detailed bank wise position of Fixed Deposit Receipt is as under:

Name of Bank	Premium FDR-2008	Capital FDR-2008	Total (Tk.) 31-12-2008	Total (Tk.) 31-12-2007
AB Bank Ltd.	49,00,000	57,00,000	1,06,00,000	69,00,000
Al-Arafah Islami Bank Ltd.	19,00,000	20,00,000	39,00,000	32,00,000
Bank Asia Ltd.	53,00,000	4,00,000	57,00,000	4,00,000
BASIC Bank Ltd.	2,00,000	10,00,000	12,00,000	12,00,000
Bangladesh Shilpa Bank	0	0	0	20,00,000
Bangladesh Com. Bank Ltd.	5,60,000	12,00,000	17,60,000	15,00,000
Bangladesh Krishi Bank	1,00,000	0	1,00,000	1,00,000
The City Bank Ltd.	0	5,00,000	5,00,000	5,00,000
Dutch Bangla Bank Ltd.	6,00,000	10,00,000	16,00,000	16,00,000
Dhaka Bank Ltd.	5,50,000	9,00,000	14,50,000	20,50,000
Agrani Bank Ltd.	1,00,000	2,50,000	3,50,000	3,50,000
Exim Bank Ltd.	18,00,000	23,00,000	41,00,000	49,00,000
First Security Bank Ltd.	0	2,00,000	2,00,000	2,00,000
Islami Bank (BD) Ltd.	18,50,000	29,50,000	48,00,000	43,00,000
IFIC Bank Ltd.	7,00,000	25,00,000	32,00,000	29,00,000
Jamuna Bank Ltd.	9,00,000	27,00,000	36,00,000	32,00,000
Janata Bank Ltd.	3,00,000	8,00,000	11,00,000	11,00,000
Mutual Trust Bank Ltd.	5,00,000	17,00,000	22,00,000	17,00,000
Mercantile Bank Ltd.	2,00,000	18,00,000	20,00,000	27,68,876
NCC Bank Ltd.	12,50,000	11,00,000	23,50,000	22,50,000
National Bank Ltd.	15,00,000	54,00,000	69,00,000	54,00,000
ICB Islami Bank Ltd.	15,43,000	12,00,000	27,43,000	30,50,000
One Bank Ltd.	1,00,000	8,00,000	9,00,000	9,00,000
Pubali Bank Ltd.	12,00,000	7,00,000	19,00,000	13,00,000
Prime Bank Ltd.	12,00,000	40,00,000	52,00,000	57,00,000
Premier Bank Ltd.	18,20,000	5,00,000	23,20,000	29,70,000
RKUB Ltd.	9,50,000	8,50,000	18,00,000	16,00,000
Southeast Bank Ltd.	6,50,000	28,00,000	34,50,000	49,00,000
Standard Bank Ltd.	1,00,000	2,00,000	3,00,000	3,00,000
Social Investment Bank Ltd.	3,00,000	15,00,000	18,00,000	18,00,000
Shahjalal Bank Ltd.	5,00,000	20,00,000	25,00,000	25,00,000
Sonali Bank Ltd.	20,00,000	5,00,000	25,00,000	5,00,000
The Trust Bank Ltd.	0	2,00,000	2,00,000	2,00,000
United Commercial Bank	17,00,000	6,00,000	23,00,000	10,00,000
Uttara Bank Ltd.	10,56,000	0	10,56,000	10,56,000
Rupali Bank Ltd.	4,50,000	7,50,000	12,00,000	12,00,000
Total	3,67,79,000	5,10,00,000	8,77,79,000	7,74,94,876

(ii) **Short Term Deposit, Current Account and Cash in hand**

The branch wise balance position of Short Term Deposit Accounts, Current Accounts & Cash in Hand are as under:

Name of the Branch	Cash in Hand	Current Account	STD Account
Agrabad	1,95,243	1,308	5,51,319
Arichaghat	43,560	790	19,523
B.B. Avenue	2,01,089	5,214	5,16,689
Bangshal	2,56,817	2,790	7,83,849
Barisal	1,26,838	0	88,097
Bogra	1,00,413	2,333	51,719
Chuadanga	1,30,208	210	2,87,026
Chowmuhan	1,01,748	1,944	1,82,875
Comilla	1,88,306	2,199	2,60,631
Dewanhat	1,47,165	766	2,21,440
Dilkusha	2,16,257	1,238	7,64,220
Dinajpur	79,756	872	1,53,571
Faridpur	69,301	784	1,05,935
Gabta	90,912	5,071	1,14,497
Gaibandha	72,345	545	2,70,157
Head Office Booth	3,69,190	8,153	13,94,043
Hatkola	2,75,285	1,405	5,58,042
Imamgonj	2,94,154	1,132	11,26,687
Jamalpur	73,450	200	1,43,303
Jessore	67,601	1,060	71,290
Jhenaidah	41,649	52,980	2,05,364
Jubilee Road	1,69,290	1,340	3,96,442
Kawran Bazar	2,10,686	1,102	4,05,039
Khatungonj	1,47,867	5,223	8,29,014
Kurigram	1,11,979	2,797	3,93,979
Kushtia	84,828	200	81,898
Laldighi	2,47,573	2,20,210	6,28,710
Local Office	2,12,621	2,175	13,89,053
Madaripur	0	0	1,000
Moghbar	2,60,492	107	4,42,842
Motijheel	2,73,466	41,485	15,57,002
Moulvibazar	85,108	0	1,57,126
Mymensingh	1,64,396	751	1,51,062
Naogaon	1,30,817	787	3,80,360
Narayangonj	2,75,967	76,724	3,18,672
Natore	59,757	660	59,343
Nawabpur	2,49,948	884	11,83,870
Nayabazar	2,84,957	2,020	21,24,416
Nayapaltan	2,06,266	4,988	3,07,323
Pabna	1,18,414	838	1,58,899
Principal	2,30,986	1,265	3,53,242
Rangpur	1,36,237	463	1,19,823
Sylhet	1,21,889	1,488	2,45,235
Sena Kalyan	2,99,907	647	5,41,629
Sadarghat	2,19,386	30	4,20,896
Sayedpur	1,82,535	125	2,51,877
Tangail	21,487	118	1,95,442
Head Office	3,07,974	1,82,074	26,91,811
Total	79,56,120	6,39,495	2,36,56,282

Cash balances have been verified with branch statements and have also been certified by the Head Office management. Current account and STD Account has been in agreement with bank balances and in case of difference it was duly reconciled.

35.00 **OTHER ACCOUNTS**

Tk. 4,10,46,149 Tk. 3,99,54,018

This is made up as follows:

35.01 Fixed Assets (At Cost Less Depreciation. Note 35.01)

35.02 Stock of Printing & Stationery

3,97,19,324	3,82,28,568
13,26,825	17,25,450
<u>4,10,46,149</u>	<u>3,99,54,018</u>

35.01	FIXED ASSETS -AT COST LESS DEPRECIATION	<u>Tk. 3,97,19,324</u>	<u>Tk. 3,82,28,586</u>
	This is arrived at as under:		
	Cost as on 01-01-2008 /2007	8,22,86,766	7,15,13,952
	Add: Addition during the year	89,70,441	1,07,72,814
	Less: Sale Adjustment	(47,47,148)	0
		<u>8,65,10,059</u>	<u>8,22,86,766</u>
	Less: Depreciation:		
	Dep. as on 01-01- 2008/2007	4,40,58,198	3,74,60,183
	Deprecation charged during the year	62,38,283	65,98,015
	Less: Deprecation Adjusted	(35,05,746)	0
		<u>4,67,90,735</u>	<u>4,40,58,198</u>
	Balance as on 31-12-2008/2007	<u>3,97,19,324</u>	<u>3,82,28,568</u>

35.02	STOCK OF PRINTING & STATIONERY	<u>Tk. 13,26,825</u>	<u>Tk. 17,25,450</u>
	This is made up as follows:		
	Balance as on 01-01-2008/2007	17,25,450	7,93,251
	Add: Purchased during the year	16,88,740	25,35,767
		<u>34,14,190</u>	<u>33,29,018</u>
	Less: Consumed during the year	20,87,365	16,03,568
	Balance as on 31-12-2008/2007	<u>13,26,825</u>	<u>17,25,450</u>

36.00	MISCELLANEOUS INCOME	<u>Tk. 7,01,698</u>	<u>Tk. 0</u>
	Sales of the Vehicles	Tk. 19,43,100	Tk. 0
	Cost of Salvage Vehicles	„ 12,41,402	„ 0
	Profit on Sale of Vehicles	<u>Tk. 7,01,698</u>	<u>Tk. 0</u>
	Cost of Vehicle Sales	Tk. 47,47,148	Tk. 0
	Depreciation Charged on the Vehicles	„ 35,05,746	„ 0
	Salvage Value	<u>Tk. 12,41,402</u>	<u>Tk. 0</u>

37.00	INTEREST	<u>Tk. 62,60,685</u>	<u>Tk. 55,49,511</u>
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This is made up as follows:

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Interest on STD Account	4,10,425	3,66,102
Interest on FDR	50,85,260	44,18,409
Interest on National Investment Bond	7,65,000	7,65,000
Total	62,60,685	55,49,511

38.00	EXPENSES OF MANAGEMENT (NOT APPLICABLE TO ANY PARTICULAR FUND OR ACCOUNT)	<u>Tk. 5,000</u>	<u>Tk. 9,94,866</u>
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This is made up as follows:

PARTICULARS	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Lease Rental	0	9,54,032
Medical Expenses	5,000	40,834
Total	5,000	9,94,866

39.00 **ALLOCATION OF MANAGEMENT EXPENSES (APPLICABLE TO FUND)** **Tk. 3,90,74,696** **Tk. 3,66,71,340**

NAME OF BUSINESS	APPORTIONED EXPENSES	DIRECT CHARGE	AMOUNT (TK.) 31-12-2008	AMOUNT (TK.) 31-12-2007
Fire	1,94,14,750	5,33,702	1,99,48,452	2,15,73,401
Marine Cargo	69,70,076	0	69,70,076	60,76,337
Marine Hull	48,906	0	48,906	38,556
Motor	62,05,017	2,20,936	64,25,953	49,34,585
Miscellaneous	56,49,542	31,767	56,81,309	40,48,461
Total	3,82,88,291	7,86,405	3,90,74,696	3,66,71,340

40.00 **GROSS PREMIUM INCOME**

Class wise Private & Govt. Gross Premium Income are as follows:

CLASS OF BUSINESS	DIRECT	GOVT.	AMOUNT (TK.) 2008	AMOUNT (TK.) 2007
Fire	9,77,23,359	16,73,300	9,93,96,659	12,41,20,715
Marine Cargo	3,23,18,360	60,87,320	3,84,05,680	3,64,76,168
Marine Hull	0	5,94,905	5,94,905	3,73,891
Motor	3,13,61,586	6,56,849	3,20,18,435	2,52,83,729
Miscellaneous	1,08,16,921	1,74,91,197	2,83,08,118	1,54,18,188
Total	17,22,20,226	2,65,03,571	19,87,23,797	20,16,72,691

41.00 **CASH AND CASH EQUIVALENT** **Tk. 3,24,62,897** **Tk. 3,84,66,106**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2008	AMOUNT (TK.) 2007
Short Term Deposits Account	2,36,56,282	2,77,11,350
Current Account	6,39,495	4,01,343
Cash in Hand	79,56,120	94,22,586
Cash in Transit	2,11,000	9,30,827
Total	3,24,62,897	3,84,66,106

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

Basic Earnings per Share (EPS)

$$\text{Basic EPS} = \frac{\text{Earnings Attributable to Ordinary Shareholders}}{\text{Weighted Average No. of Shares Outstanding during the year}}$$

Computation of Earnings Attributable to Ordinary Shareholders:

Net Profit before Tax		Tk. 1,67,74,849		Tk. 1,37,29,812
Less: Provision for Income Tax		Tk. 45,99,455		Tk. 38,60,842
Less: Provision for Income Tax@ 45% on Reserve for Exceptional Losses		Tk. 29,49,227		Tk. 23,17,573
		<u>Tk. 75,48,682</u>		<u>Tk. 61,78,415</u>
		<u>Tk. 92,26,167</u>		<u>Tk. 75,51,397</u>

$$\begin{aligned} &= \frac{\text{Tk. 92,26,167}}{6,00,000 \text{ Shares}} \\ &= \text{Tk. 15.38 approx.} \end{aligned} \quad \begin{aligned} &= \frac{\text{Tk. 75,51,397}}{6,00,000 \text{ Shares}} \\ &= \text{Tk. 12.59 approx.} \end{aligned}$$

Computation of weighted average number of Shares Outstanding.

Date	No. of Shares Issued	Period	Days	Weight	Weighted average no.
Opening	6,00,000	01-01-2008-31-12-2008	365	365/365	6,00,000
Total	6,00,000				6,00,000

43.00 INTRINSIC VALUE OR NET ASSETS VALUE

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

Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost	90,00,000
Investment in Shares	3,07,000
Outstanding Premium	30,14,752
Interest Accrued but not due	46,77,510
Amount due from other persons or bodies carrying on Insurance Business	4,10,75,653
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,30,07,532
Cash and Bank Balances	12,04,64,362
Other Accounts (Fixed Assets & Stock of Stationery)	4,10,46,149
Total	23,25,92,958
B. LIABILITIES:	
Balance of Funds and Accounts	5,25,34,308
Estimated Liabilities in respect of outstanding claims whether due or intimated	3,73,94,859
Amount due to other persons or bodies carrying on Insurance Business	5,37,367
Sundry Creditors (Including provision for expenses and Taxes)	3,38,00,117
Other Sums Owing (Premium Deposit Account)	25,50,500
Total	12,68,17,150
Net Assets (A-B)	10,57,75,807
No. of Shares	6,00,000
Intrinsic Value / Net Assets Value per Share	176.29

We have examined the above calculation of Net Assets Value (NAV) of the Company which appears to be correct.

44.0 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE UNDER IAS 32 "FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION".

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

Particulars	Interest Bearing Maturity within one year	Interest Bearing Maturity after one year	Non Interest Bearing	Total
Financial Assets				
National Investment Bonds	0	90,00,000	0	90,00,000
Investment in FDR	0	8,77,79,000	0	8,77,79,000
Accounts Receivable	0	0	1,30,07,532	1,30,07,532
Investment in Shares	3,07,000	0	0	3,07,000
Outstanding Premium	0	0	30,14,752	30,14,752
Cash and Cash Equivalents	2,36,56,282	0	88,06,615	3,24,62,897
Total	2,39,63,282	9,67,79,000	2,48,28,899	14,55,71,181
Financial Liabilities				
Bank Overdraft	1,05,60,804	0	0	1,05,60,804
Car Loan	1,32,475	0	0	1,32,475
Outstanding Claims	0	0	3,73,94,859	3,73,94,859
Creditors	0	0	1,41,65,613	1,41,65,613
Total	1,06,93,279	0	5,15,60,472	6,22,53,751
Net Financial Assets/Liabilities	1,32,70,003	9,67,79,000	(2,67,31,573)	8,33,17,430

43.00 INTRINSIC VALUE OR NET ASSETS VALUE

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

Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost	90,00,000
Investment in Shares	3,07,000
Outstanding Premium	30,14,752
Interest Accrued but not due	46,77,510
Amount due from other persons or bodies carrying on Insurance Business	4,10,75,653
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,30,07,532
Cash and Bank Balances	12,04,64,362
Other Accounts (Fixed Assets & Stock of Stationery)	4,10,46,149
Total	23,25,92,958
B. LIABILITIES:	
Balance of Funds and Accounts	5,25,34,308
Estimated Liabilities in respect of outstanding claims whether due or intimated	3,73,94,859
Amount due to other persons or bodies carrying on Insurance Business	5,37,367
Sundry Creditors (Including provision for expenses and Taxes)	3,38,00,117
Other Sums Owing (Premium Deposit Account)	25,50,500
Total	12,68,17,150
Net Assets (A-B)	10,57,75,807
No. of Shares	6,00,000
Intrinsic Value / Net Assets Value per Share	176.29

We have examined the above calculation of Net Assets Value (NAV) of the Company which appears to be correct.

44.00 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE UNDER IAS 32 "FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION".

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

Particulars	Interest Bearing Maturity within one year	Interest Bearing Maturity after one year	Non Interest Bearing	Total
Financial Assets				
National Investment Bonds	0	90,00,000	0	90,00,000
Investment in FDR	0	8,77,79,000	0	8,77,79,000
Accounts Receivable	0	0	1,30,07,532	1,30,07,532
Investment in Shares	3,07,000	0	0	3,07,000
Outstanding Premium	0	0	30,14,752	30,14,752
Cash and Cash Equivalents	2,36,56,282	0	88,06,615	3,24,62,897
Total	2,39,63,282	9,67,79,000	2,48,28,899	14,55,71,181
Financial Liabilities				
Bank Overdraft	1,05,60,804	0	0	1,05,60,804
Car Loan	1,32,475	0	0	1,32,475
Outstanding Claims	0	0	3,73,94,859	3,73,94,859
Creditors	0	0	1,41,65,613	1,41,65,613
Total	1,06,93,279	0	5,15,60,472	6,22,53,751
Net Financial Assets/Liabilities	1,32,70,003	9,67,79,000	(2,67,31,573)	8,33,17,430

45.00 RELATED PARTY TRANSACTIONS-DISCLOSURE UNDER IAS 24 "RELATED PARTY DISCLOSURE"

During the year under review the Company did not carry out the transactions with the related parties in the normal course of business and on arm's length basis.

46.00 **FINANCE LEASE:**

The Company has purchase 01 (one) no. of Motor Car by taking loan from leasing company and has been maintained and prepared as per BAS-17 (Lease Financing). The lease assets acquired under lease have been capitalized. The details of finance lease of car is shown below:

Particulars	Car No. DM-GA-6755
Total Lease Amount	9,50,000
Lease Deposit	3,00,000
Monthly Installment	18,925
Total No. of Installment	48
No. of Installment paid Up to Dec., 08	41
Amount paid up to Dec., 08	7,75,925
No. of Installment to be paid	7
Balance amount to be paid	1,32,475

47.00 **PAYMENT / PERQUISITES TO DIRECTORS**

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

48.00 **CAPITAL EXPENDITURE COMMITMENT**

There was no commitment for capital expenditure and also not incurred or provided for the year ended 31st December, 2008.

49.00 **CONTINGENT LIABILITIES**

The Company is contingently liable as on 31st December, 2008 on account of Income Tax, the details of which are given below:

CONTINGENT TAX LIABILITY:

Accounting Year	Assessment Year	Assessed Income (Loss)	Tax Demanded on Assessed Income	Tax Paid in Cash and Deducted at Source	Remarks
2000	2001-2002	1,48,28,460	66,89,747	13,10,153	Assessed Income as per Tribunal against which writ has been filed before the Supreme Court (High Court Division) but the case is pending
2001	2002-2003	1,05,98,470	45,40,415	3,25,648	Do
Total		2,54,26,930	1,12,30,162	16,35,801	

50.00 **CREDIT FACILITY NOT AVAILED**

There was no credit facility available to the Company under any contract and also not availed as of 31st December, 2008 other than trade credit available in the ordinary course of business.

51.00 **SUBSEQUENT EVENTS-DISCLOSURES UNDER IAS 10 "EVENTS AFTER THE BALANCE SHEET DATE"**

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

52.00 **COMPLIANCE OF THE SECTION 3C, 27A, 27B, 29 & 40C OF THE INSURANCE ACT, 1938**

(i) **Section 3C of Insurance Act, 1938 and Rule 44 of the "Insurance Rules, 1958"**

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

PREMIUM INCOME

Particulars	Amount (Tk.)
Fire Insurance Business	6,14,00,286
Marine Cargo Insurance Business	2,65,41,570
Marine Hull Insurance Business	1,72,675
Motor Insurance Business	3,18,69,119
Miscellaneous Insurance Business	1,10,93,107
Total	13,10,76,757

(ii) **Section 27A of Insurance Act, 1938**

The Section 27 deals with the provision for assets invested in Bangladesh and accordingly the **Optimum Investment** for the year ended 31st December, 2008 as per section 27A of the Insurance Act is given below:

Particulars	Amount (Tk.)
Liabilities (as per Sub Section-2)	
A) Net Claim Outstanding	3,73,94,859
B) 40% of Net Premium	5,23,61,633
C) 100% of Net Premium	1,72,675
D) Amount due to other Insurance Company	5,37,367
E) Provision for Taxation	89,41,224
F) Sundry Creditors (Excluding Share Capital, General Reserve, Investment Reserve, Reserve for Bad & Doubtful Debts Depreciation Fund)	2,48,58,893
Total Liabilities (A to F)	12,42,66,651
10% of Net Premium Tk. 1,31,07,676	
Optimum Investment as per Section 27A of Insurance Act, 1938 is Tk. 12,42,66,651 which ever is higher (a)	12,42,66,651
Actual Investment as at 31st December, 08 (As per Section 27A(3)):	
National Investment Bonds	90,00,000
Fixed Deposit Receipts (FDR)	8,77,79,000
Investment in shares	3,07,000
Total Actual Investment (b)	9,70,86,000
Short of Investment (a-b)	2,71,80,651

(iii) **Section 27B of the Insurance Act, 1938.**

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

(iv) **Section 29 of the Insurance Act, 1938**

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

(v) **Compliance of Section 40C of Insurance Act, 1938**

The Section 40C deals with the limitation of Expenses of Management of General Insurance business and in the light of the Section 40C and Rule 40 the Insurance Rule, 1958 the comparative figure of Management Expenses is given below:

Class	Level of Premium	Rate	Allowable Expenses	Actual Expenses	Variance	Remarks
Fire, Motor, Misc.:						
First	1,00,00,000	30%	30,00,000	--	--	
Next	1,00,00,000	25%	25,00,000	--	--	
Next	1,00,00,000	24%	24,00,000	--	--	
Next	1,00,00,000	24%	24,00,000	--	--	
Next	1,00,00,000	23%	23,00,000	--	--	
Next	1,00,00,000	22%	22,00,000	--	--	
Next	1,25,00,000	18%	22,50,000	--	--	
Balance	8,72,23,212	16%	1,39,55,714	--	--	
Sub-Total	15,97,23,212		3,10,05,714	3,20,55,714	(10,50,000)	Adverse
Marine:						
First	1,00,00,000	18%	18,00,000	--	--	
Next	1,00,00,000	15%	15,00,000	--	--	
Next	1,00,00,000	15%	15,00,000	--	--	
Balance	90,00,585	13%	11,70,076	--	--	
Sub-Total	3,90,00,585		59,70,076	70,18,982	(10,48,906)	Adverse
Total	19,87,23,797		3,69,75,790	3,90,74,696	(20,98,906)	Adverse

No provision has been made in to accounts for the excess management expenses as per 4th Schedule of Income Tax Ordinance, 1984 because the company has applied for condonation of the contravention under Section 40C of the Insurance Act, 1938

53.00 **COMPLIANCE OF SCHEDULE XI PART II OF THE COMPANIES ACT, 1994.**

The Slab of employee's remuneration is given below:

Particulars	Number of Employees
Below Tk. 36,000 per year	133
Tk. 36,000 and above	566
Total	699

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

Note - 35.01

SCHEDULE OF FIXED ASSETS AS AT 31ST DECEMBER, 2008

PARTICULARS	O R I G I N A L C O S T				RATE OF DEP.	DEPRECIATION				WRITTEN DOWN VALUE AS ON 31-12-2008
	BALANCE AS ON 01-01-2008	ADDITION DURING THE YEAR	ADJUSTMT	TOTAL AS ON 31-12-2007		BALANCE AS ON 01-01-2008	CHARGED DURING THE YEAR	ADJUSTMNT	TOTAL AS ON 31-12-2008	
Furniture & Fixture	95,09,586	4,67,235	0	99,76,821	10%	40,80,091	5,89,673	0	46,69,764	53,07,057
Books & Periodicals	1,39,915	0	0	1,39,915	10%	1,01,073	3,884	0	1,04,957	34,958
Motor Vehicles	2,72,16,412	61,29,855	47,47,148	2,85,99,119	20%	1,53,98,198	26,40,184	35,05,746	1,45,32,637	1,40,66,482
Motor Cycle	42,58,025	7,63,800	0	50,21,825	20%	33,71,455	3,30,074	0	37,01,529	13,20,296
Office Equipment	45,29,406	4,69,644	0	49,99,,050	20%	25,66,575	4,86,495	0	30,53,070	19,45,980
Decoration	2,68,18,716	7,65,605	0	2,75,84,321	10%	1,20,25,733	15,55,859	0	1,35,81,592	1,40,02,729
Electric Fan	3,59,912	0	0	3,59,912	20%	3,08,301	10,322	0	3,18,623	41,289
Telephone Installation	36,80,401	48,240	0	37,28,641	15%	26,75,572	1,57,960	0	28,33,532	8,95,109
Air Cooler	26,77,793	32,500	0	27,10,293	15%	17,09,885	1,50,061	0	18,59,946	8,50,347
Carpet	9,98,838	53,878	0	10,52,716	20%	6,28,971	84,749	0	7,13,720	3,38,996
Electric Equipment	17,56,210	2,23,570	0	19,79,780	20%	9,37,987	2,08,359	0	11,46,346	8,33,434
Crockeries	3,25,697	16,114	0	3,41,811	20%	2,40,925	20,177	0	2,61,102	80,709
By-Cycle	15,855	0	0	15,855	20%	13,432	485	0	13,917	1,938
TOTAL	8,22,86,766	89,70,441	47,47,148	8,65,10,059		4,40,58,198	62,38,283	35,05,746	4,67,90,735	3,97,19,324

PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT 31ST DECEMBER, 2008

CLASS OF ASSETS	BOOK VALUE	REMARKS
Deposit with Bangladesh Bank (NIB)	90,00,000	Realizable Value
Investment in Shares	3,07,000	Do
Cash on Fixed Deposit and STD Account with Bank	11,14,35,282	Do
Cash in Hand and Current Account with Bank	88,06,615	Do
Stamp in Hand	2,22,465	Do
Outstanding Premium	30,14,752	Do
Interest Accrued but not due	46,77,510	Do
Amount due from other persons or bodies Carrying on Insurance business	4,10,75,653	Do
Sundry Debtors Including Advances, Deposits & Prepayments	1,30,07,532	Do
Fixed Assets (At Cost less Depreciation)	3,97,19,324	Written Down Value
Stock of Printing and Stationery	13,26,825	At Cost
Total	23,25,92,958	

Dated: 9th April, 2009
Place: Dhaka, Bangladesh

Sd/
**MANAGING
DIRECTOR**

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

**PROVATI INSURANCE COMPANY LIMITED
KHAN MANSION, 11TH FLOOR
107, MOTIJHEEL COMMERCIAL AREA
DHAKA-1000.**

DIRECTORS' CERTIFICATE

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

01. The value of all assets shown in the Balance Sheet and classified on **Form-"AA"** annexed have been reviewed as at 31st December, 2008 & in our belief, the said assets have been set forth in the Balance Sheet at amount not exceeding their realizable or market value under the several headings enumerated in the annexed form:
02. All expenses of management wherever incurred, whether directly or indirectly in respect of Fire, Marine Cargo, Marine Hull, Motor & Miscellaneous insurance business have been fully debited in the respective Revenue Account as expenses.

Dated: 9th April, 2009
Place: Dhaka, Bangladesh

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Sd/-
CHAIRMAN

To
The Shareholders,
Provati Insurance Company Limited,
Khan Mansion, 11th Floor,
107, Motijheel Commercial Area,
Dhaka-1000.

SUBJECT: AUDITORS' REPORT UNDER PARA 24(1) OF PART II OF SCHEDULE -3 OF THE COMPANIES ACT, 1994

We, as the auditors, having examined the Financial Statements of Provati Insurance Company Limited for the period from the year ended as at 31st December, 2008, 2007, 2006, 2005 and 2004 CERTIFY, pursuant to Section 135(1) and Paragraph 24(1) of Part-II of Schedule -3 of the Companies Act, 1994, THAT:

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

Particulars	31-12-2008 (Tk.)	31-12-2007 (Tk.)	31-12-2006 (Tk.)	31-12-2005 (Tk.)	31-12-2004 (Tk.)
A.					
Premium Less Re-Insurance	13,10,76,756	13,41,71,903	11,84,70,999	12,33,98,774	8,08,06,800
Commission on Re-Insurance ceded	1,59,74,477	1,69,91,121	1,09,37,636	1,17,01,653	81,26,628
	14,70,51,233	15,11,63,024	12,94,08,635	13,51,00,427	8,89,33,428
Add: Interest Income (Interest on Investment & Deposits with Bonds)	62,60,685	55,49,511	50,50,167	61,56,431	54,99,271
Miscellaneous Income	7,01,698	0	0	0	0
Total Income (A)	15,40,13,616	15,67,12,535	13,44,58,802	14,12,56,858	9,44,32,699
B.					
Claims under Policies Less Re-Insurance	6,36,24,478	5,25,97,641	4,89,12,569	5,41,19,571	2,80,76,110
Management Expenses	3,90,74,697	3,66,71,340	4,28,47,295	3,60,28,260	4,52,56,172
Agency Commission	2,78,58,540	3,84,92,035	2,39,17,008	1,09,02,754	0
Other Expenses	78,49,425	89,87,742	82,76,338	1,46,59,403	53,03,408
Total Expenditure (B)	13,84,07,140	13,67,48,758	12,39,53,210	11,57,09,988	7,86,35,690
Operating Results (A-B)	1,56,06,476	1,99,63,777	1,05,05,592	2,55,46,870	1,57,97,009

02. Statement of Assets and Liabilities is as under:

Particulars	31-12-2008	31-12-2007	31-12-2006	31-12-2005	31-12-2004
Investment (As per Sec. 7(1) of Insurance Act, 1938)	90,00,000	90,00,000	90,00,000	90,00,000	90,00,000
Investment in Shares	3,07,000	0	0	0	0
Fixed Assets	3,97,19,324	3,82,28,568	3,40,53,769	3,28,83,205	2,01,64,766
Current Assets	18,35,66,634	18,23,64,531	17,65,69,388	16,93,84,895	16,10,16,651
	23,25,92,958	22,95,93,099	21,96,23,157	21,12,68,100	19,01,81,417
Less: Current Liabilities	12,68,17,151	13,59,92,686	12,98,91,714	13,35,18,635	12,07,43,823
Total Net Assets	10,57,75,807	9,36,00,413	8,97,31,443	7,77,49,465	6,94,37,594
FINANCED BY:					
Share Capital	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Reserve & Surplus	4,57,75,807	3,36,00,413	2,97,31,443	1,77,49,465	94,37,594
Total	10,57,75,807	9,36,00,413	8,97,31,443	7,77,49,465	6,94,37,594

03. The Company has declared the dividend in the year of 2007.

04. The Company has no subsidiaries.

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

06. The Company did not prepare any accounts for any year subsequent to 31st Dec., 2008.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

**PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000**

BALANCE SHEET AS AT 31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

CAPITAL AND LIABILITIES	AMOUNT(TK.) 31-12-08	AMOUNT(TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04
SHARE CAPITAL					
Authorized: 20,00,000 Ordinary Shares of Tk. 100/-	<u>20,00,00,000</u>	<u>20,00,00,000</u>	<u>20,00,00,000</u>	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed and Paid up:					
6,00,000 Ordinary Shares of Tk. 100/-	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
RESERVE & SURPLUS	4,57,75,807	3,36,00,413	2,97,31,443	1,77,49,465	94,37,594
Reserve for Exceptional Losses	3,95,98,179	3,30,44,341	2,78,94,178	1,65,00,000	85,00,000
Profit & Loss Appropriation Accounts	61,77,628	5,56,072	18,37,265	12,49,455	9,37,594
BALANCE OF FUNDS AND ACCOUNTS	5,25,34,308	5,37,02,680	4,74,68,715	4,94,26,028	3,24,46,196
Fire Insurance Business	2,45,60,114	3,15,67,327	1,84,80,150	2,60,04,677	1,66,76,982
Marine Cargo Insurance Business	1,06,16,628	1,07,18,710	2,13,52,223	78,34,675	76,11,481
Marine Hull Insurance Business	1,72,675	56,530	1,33,860	1,10,864	2,05,793
Motor Insurance Business	1,27,47,648	1,01,13,492	64,42,874	1,13,51,176	69,17,092
Miscellaneous Insurance Business	44,37,243	12,46,621	10,59,608	41,24,636	10,37,848
Estimated Liabilities in Respect of Outstanding Claims Whether due or Intimated	3,73,94,859	3,51,65,009	3,52,54,419	3,84,59,430	3,97,85,049
Amount due to other Persons or Bodies Carrying on Insurance Business	5,37,367	18,93,380	15,43,398	13,99,561	19,42,357
Sundry Creditors (Including Provision for Expenses)	3,38,00,117	4,15,02,416	4,11,88,677	4,08,22,461	4,29,89,455
Other Sums Owing (Premium Deposits Account)	25,50,500	37,29,201	44,36,505	34,11,155	35,80,766
TOTAL CAPITAL & LIABILITIES	23,25,92,958	22,95,93,099	21,96,23,157	21,12,68,100	19,01,81,417

As per our separate report of even date annexed

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co
Chartered Accountants

**PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000**

BALANCE SHEET AS AT 31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

PROPERTY AND ASSETS	AMOUNT (TK.) 31-12-08	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04
INVESTMENT -AT COST Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond	90,00,000	90,00,000	90,00,000	90,00,000	90,00,000
INVESTMENT IN SHARES	3,07,000	0	0	0	0
OUTSTANDING PREMIUM	30,14,752	95,82,055	1,99,51,808	2,31,88,413	2,46,39,937
INTEREST ACCRUED BUT NOT DUE (On FDR & National Bond)	46,77,510	61,89,955	49,85,456	35,95,851	1,01,66,051
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	4,10,75,653	2,06,21,052	1,91,91,288	1,84,95,458	1,65,61,375
SUNDRY DEBTORS (Including Advances, Deposits and Pre-payments)	1,30,07,532	2,82,19,577	2,71,86,677	2,68,89,628	2,63,74,254
CASH - At Bank on Fixed Deposits and Short Term	12,04,64,362	11,60,26,442	10,44,60,908	9,67,60,163	8,29,33,848
OTHER ACCOUNTS	41,04,61,149	3,99,54,018	3,48,47,020	3,33,38,587	2,05,05,952
Fixed Assets (At Cost Less Depreciation)	3,97,19,324	3,82,28,568	3,40,53,769	3,28,83,205	2,01,64,766
Stock of Printing and Stationery	13,26,825	17,25,450	7,93,251	4,55,382	3,41,186
TOTAL PROPERTY AND ASSETS	23,25,92,958	22,95,93,099	21,96,23,157	21,12,68,100	19,01,81,417

As per our separate report of even date annexed

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

**PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000**

PROFIT & LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

PARTICULARS	AMOUNT (TK.) 31-12-08	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04
Balance brought down	5,56,072	18,37,265	12,49,465	9,37,594	(1,23,14,584)
Profit for the year	1,67,74,849	1,37,29,812	1,24,62,905	85,67,038	1,42,64,868
Prior year's Adjustment	0	0	0	0	68,64,938
Total	1,73,30,921	1,55,67,077	1,37,12,370	95,04,632	88,15,222
Reserve for Exceptional Losses	65,53,838	51,50,163	1,13,94,178	80,00,000	70,00,000
Provision for Income Tax	45,99,455	38,60,842	4,80,927	2,55,167	8,77,628
Proposed Dividend	0	60,00,000	0	0	0
Balance Transferred to Balance Sheet	61,77,628	5,56,072	18,37,265	12,49,465	9,37,594
Total	1,73,30,921	1,55,67,077	1,37,12,370	95,04,632	88,15,222

As per our separate report of even date annexed

Place:Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

PARTICULARS	AMOUNT (TK.) 31-12- 08	AMOUNT (TK.) 31-12- 07	AMOUNT (TK.) 31-12- 06	AMOUNT (TK.) 31-12- 05	AMOUNT (TK.) 31-12- 04
INTEREST-Interest on Investments & Deposits with Bonds	62,60,685	55,49,511	50,50,167	61,56,431	54,99,271
Miscellaneous Income	7,01,698	0	0	0	0
Profit /(Loss) Transferred from Revenue Accounts	1,76,61,891	1,71,68,043	1,56,89,076	1,70,70,010	1,40,69,005
Fire Revenue Account	50,03,887	29,55,743	1,67,91,689	22,32,839	76,68,716
Marine Cargo Revenue Account	27,13,929	86,03,778	4,88,688	55,76,816	27,70,095
Marine Hull Revenue Account	(1,94,079)	72,342	(84,197)	98,089	(24,874)
Motor Revenue Account	1,03,34,653	88,21,239	38,85,056	60,21,939	57,98,524
Miscellaneous Revenue Account	(1,96,499)	(32,85,059)	(53,92,160)	31,40,327	(21,43,456)
Total	2,46,24,274	2,27,17,554	2,07,39,243	2,32,26,441	1,95,68,276
EXPENSES OF MANAGEMENT	5,000	9,94,866	7,37,100	1,73,175	40,000
(Not Applicable to any particular Fund or Account)					
Directors' Fees	1,16,000	1,61,000	1,24,500	1,33,000	75,000
Meeting Expenses	0	28,815	71,437	1,47,923	0
Audit Fees	1,77,200	1,55,000	1,20,000	1,30,000	65,000
Legal Expenses	1,01,185	2,55,720	3,53,866	2,15,640	5,04,025
Statutory Fees for Business License & Renewal Registration	8,54,692	1,19,696	6,07,280	3,47,453	4,85,082
Advertisement & Publicity	62,065	1,69,630	4,56,316	3,62,421	1,44,444
Subscription and donation	2,95,000	5,05,000	1,10,000	2,88,775	3,13,997
Writ off of Bad Debts	0	0	0	74,36,944	0
Depreciation	62,38,283	65,98,015	56,95,839	54,24,072	36,75,860
Profit / (Loss) Transferred to Profit & Loss Appropriation Account	1,67,74,849	1,37,29,812	1,24,62,905	85,67,038	1,42,64,868
Total	2,46,24,274	2,27,17,554	2,07,39,243	2,32,26,441	1,95,68,276

As per our separate report of even date annexed

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

**PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000**

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

PARTICULARS	AMOUNT (TK.) 31-12-08	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04
Balance of Account at the beginning of the year	5,37,02,680	4,74,68,715	4,94,26,028	3,24,46,196	3,09,14,055
Premium Less Re-Insurance	13,10,76,756	13,41,71,903	11,84,70,999	12,33,98,774	8,08,06,800
Commission on Re-Insurance ceded (Including Profit Commission)	1,59,74,477	1,69,91,121	1,09,37,636	1,17,01,653	81,26,628
Total	20,07,53,913	19,86,31,739	17,88,34,663	16,75,46,623	11,98,47,483
Claims under Policies Less Re-Insurance					
Paid during the year	6,13,94,628	5,26,87,051	5,21,17,580	5,54,45,190	3,28,10,120
Total Estimated Liability in respect of Outstanding claims at the end of the year whether due or intimated	3,73,94,859	3,51,65,009	3,52,54,419	3,84,59,430	3,97,85,049
	9,87,89,487	8,78,52,060	8,73,71,999	9,39,04,620	7,25,95,169
Less: Outstanding Claims at the end of the previous year	3,51,65,009	3,52,54,419	3,84,59,430	3,97,85,049	4,45,19,058
	6,36,24,478	5,25,97,641	4,89,12,569	5,41,19,571	2,80,76,111
Agency Commission	2,78,58,540	3,84,92,035	239,17,008	1,09,02,754	0
Management Expenses	3,90,74,697	3,66,71,340	4,28,47,295	3,60,28,260	4,52,56,172
Reserve for Unexpired Risk being 40% of Premium Income of the period and 3/4 of the previous years	5,25,34,307	5,37,02,680	4,74,68,715	4,94,26,028	3,24,46,195
Profit / (Loss) for the year Transferred to Profit & Loss Account	1,76,61,891	1,71,68,043	1,56,89,076	1,70,70,010	1,40,69,005
Total	20,07,53,913	19,86,31,739	17,88,34,663	16,75,46,623	11,98,47,483

As per our separate report of even date annexed

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

**PROVATI INSURANCE COMPANY LTD.
KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL C/A, DHAKA-1000**

STATEMENT OF CASH FLOW FOR THE AS AT 31ST DECEMBER, 2008, 2007, 2006, 2005, AND 2004.

PARTICULARS	31ST DEC., 2008	31ST DEC., 2007	31ST DEC., 2006	31ST DEC., 2005	31ST DEC., 2004
Cash Flows from Operating Activities:					
Cash Receipts from Insurers and Others	15,68,50,809	16,34,15,125	14,83,69,347	14,68,29,125	9,01,60,766
Cash Paid for Claims and Management Expenses	(12,74,76,815)	(13,68,89,049)	(12,71,58,222)	(11,08,52,817)	(9,16,65,555)
Cash Generated from Operations	2,93,73,994	2,65,26,076	2,12,11,125	3,59,76,308	(15,04,789)
Interest Paid	(21,91,724)	(27,47,215)	(31,64,645)	(26,50,265)	(25,27,010)
Income Tax Paid & Deducted at Source	(32,86,434)	(6,72,785)	(27,94,221)	(22,10,905)	(2,98,664)
	(54,78,158)	(34,20,000)	(59,58,866)	(48,61,170)	(28,25,674)
Net Cash Generated from Operating Activities	2,38,95,836	2,31,06,076	1,52,52,259	3,11,15,138	(43,30,463)
Cash Flows from Investing Activities					
Investment in Bonds / Shares	(3,07,000)	0	0	0	0
Acquisition of Property, Plant & Equipments etc.	(89,70,441)	(1,07,72,814)	(68,66,403)	(1,81,42,511)	(24,90,209)
Disposal of Property, Plant and Equipments etc.	12,41,402	0.00	0	0	0
Net Cash used in Investing Activities	(80,36,039)	(1,07,72,814)	(68,66,403)	(1,81,42,511)	(24,90,209)
Cash Flows from Financing Activities					
Proceeds from Issuing of Shares	0	0	0	0	0
Proceeds from Short Term Borrowing		0	0	8,53,688	79,37,947
Dividend Paid	(60,00,000)	0	0	0	0
Re-payment of Short Term Loan	(54,21,877)	(7,67,728)	(6,85,111)	0	0
Re-payment of Long Term Loan	0	0	0	0	0
Net Cash Generated/ (Used) in Financing Activities	(1,14,21,877)	(7,67,728)	(6,85,111)	8,53,688	79,37,947
Net Increase in Cash and Bank Balances	44,37,920	1,15,65,534	77,00,745	1,38,26,315	11,17,275
Cash and Bank Balances at the Beginning of the Year	11,60,26,442	10,44,60,908	9,67,60,163	8,29,33,848	8,18,16,573
Cash and Bank Balances at the End of the Year	12,04,64,362	11,60,26,442	10,44,60,908	9,67,60,163	8,29,33,848

As per our separate report of even date annexed

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

PROVATI INSURANCE COMPANY LIMITED

**KHAN MANSION, 11TH FLOOR,
107, MOTIJHEEL COM. AREA, DHAKA -1000.**

Annexure No. A.

STATEMENT OF RATIO ANALYSIS FOR THE YEAR ENDED 31ST DECEMBER, 2008, 2007, 2006, 2005 & 2004

PARTICULARS		Y		E		A		R		S	
		DEC., 2008	%	DEC., 2007	%	DEC., 2006	%	DEC., 2005	%	DEC., 2004	%
Liquidity Ratio											
Current Ratio	<u>Current Assets</u>	18,35,66,634		18,23,64,531		17,65,69,388		16,93,84,895		16,10,16,651	
	Current Liability	12,68,17,151	144.75	13,59,92,686	134.10	12,98,91,714	135.94	13,35,18,635	126.86	12,07,43,823	133.35
Quick Ratio	<u>Current Assets- Inventory</u>	18,22,39,809		18,06,39,081		17,57,76,137		16,89,29,513		16,06,75,465	
	Current Liabilities	12,68,17,151	143.70	13,59,92,686	132.83	12,98,91,714	135.33	13,35,18,635	126.52	12,07,43,823	132.91
Operating Ratio											
Accounts Receivable Turn Over Ratio	<u>Gross Premium</u>	19,87,23,796		20,16,72,691		20,59,57,276		16,97,92,837		11,84,94,437	
	Receivable	4,40,90,405	450.72	3,02,03,107	667.72	3,91,43,096	526.17	4,16,83,871	407.33	4,12,01,312	287.60
Assets Turn Over Ratio	<u>Gross Premium</u>	19,87,23,796		20,16,72,691		20,59,57,276		16,97,92,837		11,84,94,437	
	Total Assets	23,25,92,958	85.44	22,95,93,099	87.84	21,96,23,157	93.78	21,12,68,100	80.37	19,01,81,417	62.31
Profitability Ratio											
Gross Margin Ratio	<u>Gross Profit</u>	1,67,74,849		1,37,29,812		1,24,62,905		85,67,038		1,42,64,868	
	Gross Premium	19,87,23,796	8.44	20,16,72,691	6.81	20,59,57,276	6.05	16,97,92,837	5.05	11,84,94,437	12.04
Operating Income Ratio	<u>Operating Profit</u>	1,67,74,849		1,37,29,812		1,24,62,905		85,67,038		1,42,64,868	
	Total Operating Revenue	13,10,76,756	12.80	13,41,71,903	10.23	11,84,70,999	10.52	12,33,98,774	6.94	8,08,06,800	17.65
Net Income Ratio	<u>Profit after Tax</u>	1,21,75,394		98,68,970		1,19,81,978		83,11,871		1,33,87,240	
	Total Operating Revenue	13,10,76,756	9.29	13,41,71,903	7.36	11,84,70,999	10.11	12,33,98,774	6.74	8,08,06,800	16.57
Return on Assets Ratio	<u>Profit after Tax</u>	1,21,75,394		98,68,970		1,19,81,978		83,11,871		1,33,87,240	
	Total Assets	23,25,92,958	5.23	22,95,93,099	4.30	21,96,23,157	5.46	21,12,68,100	3.93	19,01,81,417	7.04
Return on Equity Ratio	<u>Profit after Tax</u>	1,21,75,394		98,68,970		1,19,81,978		83,11,871		1,33,87,240	
	Shareholders Equity	10,57,75,807	11.51	9,36,00,413	10.54	8,97,31,443	13.35	7,77,49,465	10.69	6,94,37,594	19.28
Earning Per Share	<u>Profit after Tax and reserve for exceptional losses</u>	92,26,167		75,51,397		68,54,598		83,11,871		1,02,37,240	
	Nos. of Shares	6,00,000	15.38	6,00,000	12.59	6,00,000	11.42	6,00,000	7.85	6,00,000	17.06

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Rating Report

Provati Insurance Company Limited

Ratings

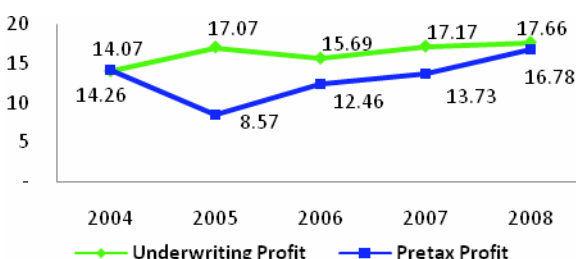
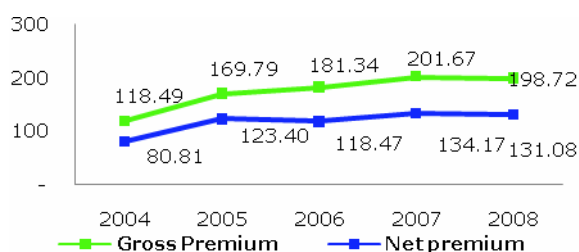
Long Term : **BB₁**
 Short Term : **ST-4**
 Date of Ratings : **18 May 2009**
 Validity : **09 May 2010**

Analyst

Fareba Naz Shaule
 Financial Analyst
 fareba.naz@crab.com.bd

01. RATIONALE

Particulars	2008	2007
Gross Premium	198.72	201.67
Net Premium	131.08	134.17
Underwriting Profit	17.66	17.17
Pretax Profit	16.78	13.73
Paid up Capital	60.00	60.00
Shareholders' Equity	105.78	93.60
Investment	97.09	86.49
Investment Yield	6.82%	6.88%
Combined Ratio	100.83%	97.00%
Return on Average Assets	7.26%	6.11%
Risk Retention Ratios	65.96%	66.53%
Current Ratio (times)	1.45	1.34



Credit Rating Agency of Bangladesh Limited (CRAB) has assigned BB₁ (Double B One) rating in the long term and ST-4 rating in the short term to Provati Insurance Company Limited (hereinafter referred to as "Provati" or "the Company"). The rating analysis was based on the audited financial statements for the year ended 2008 and other relevant information.

Insurance Companies rated 'BB₁' have MARGINAL financial security characteristics. Positive attributes exist, but adverse business conditions may lead the companies to insufficient ability to meet financial commitments. Insurance Companies rated 'ST-4' in the short term are regarded as VULNERABLE and has significant speculative characteristics. The insurance companies currently have the ability to meet their financial commitments on short-term policy obligations; however, they may be facing major ongoing uncertainties which can lead to the insurer's inadequate ability to meet their financial obligations.

The rating takes into account both quantitative and qualitative indicators which include market share, growth potential, corporate governance, underwriting quality, claim paying ability, profitability, capital adequacy, investment performance and liquidity. The solvency status, re-insurance capacity of the Company and adequate reserve base are also key drivers of rating analysis.

In 2008 net premium of Provati was BDT 131.08 million which is 2.31% lower than the previous year. On the other hand, in 2008 net claim has increased 20.96% to BDT 63.62 million. During the last five years Provati had very high loss ratio which was 48.54% in 2008.

Provati's management comprises of experienced people. In 2008 it was able to decrease its management expenses by 11.62% though it was still 5.71% higher than the allowable management expenses.

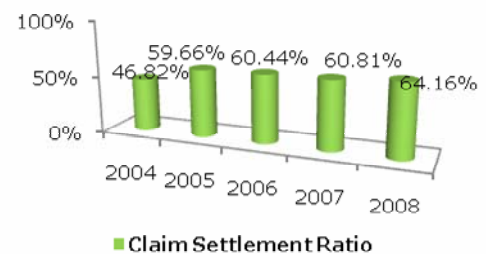
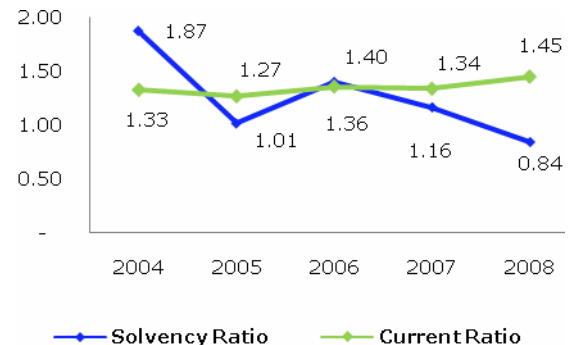
During the last four years of operation its profitability showed an increasing trend. In last five years its total revenue was dominated by the underwriting profit. In 2008 the total revenue was BDT 24.62 million out of which BDT 17.66 million and BDT 6.96 million were from underwriting profit and from investment & other income respectively.

The total investment of Provati increased by 12.24% in 2008 but its yield on investment was very low in last three years which was only 6.82% in 2008. The claim settlement ratio of Provati shows an increasing trend which is 64.16% in 2008.

The Company has paid up capital of BDT 60 million, so it is yet to go for public offering to raise the paid up capital to required level of BDT 150 million.

The solvency margin and liquidity position of Provati was very poor. In 2008 its actual solvency margin was only 0.84 times of its required solvency margin. On the other hand its current ratio in last five years was also very low. In 2008 its current assets are only 1.45 times of its current liability.

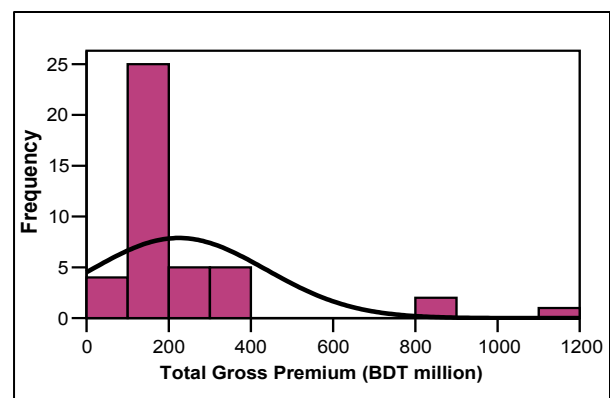
The risk retention ratio was very high in last five years which is 65.96% in 2008. The Company maintained reserve for unexpired risk as per required level and high reserve for exceptional risk which was BDT 39.60 million in 2008.



2.0 GENERAL INSURANCE INDUSTRY REVIEW

Economy of Bangladesh showed reasonable performance in FY08 despite adverse effects of several negative domestic and global developments. GDP growth rate of Bangladesh in FY08 was 6.2% compared to 6.4% in FY07. Country's insurance business is largely co-related with import as well as credit growth as insurance is mandatory for both import business & commercial lending. Total merchandise imports, as measured by settlement of LCs, showed 24.8% growth during July-May of FY08 over the corresponding period of FY07 while private sector credit growth was 19.4% during July-April of FY08.

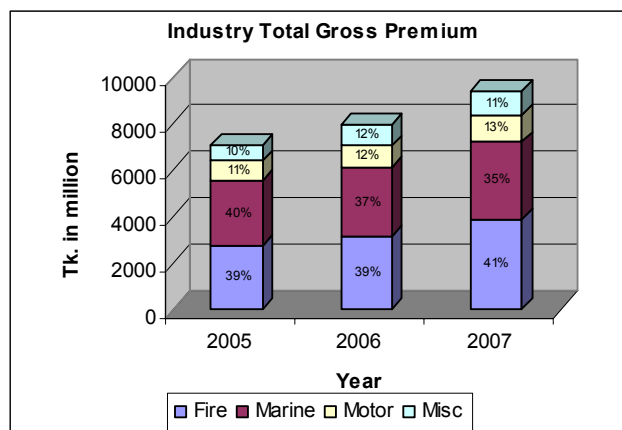
Exhibit 1: Total Gross Premium (BDT million)



Private sector non-life insurance companies earned gross premium of BDT 9,417.33 million in 2007 (2006: BDT 7,975.68 million) recording a growth of 18.07%. Average gross premium of non-life insurance companies was BDT 224.22 million with standard deviation of BDT 212.43 million. Segment wise gross premium figures show that fire insurance dominates with 41.01% of total gross premium followed by marine insurance business (35.46%). On the other hand, total gross claim was BDT 3,699.09 million in 2007 and maximum claim amount belonged to fire insurance with 39.31% of total claims followed by miscellaneous insurance (31.14%).

Total assets of private sector non-life insurance companies reached at BDT 19,829.67 million in 2007 registering 25.38% growth compared to previous year. Total investment & fixed deposit portfolio grew by 17.32% in 2007 and stood at BDT 8,468.70 million. Average underwriting profit of private sector non life insurance in 2007 was BDT 16.16 million (2006: 10.88 million) with standard deviation of BDT 18.10 million. Average net profit was BDT 37.16 million in 2007 with standard deviation of BDT 46.42 million.

Exhibit 2: Industry Total Gross Premium



In 2007 average loss ratio of private sector non life insurance was 23.17% whereas in 2006 this ratio was 21.73%. However, average return on assets (ROAA) increased to 7.17 % in 2007 from 3.41% in 2006.

3.0 OPERATIONAL REVIEW

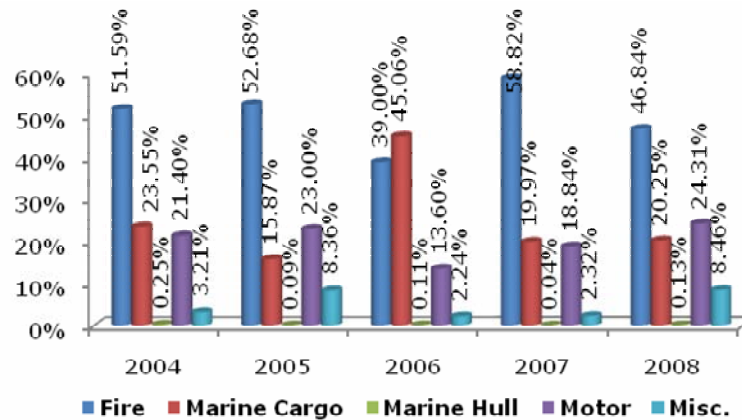
3.1 Company Profile

Provati was incorporated as a Public Limited Company in 1996 and got Certificate for Commencement of business and registration from Department of Insurance in the same year. The authorized capital of Provati was BDT 200 million consisting of 2 million shares of BDT 100 each and paid up capital was BDT 60 million. Provati has highest number of branches among private sector general insurance companies (47 branches). Provati has got ISO 9001:2000 certification in December 2008.

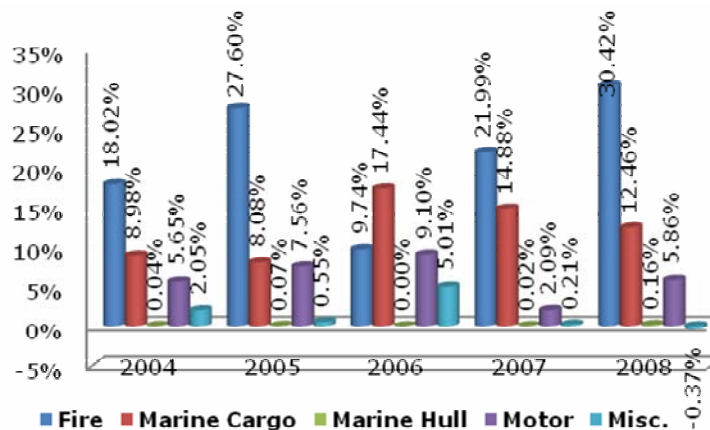
As per audited financial report 2008, total asset of Provati was BDT 232.59 million and shareholders' equity was BDT 105.78 million. In 2008 it earned total gross premium of BDT 198.72 million and net premium of BDT 131.08 million registering net profit of BDT 16.78 million.

3.2 Classes of Business and Changes

Provati's major underwriting business covers fire, marine cargo, marine hull, motor and miscellaneous insurance business. In 2008 Provati's net premium earnings decreased by 2.31% from BDT 134.17 million in 2007 to BDT 131.08 million in 2008. Of the total net premium 46.84% was earned from fire, 20.25% from marine cargo, 0.13% from marine hull, 24.31% from motor and 8.46% from miscellaneous business. In 2008 net premium earnings from motor and misc. increased by 26.05% and 255.94% respectively whereas premium from fire and marine decreased by 22.20% and 0.52% respectively.

Exhibit 3: Sector Wise Net Premium


The net claim payment increased by 20.96% from BDT 52.60 million in 2007 to BDT 63.62 million in 2008. The major claim was from fire class of business which covers 62.67% of the total net claim.

Exhibit 4: Sector Wise Net Claim


3.3 Growth Analysis

In 2008 Provati's gross premium earnings decreased by 1.46% from BDT 201.67 million to BDT 198.72 million in 2008. On the other hand, in 2008 the gross claim increased by 2.90% over the last year. In 2008 the underwriting profit and net profit increased by 2.88% and 22.21% respectively whereas investment & other income increased by 25.46%. The total assets of Provati increased by 1.31% due to 12.24% increased in total investment. The management expense of Provati decreased by 11.62% from BDT 77.55 million in 2007 to BDT 68.54 million in 2008.

Exhibit 5: Growth Analysis of Provati

BDT in million

Particulars	2008	2007	2006	2005
Gross Premium	198.72	201.67	181.34	169.79
Growth	-1.46%	11.21%	6.80%	43.29%
Gross Claim	90.24	87.70	108.75	73.61
Growth	2.90%	-19.35%	47.74%	44.46%
Underwriting Profit	17.66	17.17	15.69	17.07
Growth	2.88%	9.43%	-8.09%	21.33%
Investment & Other Income	6.96	5.55	5.05	6.16
Growth	25.46%	9.89%	-17.97%	11.95%
Net Profit	16.78	13.73	12.46	8.57
Growth	22.21%	10.17%	45.48%	-39.94%
Management Expense	68.54	77.55	69.34	48.73
Growth	-11.62%	11.84%	42.31%	3.94%
Total Assets	232.59	229.59	219.62	211.27
Growth	1.31%	4.54%	3.95%	11.09%

3.4 Market Share

Provati's net premium in 2007 was BDT 134.17 million which was 17.08% of peer net premium and 2.67% of the industry whereas its net claim was 24.85% of peer's net claim and 5.62% of industry. The underwriting profit of Provati was 26.69% and 3.27% of peer and industry respectively. The management expense of Provati was 1.76% and total assets were 1.17% of industry.

Exhibit 6: Market Share of Provati in 2007

BDT in million

Particulars	Provati	Peer	Industry	Market Share (%) of Provati	
				Peer	Industry
Net Premium	134.17	785.43	5,023.63	17.08%	2.67%
Net Claim	52.60	211.66	935.26	24.85%	5.62%
Management Expense	36.67	276.46	2,083.70	13.26%	1.76%
Underwriting Profit	17.17	85.11	694.42	20.17%	2.47%
Total Assets	229.59	2,467.71	19,649.05	9.30%	1.17%

Peer-2nd generation General Insurance Companies; Industry- Private Sector (excluding SBC)

4.0 CORPORATE GOVERNANCE

4.1 Ownership Pattern

Provati was incorporated as a Public Limited Company with an authorized capital of BDT 200 million. It has paid up capital of BDT 60 million which was subscribed by 26 subscribers.

A list of shareholding pattern is given in Annexure 1.

4.2 Board of Directors

The Board of Directors embrace of 14 members comprising a cross section of entrepreneurs encompassing businessmen and industrialists. Mr. Joarder Nowsher Ali, FCA is the Chairman and Alhaj Mojir Ahmed is the Vice Chairman of the Board. The Board meetings in Provati were held regularly at specific intervals. The Board formed only one Committee which is Claims Committee.

4.2.1 Claims Committee

The present Claims Committee consists of 6 members headed by the Chairman, Mr. Joarder Nowsher Ali, FCA. The meetings of the Claims Committee are held regularly in order to settle issues of lodged claims. After scrutiny, if the Committee finds the claims to be genuine, they advise the management for settlement. The Committee has the authority to reject the claims of the insured if deemed as false or not covered. The Managing Director and the Chairman have authority to settle claim up to only BDT 25,000 and BDT 100,000 respectively and any amount exceeding 100,000 is settled by the Claims Committee.

5.0
MANAGEMENT
REVIEW
5.1 Senior Management

The management team of Provati is headed by Mr. Ataur Rahman Mazumder, Managing Director. He is a former civil servant who also had been the Controller of Insurance. He is assisted by two Additional Managing Directors, one General Manager cum Company Secretary, one General Manager, and two Assistant General Managers.

The management formed three committees. These are: (1) Department Heads Co-ordination Committee, (2) Money Laundering Committee and (3) Purchase & Sale Committee.

5.2 Human Resources

As of 31 December 2008, Provati had 699 employees in its head office and 47 branches located in 5 different zones. There are four departments in the Head Office to administer the activities of the Company. Provati has structured service rules and pay scale.

Provati provides some post employment benefits to its permanent employees. These benefits are: (1) Contributory Provident Fund, (2) Unfunded Gratuity Scheme and (3) Personal Accident Insurance (like group insurance).

6.0
FINANCIAL
REVIEW
6.1 Underwriting Process and Quality

Insurance Industry in Bangladesh operates under the structured underwriting and tariff guidelines. The underwriting process usually starts with contacts and meetings with prospective clients. In its first step, the prospective client fills a form to give relevant information related to the client and coverage sought. After proper evaluation of the proposal form, Provati determines the premium for that respective client as per tariff manual. The overall process of this underwriting system is based on the fact that all the information disclosed by the insured are deemed to be true and correct.

Exhibit 7: Underwriting Performance of Provati

Particulars	2008	2007	2006	2005	2004
Loss Ratio	48.54%	39.20%	41.29%	43.86%	34.74%
Expense Ratio	52.29%	57.80%	58.53%	39.49%	58.02%
Combined Ratio	100.83%	97.00%	99.82%	83.35%	92.76%

Underwriting quality is vital for the insurance business. Huge management expenses related to underwriting has worsened the underwriting performance of general insurance companies in Bangladesh. In 2008 the combined ratio of Provati increased from 97% to 100.83% due

to increase in loss ratio. The loss ratio increased from 39.20% to 48.54% due to 20.96% increase in net claim and 2.31% decrease in net premium. On the other hand, the expense ratio decreased from 57.80% to 52.29% due to 11.62% decrease in management expenses.

6.2 Management Expenses

The total management expense of Provati comprises of management expense shown in the revenue account, profit & loss account and agency commission. The total management expense of Provati decreased by 11.62% from BDT 77.55 million in 2007 to BDT 68.54 million in 2008.

Exhibit 8: Class Wise Management Expenses

BDT in million

Particulars	2008	2007	2006	2005	2004
Fire	19.95	21.57	19.59	20.73	23.21
Marine Cargo	6.97	6.08	15.37	5.22	10.91
Marine Hull	0.05	0.04	0.15	0.04	0.03
Motor	6.43	4.93	3.92	6.54	7.44
Misc.	5.68	4.05	3.82	3.50	3.67
	39.07	36.67	42.85	36.03	45.26
Mgt. Expense (P/L Account)	1.61	2.39	2.58	1.80	1.63
Agency Commission	27.86	38.49	23.92	10.90	-
Total	68.54	77.55	69.34	48.73	46.88
Growth	-11.62%	11.84%	42.31%	3.94%	41.42%

As per Insurance Rules 1958, under section 40 an insurance company has to calculate its management expenditure, known as allowable management expenditure and maintain its expenditure within this limit.

Exhibit 9: Allowable Management Expenses

BDT in million

Particulars	2008	2007	2006	2005	2004
Total Mgmt Expenses	68.54	77.55	69.34	48.73	46.88
Allowable Mgmt Expenses	64.83	76.00	68.45	47.09	27.21
Excess Expenses	3.71	1.55	0.89	1.64	19.67
Excess Expenditure as % of Allowable Expenditure	5.71%	2.04%	1.30%	3.48%	72.29%

In its last five years of operation every year Provati's management expenses was higher than its allowable management expenses. This difference was highest in 2004 which was 72.29% (BDT 19.67 million) higher than the allowable. But in the next years it was able to minimize this gap. In 2008 its total management expenditure was 5.71% (BDT 3.71 million) higher than its allowable management expenditure.

6.3 Claim Settlement

Provati has separate claim & reinsurance department which monitors all the aspects of claims from claim pledged to settlement. When a claim is intimated to the Company by the party, the claims department appoints approved survey firm to assess the alleged damaged properties and submit report. After thorough scrutiny of the relevant papers from survey

firm and the insured party, the department processes the claim file for final approval of the Claims Committee.

Exhibit 10: Claim Settlement Position of Provati

BDT in million

Particulars	2008	2007	2006	2005	2004
Claims Outstanding at the beginning of the Year	35.17	35.25	38.46	39.79	44.52
Claims Lodged during the Year	69.17	54.47	50.67	55.54	30.30
Total Claims	104.33	89.73	89.13	95.33	74.82
Claims Paid during the Year	61.39	52.69	52.12	55.45	32.81
Claims Paid as % of Total Claims	58.84%	58.72%	58.48%	58.16%	43.85%
Claims Repudiated during the Year	5.55	1.87	1.75	1.43	2.22
Claims Repudiated as % of Total Claims	5.31%	2.09%	1.97%	1.49%	2.97%
Claims Settled during the Year	66.94	54.56	53.87	56.87	35.03
Claims Settled as % of Total Claims	64.16%	60.81%	60.44%	59.66%	46.82%
Claims Outstanding at the End of the Year	37.39	35.17	35.25	38.46	39.79

Analysis of claim settlement by number of claims shows that, in 2008 total number of claims was 230 (BDT 104.33 million) where 163 (BDT 69.17 million) claims arose in that period. Of the total claims, 162 (BDT 66.94 million) claims were settled during the year. Outstanding claims at the end of year were 68 (BDT 37.39 million). So the claim settlement ratio of the Company was 64.16% in 2008 which was 60.81% in 2007. The claim settlement ratio of Provati shows an increasing trend from 2004 to 2008.

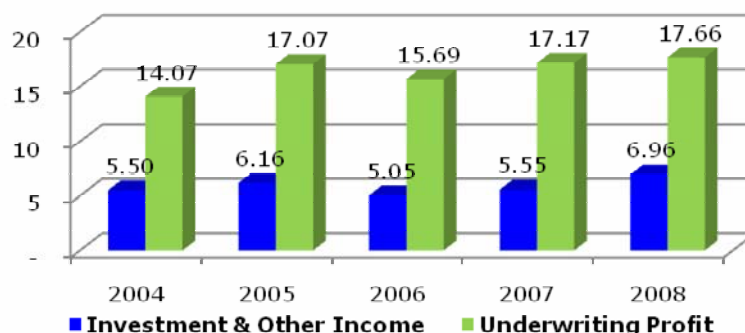
Exhibit 11: Average Claim Settlement Period

Business Class	2008	2007	2006
Fire	160 Days	183 Days	225 Days
Marine	154 Days	188 Days	119 Days
Motor	101 Days	113 Days	180 Days
Misc.	-	-	116 Days

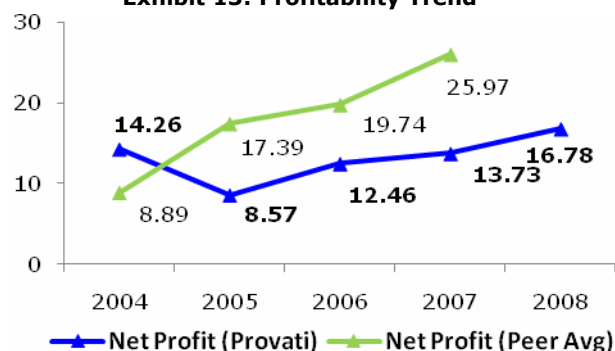
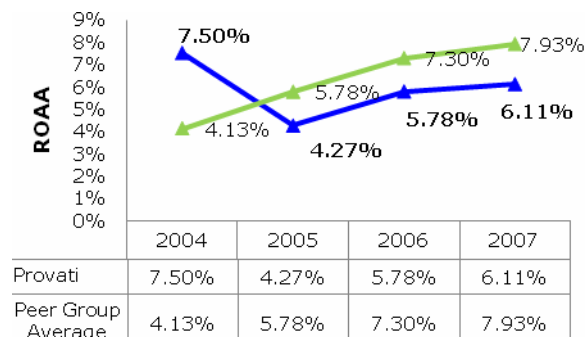
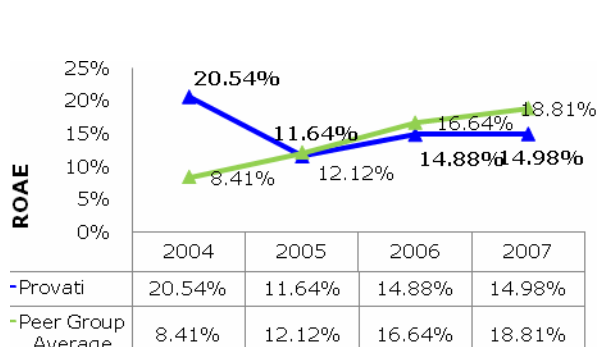
Claim settlement period of Provati has decreased in 2008 than the last year. So, on an average more days were taken to settle a claim in 2007 than 2008. In 2008, where highest days were taken in fire class than few days were taken in case of motor class of business. Here claim settlement period was calculated as the time difference between date of claim intimation and the date of claim settled.

6.4 Profitability

The main source of revenue of Provati was underwriting profit and interest income from National Investment Bond, FDR and STD account. The total revenue of Provati in 2008 was BDT 24.62 million out of which BDT 17.66 million and BDT 6.96 million were from underwriting profit and from investment & other income respectively. During the last five years of its operation underwriting profit was dominating the total revenue, which is the core business of any insurance company.

Exhibit 12: Revenue Sources of Provati


Though in 2005 the net profit decreased by 39.94% over 2004 but from 2005 it shows an increasing trend. In 2008 Provati's net profit increased by 22.21% from BDT 13.73 million to BDT 16.78 million.

Exhibit 13: Profitability Trend

Exhibit 14: Profitability of Provati


Return on Average Equity (ROAE) and Return on Average Assets (ROAA) are one of the major indicators of a Company's profitability position. From 2005 both ROAE & ROAA of Provati was lower than the peer average. In 2008 the ROAE increased from 14.98% to 16.83% and ROAA increased from 6.11% to 7.26%.

6.5 Investment Profile

The total investment of Provati in 2008 has increased by 12.24% from BDT 86.49 million in 2007 to BDT 97.09 million in 2008. In 2008 the total investment of Provati consisted of BDT 9.00 million (9.27% of total) in National Investment Bond, BDT 0.31 million (0.32% of total) in shares and BDT 87.78 million (90.41% of total) in FDR. So it shows that Provati follows very conservative investment policy, as on an average 90.41% of its total investment was in less risky investment, fixed deposit.

Exhibit 15: Investment Performance

Particulars	2008	2007	2006	2005	2004
Investment Income / Net Premium	4.78%	4.14%	4.26%	4.99%	6.81%
Yield on Investment	6.82%	6.88%	6.89%	9.19%	8.48%
Investment Income / Total Income	25.42%	24.43%	24.35%	26.51%	28.10%

The investment income in proportion to net premium in 2008 was 4.78% whereas it was 4.14% in 2007. In 2008 yield on investment has slightly reduced from 6.88% in 2007 to 6.82% in 2008 indicating consistent performance of investing assets to generate income. On the other hand, investment income to total income was 25.42% in 2008.

6.6 Capital Adequacy

Provati has authorized capital of BDT 200 million consisting of 2 million shares of BDT 100 each and paid up capital of BDT 60 million. So it did not fulfill the required level of BDT 150 million paid up capital by issuing shares to the public for BDT 90 million (60% of total paid up capital). In 2008 total shareholders' equity comprised of BDT 60 million (56.72% of total) of paid up capital, BDT 39.60 million (37.44%) of reserve for exceptional losses, BDT 6.18 million (5.84%) of profit & loss appropriation account. In 2008 the total shareholder's equity increased by 13.01% due to 36.24% increase in reserve for contingency account.

Exhibit 16: Equity Position of Provati

Particulars	2008			2007		
	Amount	% of Total	Growth	Amount	% of Total	Growth
Authorized Capital	200.00			200.00		
Issued, Subscribed & Paid-up Capital	60.00	56.72%	0.00%	60.00	64.10%	0.00%
Reserve for Contingency Account	45.78	43.28%	36.24%	33.60	35.90%	13.01%
Reserve for Exceptional Loss	39.60	37.44%	19.83%	33.04	35.30%	18.46%
Profit & Loss Appropriation Account	6.18	5.84%	1010.94%	0.56	0.59%	(69.73%)
TOTAL SHARE HOLDERS' EQUITY	105.78	100.00%	13.01%	93.60	100.00%	4.31%

In 2008 Provati's net premium was 123.92% of its shareholder's equity which was 143.35% in 2007. On the other hand, shareholder's equity was 45.48% of its total assets which was 40.77% in 2007.

Exhibit 17: Leverage Position

Particulars	2008	2007	2006	2005	2004
Net Premium / Shareholder's Equity	123.92%	143.35%	132.03%	158.71%	116.37%
Shareholder's Equity / Total Asset	45.48%	40.77%	40.86%	36.80%	36.51%

6.7 Solvency Margin

A sound solvency margin is essential for the sound operation of the company and protection of policyholders. The solvency margin should take into account not only the sufficiency of technical provisions to cover all expected and some unexpected claims and expense but also the sufficiency of capital to absorb significant unexpected losses to the extent not recovered by the technical provisions. In Bangladesh there is no specific law related to required solvency margin. After reviewing the law related to solvency issue practicing in different countries, a methodology has been used to assess the trend of solvency margin of general insurance company.

Exhibit 18: Solvency Margin of Provati

BDT in million					
Particulars	2008	2007	2006	2005	2004
Actual Solvency Margin (ASM)	23.43	32.96	35.59	25.86	32.32
Required Solvency Margin (RSM)	27.98	28.40	25.46	25.60	17.27
ASM/RSM (times)	0.84	1.16	1.40	1.01	1.87

The solvency margin of Provati shows a mix trend. In 2008 Provati's actual solvency margin and required solvency margin was BDT 23.43 million and BDT 27.98 million respectively. So its solvency margin was 0.84 times in 2008 while it was 1.16 times in 2007. The reasons behind this low solvency margin was due to huge receivables against coinsurance and reinsurance, and for adjustment of bank overdraft.

6.8 Liquidity Position

The liquidity position of an insurance company is very important as the claim can arise at any time. Provati's current asset was BDT 183.57 million in 2008 which increased 0.66% over 2007. On the other hand, in 2008 the current liabilities decreased by 6.75% and the net claim increased by 20.96%. The current assets to current liabilities of Provati in 2008 was 1.45 times and the proportion of current assets to net claim was 2.89 times. The current liabilities to total liabilities was 54.52% in 2008 and cash & bank balances to total assets was 51.70%.

Exhibit 19: Liquidity Position of Provati

Particulars	2008	2007	2006	2005	2004
Current Asset / Current Liabilities (times)	1.45	1.34	1.36	1.27	1.33
Current Asset/ Net Claim (times)	2.89	3.47	3.61	3.13	5.74
Current Liabilities/ Total Liabilities (%)	54.52%	59.23%	59.14%	63.20%	63.49%
Cash & Bank Balance/ Total Assets (%)	51.70%	50.51%	47.52%	45.77%	43.58%

6.9 Re-insurance Utilization

Each year Sadharan Bima Corporation (SBC) revises the treaty retention capability of all Private General Insurance Companies. The retention capability for Provati in 2008 was: Fire (non textile) BDT 2.50 million, Fire (textile) BDT 4.00 million; Marine (Cargo) BDT 2.00 million; Misc. accident except personal accident BDT 1.00 million, personal accident BDT 0.50 million; and Motor BDT 1.00 million.

In accordance with the present rule, 50% of the re-insurable general insurance business is reinsured with SBC and the remaining to be reinsured either with the corporation or any other insurer inside or outside Bangladesh. Ideally an insurer's own retention should be between 40%-60% of gross premium. Usually high retention level could signal inadequate reinsurance protection while low retention could hamper profitability.

Exhibit 20: Premium Income & Share of Re-insurance

BDT in million

Class of Business	Received on			Paid on		Net Premium
	Direct Business	50% SBC Business	Reinsurance Accepted	Reinsurance Ceded	50% SBC Business	
Fire	97.72	1.67	-	36.92	1.08	61.40
Marine Cargo	32.32	6.09	-	7.15	4.71	26.54
Marine Hull	-	0.59	-	-	0.42	0.17
Motor	31.36	0.66	-	0.05	0.10	31.87
Misc.	10.82	17.49	-	0.24	16.98	11.09
Total	172.22	26.50	-	44.36	23.29	131.08

In 2008 the total gross premium received from all classes of business was BDT 198.72 million which was 1.46% lower than that of the previous year. Among which, the share of government business was BDT 26.50 million. Provati paid SBC BDT 67.65 million as reinsurance ceded including share of public business. The total net premium in 2008 was BDT 131.08 million which was BDT 134.17 million in 2007.

Exhibit 21: Risk Retention Ratio of Provati

Particulars	2008	2007	2006	2005	2004
Fire	61.77%	63.58%	55.72%	71.21%	67.60%
Marine Cargo	69.11%	73.46%	82.06%	67.08%	72.21%
Marine Hull	29.03%	15.12%	21.50%	26.62%	41.87%
Motor	99.53%	100.00%	97.19%	98.20%	93.77%
Misc.	39.19%	20.21%	16.38%	51.62%	22.47%
Total	65.96%	66.53%	65.33%	72.68%	68.19%

In 2008 the own risk retention capacity of Provati was 65.96% which was 66.53% in 2007. From 2006 the own risk retention of Provati was quite stable. Like any other financial year, it retains highest retention in motor and marine cargo class of business.

6.10 Reserve Adequacy

Generally insurance companies maintain two types of reserve which are reserve for exceptional losses and reserve for unexpired risk. Reserve for exceptional losses is not mandatory under Insurance Act. On the other hand, for all classes of business excluding marine-hull insurance companies need to maintain 40% of net premium as reserve and for marine hull insurance this rate is 100%.

Exhibit 22: Position of Reserve for Unexpired Risk in 2008

BDT in million

Particulars	Net Premium	Required Reserve	Actual Reserve	Actual Reserve as % of Required Reserve
Fire	61.40	24.56	24.56	1.00
Marine Cargo	26.54	10.62	10.62	1.00
Marine Hull	0.17	0.17	0.17	1.00
Motor	31.87	12.75	12.75	1.00
Misc.	11.09	4.44	4.44	1.00

So to comply with the insurance act it maintained 40% of net premium as reserve for unexpired risk except for marine hull where it maintained 100%.

In 2008 Provati maintained BDT 39.60 million as reserve for exceptional losses which increased 19.83% over 2007. The proportion of reserve for exceptional losses was 0.30 times of total net premium and 0.62 times of total net claim in 2008. During 2007 value of such ratios were 0.25 times and 0.63 times respectively.

Exhibit 23: Position of Reserve for Exceptional Losses

Particulars	2008	2007	2006	2005	2004
Reserve for Exceptional Losses/ Net Premium (times)	0.30	0.25	0.24	0.13	0.11
Reserve for Exceptional Losses/ Net Claim (times)	0.62	0.63	0.57	0.30	0.30

ANNEXURE-1
CORPORATE INFORMATION
Shareholding Pattern/ Board of Directors

SL No	Shareholders	Position	Number of Shares	% of Shareholdings
1	Mr. Joarder Nowsher Ali, FCA	Chairman	5,000	0.83%
2	Alhaj Mojir Ahmed	Vice chairman	67,000	11.17%
3	Alhaj Mohammad Ali	Director	20,000	3.33%
4	Mr. Md. Ruhul Amin, FCA	Director	5,000	0.83%
5	Mr. Mohammad Ali Talukder	Director	20,000	3.33%
6	Alhaj Shahadat Hossain	Director	15,000	2.50%
7	Mr. Shah Mohammad Tofazzal Hossain	Director	5,000	0.83%
8	Mr. Md. Shahjahan kabir	Director	10,000	1.67%
9	Mr. Md. Shakhawat Hossain Mamun	Director	22,000	3.67%
10	Mr. Mohammad Mohshin Kauser	Director	36,000	6.00%
11	Mr. Maroof Sattar Ali	Director	112,000	18.67%
12	Mr. Md. Shafayet Hossain Masum	Director	12,000	2.00%
13	Mr. Md. Shahadat Hossain Ali	Director	12,000	2.00%
14	Mr. Abdur Rahman Ansary	Director	80,000	13.33%
15	Mr. Md. Ali Asghar	Shareholder	25,000	4.17%
16	Mr. Md. Mamun	Shareholder	5,000	0.83%
17	Ms. Sabrina Yasmin (Mouri)	Shareholder	50,000	8.33%
18	Mr. Md. Salahuddin Shohag	Shareholder	12,000	2.00%
19	Mr. Md. Saiful Islam Azad	Shareholder	10,000	1.67%
20	Mr. Murtaza Ali Nayan	Shareholder	10,000	1.67%
21	Mr. Md. Sayeduzzaman	Shareholder	10,000	1.67%
22	Mr. Md. Moshir Rahman	Shareholder	17,000	2.83%
23	Mrs. Ayesha Akter	Shareholder	10,000	1.67%
24	Al-Haj Mofizur Rahman	Shareholder	10,000	1.67%
25	Mr. Ikram Hossain	Shareholder	10,000	1.67%
26	Mrs. Hosne Ara Begum	Shareholder	10,000	1.67%
Total			60,000	100.00%

Auditors

A. Hoque & Co, Chartered Accountants
G. Kibria & Co, Chartered Accountants

Management

Mr. Md. Ataur Rahman Mazumder	Managing Director
Mr. M. A. Salam	Addl. MD & In Charge of Underwriting Department
Mr. Shakawat Hossain Mamun	Addl. MD & In Charge of Administration Department
Mr. Md. Nazrul Islam Mazumder	GM & In Charge of Claims & R/I Department
Mr. Md. Zahedul Islam	GM (F&A) & Company Secretary
Mr. Md. Mizanur Rahman	Asst. General Manager, Administration
Mr. Md. Mahbub-Ul Alam	Asst. General Manager, Legal Affairs

ANNEXURE-2
BALANCE SHEET

BDT in million

Capital And Liabilities	2008	2007	2006	2005	2004
Authorized Share Capital	200.00	200.00	200.00	200.00	200.00
Issued, Subscribed & Paid-Up Capital	60.00	60.00	60.00	60.00	60.00
Reserve For Contingency Account	45.78	33.60	29.73	17.75	9.44
Reserve For Exceptional Losses	39.60	33.04	27.89	16.50	8.50
Profit & Loss Appropriation Account	6.18	0.56	1.84	1.25	0.94
TOTAL SHAREHOLDERS' EQUITY	105.78	93.60	89.73	77.75	69.44
Balance Of Funds & Accounts	52.53	53.70	47.47	49.43	32.45
Fire Insurance Business	24.56	31.57	18.48	26.00	16.67
Marine Cargo Insurance Business	10.62	10.72	21.35	7.83	7.61
Marine Hull Insurance Business	0.17	0.06	0.13	0.11	0.21
Motor Insurance Business	12.75	10.11	6.44	11.35	6.92
Miscellaneous Insurance Business	4.44	1.25	1.06	4.12	1.04
Premium Deposits (Other Sums Owing)	2.55	3.73	4.44	3.41	3.58
Estimated Liability In Respect Of Outstanding Claims Whether Due Or Intimated	37.39	35.17	35.25	38.46	39.79
Amounts Due To Other Persons Or Bodies Carrying On Insurance Business (S.B.C)	0.54	1.89	1.54	1.40	1.94
Sundry Creditors (Including S.B.C)	33.80	41.50	41.19	40.82	42.99
TOTAL	232.59	229.59	219.62	211.27	190.18

Property And Assets	2008	2007	2006	2005	2004
Investment	9.31	9.00	9.00	9.00	9.00
National Investment Bonds	9.00	9.00	9.00	9.00	9.00
Investment In Share	0.31				
Debtors	61.78	64.61	71.32	72.17	77.74
Interest Accrued But Not Due	4.68	6.19	4.99	3.60	10.17
Amount Due From Other Persons Or Bodies Carrying On Insurance Business (S.B.C)	41.08	20.62	19.19	18.50	16.56
Outstanding Premium	3.01	9.58	19.95	23.19	24.64
Sundry Debtors	13.01	28.22	27.19	26.89	26.37
Cash And Bank Balance	120.24	115.96	104.36	96.70	82.88
Fixed Deposit With Bank	87.78	77.49	65.94	62.64	53.29
Std & Current Account	24.30	28.11	27.18	23.02	20.84
Cash & Cheques In Hand	7.96	9.42	10.42	11.04	3.14
Remittances In Transit	0.21	0.93	0.80	-	5.60
Other Accounts	41.27	40.02	34.95	33.39	20.56
Fixed Assets	39.72	38.23	34.05	32.88	20.16
Stamp In Hand	0.22	0.07	0.11	0.06	0.05
Printing & Stationary	1.33	1.73	0.79	0.46	0.34
TOTAL	232.59	229.59	219.62	211.27	190.18

ANNEXURE-3

BDT in million

PROFIT AND LOSS ACCOUNT	2008	2007	2006	2005	2004
Expenses Of Management (Not Applicable To Any Particular Fund Or Account)	0.01	0.99	0.74	0.17	0.04
Audit Fee	0.18	0.16	0.12	0.13	0.07
Directors' Fee	0.12	0.16	0.12	0.13	0.08
Meeting Expenses		0.03	0.07	0.15	-
Advertisement & Publicity	0.06	0.17	0.46	0.36	0.14
Statutory Fees For Business License & Annual Registration	0.85	0.12	0.61	0.35	0.49
Subscription & Donation	0.30	0.51	0.11	0.29	0.31
Legal & Professional Expenses	0.10	0.26	0.35	0.22	0.50
Depreciation	6.24	6.60	5.70	5.42	3.68
Write Off Of Bad Debts				7.44	
Total Expenses	7.84	8.99	8.28	14.66	5.30
Profit Before Tax	16.78	13.73	12.46	8.57	14.26
TOTAL	24.62	22.72	20.74	23.23	19.57
Interest, Dividend & Rent (Not Applicable To Any Fund Or Accounts)	6.26	5.55	5.05	6.16	5.50
FDR Interest	5.09	4.42	3.97	5.25	4.57
Interest On NIB	0.77	0.77	0.77	0.77	0.77
Interest On STD Account	0.41	0.37	0.32	0.14	0.17
Profit On Sale Of Fixed Asset	0.70				
Underwriting Profit	17.66	17.17	15.69	17.07	14.07
Fire Insurance Revenue Account	5.00	2.96	16.79	2.23	7.67
Marine Cargo Insurance Revenue Account	2.71	8.60	0.49	5.58	2.77
Marine Hull Insurance Revenue Account	(0.19)	0.07	(0.08)	0.10	(0.02)
Motor Insurance Revenue Account	10.33	8.82	3.89	6.02	5.80
Misc. Insurance Revenue Account	(0.20)	(3.29)	(5.39)	3.14	(2.14)
TOTAL	24.62	22.72	20.74	23.23	19.57
PROFIT AND LOSS APPROPRIATION ACCOUNT	2008	2007	2006	2005	2004
Reserve For Exceptional Losses	6.55	5.15	11.39	8.00	7.00
Provision For Taxation	4.60	3.86	0.48	0.26	0.88
Proposed Dividend	-	6.00			
Balance Transferred To Balance Sheet	6.18	0.56	1.84	1.25	0.94
TOTAL	17.34	15.57	13.71	9.50	8.82
Balance Brought Forward From Previous Year	0.56	1.84	1.25	0.94	(12.31)
Net Profit For The Year Transferred From P/L Account	16.78	13.73	12.46	8.57	14.26
Prior Year's Adjustment					6.86
TOTAL	17.34	15.57	13.71	9.50	8.82



CRAB Ratings

General Insurance

ANNEXURE-4

BDT in million

GROSS PREMIUM	2008	2007	2006	2005	2004
Fire	99.40	124.12	82.92	91.30	61.66
Marine Cargo	38.41	36.48	65.05	29.20	26.35
Marine Hull	0.59	0.37	0.62	0.42	0.49
Motor	32.02	25.28	16.57	28.90	18.44
Misc.	28.31	15.42	16.17	19.98	11.55
TOTAL	198.72	201.67	181.34	169.79	118.49

NET PREMIUM	2008	2007	2006	2005	2004
Fire	61.40	78.92	46.20	65.01	41.68
Marine Cargo	26.54	26.80	53.38	19.59	19.03
Marine Hull	0.17	0.06	0.13	0.11	0.21
Motor	31.87	25.28	16.11	28.38	17.29
Misc.	11.09	3.12	2.65	10.31	2.59
TOTAL	131.08	134.17	118.47	123.40	80.81

GROSS CLAIM	2008	2007	2006	2005	2004
Fire	24.46	59.02	27.55	37.04	9.44
Marine Cargo	36.95	10.67	23.81	16.71	2.45
Marine Hull	0.52	1.17	0.00	0.27	0.15
Motor	9.67	5.64	10.78	14.85	0.89
Misc.	18.64	11.21	46.61	4.72	38.03
TOTAL	90.24	87.70	108.75	73.61	50.95

NET CLAIM	2008	2007	2006	2005	2004
Fire	39.87	29.51	11.54	34.06	14.56
Marine Cargo	16.34	19.97	20.66	9.97	7.26
Marine Hull	0.22	0.03	0.00	0.08	0.03
Motor	7.69	2.80	10.78	9.33	4.57
Misc.	(0.49)	0.29	5.94	0.68	1.66
TOTAL	63.62	52.60	48.91	54.12	28.08

MANAGEMENT EXPENSES	2008	2007	2006	2005	2004
Management Expense (Revenue Account)					
Fire	19.95	21.57	19.59	20.73	23.21
Marine Cargo	6.97	6.08	15.37	5.22	10.91
Marine Hull	0.05	0.04	0.15	0.04	0.03
Motor	6.43	4.93	3.92	6.54	7.44
Misc.	5.68	4.05	3.82	3.50	3.67
Total	39.07	36.67	42.85	36.03	45.26
Mgt. Expense (P/L Account) or Non Allocated Exp.	1.61	2.39	2.58	1.80	1.63
Agency Commission	27.86	38.49	23.92	10.90	-
TOTAL	68.54	77.55	69.34	48.73	46.88

No of Employees	699	698	675	658	639
Liquid Asset	183.57	182.36	176.57	169.38	161.02
Current Liabilities	126.82	135.99	129.89	133.52	120.74
Investment	97.09	86.49	74.94	71.64	62.29

ANNEXURE-5
IMPORTANT RATIO'S

EARNINGS AND PROFITABILITY	2008	2007	2006	2005	2004
Loss Ratio (Net Claims / Net Premium)	48.54%	39.20%	41.29%	43.86%	34.74%
Expense Ratio (Management Expense / Net Premium)	52.29%	57.80%	58.53%	39.49%	58.02%
Combined Ratio (Loss Ratio + Expense Ratio)	100.83%	97.00%	99.82%	83.35%	92.76%
Investment Income / Net Premium	4.78%	4.14%	4.26%	4.99%	6.81%
Investment Income / Average Investment Assets	6.82%	6.88%	6.89%	9.19%	8.48%
Investment Income / Total Income	25.42%	24.43%	24.35%	26.51%	28.10%
Return On Average Equity (ROAE)	16.83%	14.98%	14.88%	11.64%	20.54%
Return On Average Asset (ROAA)	7.26%	6.11%	5.78%	4.27%	7.50%
Return On Revenues (Underwriting Profit/Total Revenue)	71.73%	75.57%	75.65%	73.49%	71.90%
Earnings Per Employee (Net Profit / No Of Employees)	0.02	0.02	0.02	0.01	0.02
CAPITAL ADEQUACY	2008	2007	2006	2005	2004
Net Premium / Paid Up Capital	218.46%	223.62%	197.45%	205.66%	134.68%
Paid Up Capital / Total Asset	25.80%	26.13%	27.32%	28.40%	31.55%
Net Premium / Shareholder's Equity	123.92%	143.35%	132.03%	158.71%	116.37%
Shareholder's Equity / Total Asset	45.48%	40.77%	40.86%	36.80%	36.51%
Risk Retention Ratio (Net Premium/Gross Premium)	65.96%	66.53%	65.33%	72.68%	68.19%
LIQUIDITY	2008	2007	2006	2005	2004
Liquid Asset / Current Liabilities	1.45	1.34	1.36	1.27	1.33
Current Liabilities/ Total Liabilities	54.52%	59.23%	59.14%	63.20%	63.49%
Cash And Bank Balance/ Total Assets	51.70%	50.51%	47.52%	45.77%	43.58%
Liquid Asset/ Net Claim	2.89	3.47	3.61	3.13	5.74
MANAGEMENT SOUNDNESS	2008	2007	2006	2005	2004
Gross Premium/Number Of Employees	0.28	0.29	0.27	0.26	0.19
Assets Per Employee (Total Asset/Number Of Employees)	0.33	0.33	0.33	0.32	0.30
Operating Expenses/ Gross Premium	3.95%	4.46%	4.56%	8.63%	4.48%
RESERVE ADEQUACY	2008	2007	2006	2005	2004
Reserve For Exceptional Losses/ Net Premium	0.30	0.25	0.24	0.13	0.11
Reserve For Exceptional Losses/ Net Claim	0.62	0.63	0.57	0.30	0.30
Balance Of Fund Account/ Net Premium	40.08%	40.03%	40.07%	40.05%	40.15%

CRAB RATING SCALES AND DEFINITIONS
LONGTERM CREDIT RATING

RATING	DEFINITION
AAA Triple A (Extremely Strong Financial Security)	Insurance Companies rated 'AAA' have EXTREMELY STRONG financial security characteristics. 'AAA' is the highest Insurer Financial Strength Rating assigned by CRAB.
AA₁, AA₂, AA₃* Double A (Very Strong Financial Security)	Insurance Companies rated 'AA' have VERY STRONG financial security characteristics, differing only slightly from those rated higher.
A₁, A₂, A₃ Single A (Strong Financial Security)	Insurance Companies rated 'A' have STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are Insurers with higher ratings.
BBB₁, BBB₂, BBB₃ Triple B (Good Financial Security)	Insurance Companies rated 'BBB' have GOOD financial security characteristics, but is more likely to be affected by adverse business conditions than are higher rated insurers.
BB₁, BB₂, BB₃ Double B (Marginal Financial Security)	Insurance Companies rated 'BB' have MARGINAL financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.
B₁, B₂, B₃ Single B (Weak Financial Security)	Insurance Companies rated 'B' have WEAK financial security characteristics. Adverse business conditions will likely impair its ability to meet financial commitments.
CCC₁, CCC₂, CCC₃ Triple C (Very Weak Financial Security)	Insurance Companies rated 'CCC' have VERY WEAK financial security characteristics, and is dependent on favorable business conditions to meet financial commitments.
CC Double C (Extremely Weak Financial Security)	Insurance Companies rated 'CC' have EXTREMELY WEAK financial security characteristics and is likely not to meet some of its financial commitments.
C Single C (Near to Default)	A 'C' rating is assigned to insurance companies that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
D (Default)	'D' is assigned to insurance companies which are in DEFAULT. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

SHORT TERM CREDIT RATING

RATING	DEFINITION
ST-1	Insurance companies rated 'ST 1' have STRONG ability to meet their financial commitments on short-term policy obligations. They are rated in the highest category by CRAB.
ST-2	Insurance companies rated 'ST 2' have a GOOD ability to meet their financial commitments on short-term policy obligations. However, they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than insurers in the highest rating category.
ST-3	Insurance Companies rated 'ST 3' have an ADEQUATE ability to meet their financial commitments on short-term policy obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened ability of the insurers to meet their financial obligations.
ST-4	Insurance Companies rated 'ST 4' are regarded as VULNERABLE and has significant speculative characteristics. The insurance companies currently have the ability to meet their financial commitments on short-term policy obligations; however, they may be facing major ongoing uncertainties which can lead to the insurer's inadequate ability to meet their financial obligations.
ST-5	Insurance Companies rated 'ST 5' are regarded as CURRENTLY VULNERABLE to non-payment and are dependent upon favorable business, financial, and economic conditions for them to meet their financial commitments on short-term policy obligations.
ST -6	Insurance Companies rated 'ST 6' are considered to have Obligations which have a high risk of DEFAULT or which are currently in default.

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**ADDITIONAL DISCLOSURE ON THE AUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

Disclosure No. 1 Related Party Transactions

During the year under review, the company did not carry out regarding related party transactions and transactions with directors and subscribers to the memorandum of Association in the normal; course of business and on arm's length basis. The particulars of the Directors alongwith their position in different entities are mentioned below:

Sl. #	Name and Permanent Address	Rank in PICL	Age	Name of the Company where he / she is also a Director or Partner	
1.	Joarder Nowsher Ali, FCA Vill: Bhutiar Gati, P.O.+P.S+Dist: Jhenaidah	Chairman	68+	M. Ruhul Amin & Co., Chartered Accountants Crymson Glory SNOWCEM Bangladesh Ltd.	Partner Proprietor Director
2.	Alhaj Mojir Ahmed Duria Bishnupur, Laksam, Comilla	Vice Chairman	50+	Laksam Automatic Rice & Bran Oil Mills Ltd. MR Brick Fields Sohag Matsho Bij Utpadon Khamar Ltd. SA Auto Rice Mills	M.D. Proprietor M.D. Proprietor Partner
3.	Md. Ruhul Amin, FCA Vill.+P.O: Amanatpur, P.S.: Begumgonj, Dist.: Noakhali	Director	60+	M. Ruhul Amin & Co., Chartered Accountants	
4.	Mohammad Ali Talukder Vill+P.O.: Afalkati, P.S.: Bakergonj, Dist.: Barishal	Director	55+	D&S Pretty Fashions Ltd. Kaveri Sweaters Pretty Sourcing & Inspection (BD) Ltd.	Chairman Proprietor Chairman
5.	Alhaj Mohammad Ali Duria Bishnupur, Laksam, Comilla	Director	65+	M/s. Ali Store M/s. Momin Store M/s. Masum Telecom	Proprietor Proprietor Proprietor Proprietor
6.	Alhaj Shadat Hossain 247/1, North Sajahanpur, Dhaka	Director	50+	M/s. Shadat Hossain	
7.	Shah Md. Tofazzal Hossain 96/E, Kalibari Road, Mymensing	Director	50+	M/s. Lucky Store	Proprietor
8.	Md. Shahjahan Kabir Vill.: East Borali, P.O.+P.S: Faridgonj, Chandpur	Director	55+	M/s. Prattasi Traders	Proprietor
9.	Md. Shakhawat Hossain Mamun Duria Bishnupur, Laksam, Comilla	Director	30+	Sigma Systems Ltd.	Chairman
10.	Maroof Sattar Ali House # 361, Road # 27, Mohakhali DOHS, Dhaka	Director	30+	Bhaiya Food Industries Ltd.	M.D.
11.	Mohd. Mohsin Kauser House # 11/15, Road # 4, Khulshi Residential Area, Ctg.	Director	30+	Bhaiya Printing & Packaging Ltd.	Managing Partner
12.	Abdur Rahman Ansari Duria Bishnupur, Laksam, Comilla	Director	22+	---	---
13.	Md. Shafayet Hossain Masum Duria Bishnupur, Laksam, Comilla	Director	30+	Sigma Systems Ltd.	Director
14.	Md. Shahadat Hossain Ali Duria Bishnupur, Laksam, Comilla	Director	25+	Sigma Systems Ltd.	Director

Place: Dhaka, Bangladesh
Dated: 18th May, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

DISCLOSURE NO. 2 TAX AND VAT STATUS OF THE COMPANY**(1) Income Tax (certified by Auditor):**

The present position of Income Tax of the Company is given below:

Accounting Year	Assessment Year	Remarks
2003	2004-2005	Assessment completed
2004	2005-2006	Assessment completed
2005	2006-2007	Assessment completed
2006	2007-2008	Return submitted and Assessment under process
2007	2008-2009	Return submitted and Assessment under process
2008	2009-2010	Return not submitted

The Company is contingently liable as on 31st December, 2008 on account of Income Tax, the details of which are given below:

CONTINGENT TAX LIABILITY:

Accounting Year	Assessment Year	Assessed Income (Loss)	Tax Demanded on Assessed Income	Tax Paid in Cash and Deducted at Source	Remarks
2000	2001-2002	1,48,28,460	66,89,747	13,10,153	Assessed Income as per Tribunal against which writ has been filed before the Supreme Court (High Court Division) but the case is pending
2001	2002-2003	1,05,98,470	45,40,415	3,25,648	Do
Total		2,54,26,930	1,12,30,162	16,35,801	

(2) VAT: The Company is liable to pay VAT amounting to Tk. 1,278,877.00 as on December 31, 2008. the aforesaid amount as subsequently been deposited through Treasury Challan vide no. 71/28 dated 14-01-2009 and 1/32 dated 19-01-2009 amounting to Tk. 12,00,000.00 and 78,877.00 respectively.

Place: Dhaka, Bangladesh
Dated: 18th May, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

DISCLOSURE NO. 3 INFORMATION REGARDING EXECUTIVE COMPENSATION

The executive compensation of the Company included in the management expenses is shown below under the head of Salary & allowances:

Particulars	Amount (Tk.)
Salary & Allowances	1,85,64,298.00
Festival Allowances/Bonus	20,42,992.00
Wages	14,47,289.00
Office Rent, Rates & Taxes	45,53,815.00
Postage & Telegram	1,36,985.00
Conveyance Charges	2,25,204.00
Revenue/Non Judicial Stamp	1,63,524.00
Entertainment & Office Tea	2,35,981.00
Photostat Charges	1,43,815.00
Stationery Expenses	1,75,365.00
Traveling Expenses	1,89,605.00
Electricity Charges	3,20,986.00
Office Contin. & Gen. Charges	56,320.00
Telephone, Trunk Call & Telex	7,21,230.00
Papers & Periodicals	1,15,365.00
Bank Charges	4,92,909.00
Printing Charges	20,87,365.00
Car Maintenance: Fuel	5,15,100.00
Car Maintenance : Repairs	4,86,250.00
Car Maintenance : Others	2,12,500.00
Repairs, Renewals & Maintenance	1,07,552.00
Garage Rent/Car Parking	62,500.00
Internet Bill	18,000.00
Penalty (Non Compliance of Insurance Act (IPO)	3,65,000.00
Water Bill	40,705.00
Gratuity	2,53,707.00
Training Fees	1,08,312.00
Insurance Stamp	7,86,405.00
Employees Provident Fund	22,29,690.00
Management Expenses (Govt. Business)	22,15,927.00
Total	3,90,74,696.00

Place: Dhaka, Bangladesh
Dated: 18th May, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

TO WHOM IT MAY CONCERN

This is to certify that the offering price for ordinary shares of Tk. 100.00 each (at per) of Provati Insurance Company Limited has been determined on the basis of net assets as on 31st December, 2008 at Tk. 176.29 approximately vide note no. 43. This is to further certify that the basic earnings per share have been determined as per IAS 33 as on 31st December, 2008 at Tk. 15.38 approximately as shown on the face of the profit and loss account as well as in note no. 42.

Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

TO WHOM IT MAY CONCERN

This is to certify that the Premium Income of Provati Insurance Company Limited for year ended 31st December, 2008 as shown in the Consolidated Revenue Account has been realized within 31st December, 2008.

Sd/-
Place: Dhaka, Bangladesh
Dated: 9th April, 2009

Sd/-
A. Hoque & Co.
Chartered Accountants

G. Kibria & Co.
Chartered Accountants

Additional Disclosures by the Management

Additional Disclosure regarding Short Term Rating- ST- 4:

1. Normally large Insurance Claims are paid after receiving cash payment from Shadharan Bima Corporation as per reinsurance treaty. To keep our commitment to a good client we paid our own cash of Tk. 166.00 lac to Berlin Knitwear Ltd. at the end of the year 2008 (prospectus page no. 14, clause claim paying ability risk and rating report page-11, table-18) before we receive the reinsurance amount from Shadhran Bima Corporation. This claim Payment indicates our claim payment ability. Necessary steps have been taken to recover this cash loss from Shadhran Bima Corporation at an early date.
2. Moreover, we have taken some necessary measures to strengthen our financial position. Volume of business has been enhanced & management expenditure has been reduced to a good extent. During this period of 2009 we have already invested Tk. 75.00 lac as FDR.
3. We present further that, we liquidated our bank liabilities of Tk. 54.00 lac of Southeast Bank Limited (Statement enclosed) which has also reduced our Solvency/liquidity market.

Although this payment has to certain extent negated our situation temporary solvency status but it is fully covered and positive since the money remains available to us and receivable from Sadharan Bima Corporation. With all these, after receiving this amount from Sadharan Bima Corporation, our short term rating is expected to be much better.