

"If you have any query about this document, you may consult issuer, issue manager(s) and underwriter(s)"

PROSPECTUS

Of



STANDARD INSURANCE LIMITED

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69, Mohakhali C/A (4th floor), Dhaka-1212, Phone: 9888548, 9880706
Web-site: www.standardinsuranceltd.com Email: std_ins@standard-group.com

For

PUBLIC OFFER OF 900,000 ORDINARY SHARES OF TK. 100 EACH (AT PAR) TOTALING TK. 90,000,000

Opening date for subscription: 07-09-2008

Closing date for subscription: 11-09-2008

For Non-Resident Bangladeshi quota, subscription closes on: 20-09-2008

Underwriters

| | |
|--|---|
| ICB Capital Management Limited 8, Rajuk Avenue (14 th Floor), Dhaka-1000 | |
| Capital Market Services Limited Suite# 702 (7 th Floor), 28 Dilkusha C/A, Dhaka. | Dhaka Bank Limited 100, Motijheel C/A, Dhaka-1000. |

Issue date of the Prospectus: 03-07-2008
The issue shall be placed in "N" category

Managers to the Issue



ICB CAPITAL MANAGEMENT LIMITED
Shilpa Bank Bhaban (14th Floor)
8, Rajuk Avenue, Dhaka-1000.



CAPITAL MARKET SERVICES LIMITED
Suite #702 (7th Floor), 28 Dilkusha C/A,
Dhaka-1000.

Credit Rating by Credit Rating Agency of Bangladesh (CRAB)

Long Term
BB3 (Double B Three)

Short Term
ST-4

"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

The Prospectus of **Standard Insurance Limited** may be available at the following addresses:

| ISSUER COMPANY | CONTACT PERSON | TELEPHONE NO. |
|---|--|------------------|
| Standard Insurance Limited 69, Mohakhali C/A (4th floor), Dhaka-1212 | Mr. Md. Kowser Munshi Head of Finance & Accounts and Company Secretary | 9888548, 9880706 |

| ISSUE MANAGER | CONTACT PERSON | TELEPHONE NO. |
|--|--|------------------|
| Capital Market Services Limited Suite # 702(7 th Floor), 28 Dilkusha C/A, Dhaka. | Al Maruf Khan FCA Managing Director | 9562715, 7168652 |
| ICB Capital Management Limited 8, Rajuk Avenue (14th Floor), Dhaka-1000 | Md. Iftikhar-Uz-Zaman Chief Executive Officer | 7160326-27 |

| <u>Underwriters</u> | CONTACT PERSON | TELEPHONE NO. |
|--|--|--------------------|
| Capital Market Services Limited Suite# 702 (7 th Floor), 28 Dilkusha C/A, Dhaka. | Al Maruf Khan FCA Managing Director | 9562715, 7168652 |
| ICB Capital Management Limited 8, Rajuk Avenue (14th Floor), Dhaka-1000 | Md. Iftikhar-Uz-Zaman Chief Executive Officer | 7160326-27 |
| Dhaka Bank Limited 100, Motijheel C/A, Dhaka-1000. | Mr. Kamrul Aziz Senior Principal Officer | 9553113 9559104 |

| STOCK EXCHANGES | | |
|--|-------------|----------------------------------|
| Dhaka Stock Exchange Ltd. (DSE) 9/F Motijheel C/A, Dhaka - 1000 | DSE Library | 9564601-7 |
| Chittagong Stock Exchange Ltd. (CSE) CSE Building, 1080, Sheikh Mujib Road, Chittagong - 4100 | CSE Library | (031) 714632-3 (031) 720871-3 |

Prospectus is also available on the web sites www.secbd.org, www.dsebd.org, www.csebd.com, www.cmslbd.com, www.icml.com.bd and www.standardinsuranceltd.com public reference room of the SEC for reading and study.

Auditor's Information

| Name | Address | Telephone |
|---|--------------------------------|--------------------|
| K. M. Alam & Co. Chartered Accountants | 80 Motijheel C/A, Dhaka - 1000 | 02-9557851,9552954 |

TABLE OF CONTENTS

| PARTICULARS | Page No. |
|--|----------|
| Declaration about the Responsibility of Directors | 8 |
| Due Diligence Certificate of Manager to the Issue | 10 |
| Risk Factors | 11 |
| Use of Proceeds | 12 |
| Description of Business | 12 |
| Description of Property | 14 |
| Plan of Operation and Discussion of Financial Condition | 14 |
| Directors and Officers | 19 |
| Bio-data of Directors | 22 |
| Involvement of officers and directors in certain legal proceedings | 24 |
| Certain relationship and related transactions | 24 |
| Executive Compensation | 25 |
| Option Granted to Officers, Directors and Employees | 25 |
| Transactions with Directors and Subscribers | 25 |
| Tangible assets per Share | 25 |
| Ownership of the Company's securities | 26 |
| Determination of Offering Price | 27 |
| Market for the Securities being Offered | 27 |
| Description of Securities Outstanding or being Offered | 28 |
| Debt Securities | 28 |
| Lock in Provision | 28 |
| Availability of securities | 29 |
| Application for Subscription | 29 |
| Miscellaneous Information | 31 |
| Bankers' to the Issue | 32 |
| Auditors Reports & Accounts | 50 |
| Auditors Reports in pursuance of section 135(1) | 80 |
| Ratio Analysis | 86 |
| Application Form | 89 |
| Application Form (NRB) | 91 |
| Additional Disclosure by the Auditor | 93 |
| Additional Disclosure regarding Income Tax Status | 94 |

**Definition and Elaboration of the abbreviated words
and technical terms used in the Prospectus**

| | |
|--------------------------|---|
| Allotment | : Letter of allotment for shares |
| BB | : Bangladesh Bank |
| BO A/C | : Beneficiary Owner Account or Depository Account |
| Certificate | : Share Certificate |
| SIL | : Standard Insurance Limited |
| ICML | : ICB Capital Management Limited |
| CMSL | : Capital Market Services 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 | : Standard Insurance Limited |
| NAV | : Net Asset Value |
| NBR | : National Board of Revenue |
| NRB | : Non Resident Bangladeshi |
| Offering Price | : Price of the securities of Standard Insurance 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 Standard Insurance Limited |
| Share Market | : Market of the Securities |
| Sponsors | : The sponsor shareholders of Standard Insurance Limited |
| STD Account | : Short Term Deposit Account |
| Stockholders | : Shareholders |
| Subscription | : Application money |
| The Company | : Standard Insurance Limited |
| FDR | : Fixed Deposit Receipt |
| NIB | : National Investment Bond |
| CCI | : Chief Controller of Insurance |

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 Standard Insurance 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 9,00,000 ordinary shares of Tk.100.00 each at par worth Tk.9,00,00,000.00 (Taka nine crore) 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 managers 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 managers. 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 managers shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within 3 (three) weeks after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue managers). 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 6(six) 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 cannot 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.
20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.
21. Lottery (if applicable) shall be held within 5 (five) weeks from closure of the subscription date.
22. The company shall issue share allotment letters to all successful applicants within 6 (six) 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 the issue and other banks as disclosed in the prospectus. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.
23. 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.
 24. 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.
 25. All issued shares of the issuer at the time of according this 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 shares, 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.
 26. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsors/Directors/Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at para-25 above.
 27. 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 of the bank shall be furnished to the Commission jointly by the issuer and the issue managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).
 28. 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).
 29. 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 the stock exchanges.
 30. The company shall not declare any benefit other than cash dividend based on the financial statements for the period ended on December 31, 2007.

Part -B

1. The issue managers (i.e. ICB Capital Management Limited and Capital Market Services Limited) shall 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:
These 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 (including rights/bonus) will be made 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

ICB Capital Management Limited and **Capital Market Services Limited** have prepared this prospectus from information supplied by **Standard Insurance Limited** (the Issuer) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of Standard Insurance Limited, ICB Capital Management Limited and Capital Market Services Limited collectively and individually, 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 ICB Capital management Limited and Capital Market Services Limited.

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 may be obtained from the Head Office of Standard Insurance Limited, ICB Capital Management Limited, Capital Market Services Limited, the underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS INCLUDING CEO OF THE COMPANY "STANDARD INSURANCE LIMITED" IN RESPECT OF THE 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/-
(H.T.MQUADER NEWAZ)
Chairman

Sd/-
(ENGR. A. K. M. MOSHARRAF HUSSAIN)
Director

Sd/-
(ENGR.MD.ATIQR RAHMAN)
Director

Sd/-
(MAHMUDA BEGUM)
Director

Sd/-
(HUSNA-ARA-BEGUM)
Director

Sd/-
(TASMIAH RAHMAN)
Director

Sd/-
(HASNAT MOSHARRAF)
Director

Sd/-
(HASIB MOSHARRAF)
Director

Sd/-
(MD. MOZAMMEL HOSSAIN)
Managing Director

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

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

Sd/-
(H.T.MQUADER NEWAZ)
Chairman

Sd/-
(ENGR. A. K. M. MOSHARRAF HUSSAIN)
Director

Sd/-
(ENGR.MD.ATIQR RAHMAN)
Director

Sd/-
(MAHMUDA BEGUM)
Director

Sd/-
(HUSNA-ARA-BEGUM)
Director

Sd/-
(TASMIAH RAHMAN)
Director

Sd/-
(HASNAT MOSHARRAF)
Director

Sd/-
(HASIB MOSHARRAF)
Director

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required under 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

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 Company
Sd/-
(Md. Mozammel Hossain)
Managing Director
Standard Insurance Limited

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF STANDARD INSURANCE 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/-
Md. Iftikhar-uz-zaman
Chief Executive Officer
ICB Capital Management Limited

Sd/-
Al Maruf Khan FCA
Managing Director
Capital Market Services Limited

DUE DILIGENCE CERTIFICATE OF MANAGERS TO THE ISSUE

Sub: Public Issue of 900,000 Ordinary Shares of Taka 100.00 each at par of Standard Insurance 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 issuer Company, its directors and 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. 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 for investment in the proposed Issue.

For Manager to the Issue

Sd/-

Md. Iftikhar-uz-zaman

Chief Executive Officer

ICB Capital Management Limited

Sd/-

Al Maruf Khan FCA

Managing Director

Capital Market Services Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER (S)

Sub: Public Offer of 900,000 Ordinary Shares of Taka 100.00 each at par of Standard Insurance 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 Issuer 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 has 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/-

(Chief Executive Officer/Managing Director)

- ICB Capital Management Limited

- Capital Market Services Limited.

- Dhaka Bank Limited

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

The company is operating in a field involving a great deal of external/internal risk factors and the management of Standard Insurance Limited perceives the risk factors which are as follows:

a) Interest rate risks:

Volatility of money market, which ultimately imposes upward pressure on interest rate structure, may erode Organization's profitability. The company earned a net profit of Tk. 9,165,049 from interest on FDR & NIB; which is 75.78% of total net profit before tax. The income on fixed deposit may fall with the reduction of FDR rate of commercial banks as per current trend.

If the income on fixed deposit falls, the company will take alternative windows for investment of its existing FDR's as well as surplus fund.

b) Exchange rate risks:

Devaluation of local currency against major international currencies may affect company's marine insurance business adversely.

The Company is always in search of new business and in attempt of business expansion by which will be able to overcome by the above stated risk.

c) Industry risks:

- I. Liberalization of permission to set up more insurance companies by the Government.
- II. Natural calamities

Liberalization of permission to set up more insurance companies by the Government may result in severe competition amongst insurers consequential 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, SIL 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. SIL has already proved its leading role by its attractive earning performance.

The coverage of natural calamities, like cyclone, flood, 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 re-insurance Coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and re-insurance risks. Moreover, most of our retained portfolios (Fire including flood, cyclone risks) are protected under catastrophic Excess of Loss Treaty with S.B.C.

d) 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 company's business.

Insurance business globally is increasing. New items are coming under the cover of insurance as days pass by the market is expanding as people are realizing the importance of insurance. Because of our excellent services and introduction of new products, the company does not envisage any market & technological related risk.

e) Potential or existing government regulations:

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

The Government, who is owner of Sadharan Bima Corporation, is not expected to change policies relating to insurance requirement affecting the income of the insurance companies without proper consequential relief for self interest.

f) Potential change in global or national policies:

Any structural change in the international or national insurance business policy adversely effecting 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 re-insurance business is unimaginable. Any such event creates a global destabilization which the major economies must not allow to happen.

g) History of non-operation, if any:

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

- No general insurance company has ever become non-operative in Bangladesh nor there do any chance to become non-operative in future.

h) Operational risks:

According to letter bs-ct/11-54/8/2002-1893 dated 21.11.2007 of the Chief Controller of Insurance, a penalty was imposed for failing to float shares to the public from 22.6.2003 till 30.06.2007. A total fine of Tk.14,79,000 till 30.06.2007 was imposed, which is already paid within February 2008. Any future penalty imposed after 30.06.2007 by the CCI may affect the profitability of the company adversely.

- If any amount of penalty is imposed for the remaining period after 30/06/2007 will not significantly affect the profitability of the company.

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 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 each at Tk. 90,000,000 will strengthen the capital base of the company and augment business expansion. The fund thus raised through public issue will be used for investment purposes.

DESCRIPTION OF BUSINESS

Company background

The company was incorporated as a public limited company on 3rd November 1999 under the Companies Act 1994 and obtained registration from the Controller of Insurance on 23-12-1999 under Insurance Act 1938. The authorized capital of the company is Tk. 300 million consisting of 3,000,000 ordinary shares of Tk. 100 each. The sponsor /subscribers have already contributed to the paid up capital of Tk. 60 million. It is considered that higher paid up capital strengthens company's foundation and provides sound financial standing for the company. This capability enhances the company's strength to attract clients to take insurance. With this financial position the company can settle large claims from its own sources, which contributes in generating public confidence towards the company. Thus, large paid up capital not only helps building up a large business portfolio but also generates substantial amount of profit ensuring a good return to the shareholders.

Insurance is a highly technical and risk bearing business. Before taking an insurance policy clients usually assess the quality of the management and financial soundness of the company. If the management is dependable and the financial condition of the company is sound, the business is bound to grow fast which will ultimately generate profit for building up company's reserve as well as declaring dividend for the shareholders.

Important dates:

| | |
|--|----------------------------------|
| Incorporation of Business | : 3 rd November 1999 |
| Commencement of Business | : 3 rd November 1999 |
| Consent from the Controller of Insurance | : 23 rd December 1999 |

(1) Principal product or services:

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

- Fire Insurance Business
- Marine Insurance Business
- Motor Insurance Business
- Miscellaneous Insurance Business

(2) Product-wise net premium as per Audited Accounts.

| Description | 31.12.2007 | % | 31.12.2006 | % |
|--------------------|--------------------|------------|--------------------|------------|
| Fire Revenue A/C | 34,026,571 | 25.85 | 24,531,075 | 24.17 |
| Marine Revenue A/C | 78,091,269 | 59.34 | 57,263,931 | 56.41 |
| Motor Revenue A/C | 6,933,908 | 5.27 | 4,522,360 | 4.45 |
| Misc. Revenue A/C | 12,556,170 | 9.54 | 15,197,767 | 14.97 |
| Total | 131,607,918 | 100 | 101,515,133 | 100 |

(3) Associates, Subsidiary/ Related Holding Company

The company does not have any associate, subsidiary/ related holding company.

(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, Zonal Offices at Chittagong, Khulna and the branches through out the country. Network of professional staff and commission agents promote and conduct the business.

The company has 16 branches all over Bangladesh and its head office is located at 69 Mohakhali C/A, Dhaka. The name and addresses of the Branches are as follows:

List of Branches with addresses of the Company:

| Sl | Name of Branch | Address |
|-----|-----------------|--|
| 01. | Head Office | 69 Mohakhali C/A (4 th Level) Dhaka-1212. |
| 02. | Motijheel | Dilkusha centre, (6 th Floor), 28, Dilkusha C/A, Dhaka-1000 |
| 03. | Local Office | Fazlur Rahman Centre (6th Floor) 72, Dilkusha C/A, Dhaka-1000. |
| 04. | Karwan Bazar | 57/E, Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka-1215. |
| 05. | Northsouth Road | Sardar Plaza (4th Floor) 96, Shaheed Syed Nazrul Islam Swarani, Dhaka |
| 06. | Elephant Road | 53/1, New Elephant Road (2nd Floor) Dhanmondi, Dhaka-1205. |
| 07. | Paltan | Sheikh Centre (6th Floor) 56, Purana Paltan, Dhaka-1000. |
| 08. | B. B. Avenue | Sheikh Centre (6th Floor) 56, Purana Paltan, Dhaka-1000. |
| 09. | Agrabad | Noor Chamber (2nd Floor) 34, Agrabad C/A, Chittagong. |
| 10. | Jubilee Road | 599, Ramjoy Mohajan Lane, A.K. Tower (2 nd Floor), khatungonj Chittagong. |
| 11. | Narayangonj | Midtown Complex (3 rd Floor) 54, B. B. Road Road, Narayangonj. |
| 12. | Khulna | 69, Khan-A-Sabur Road, Nau Paribahan Malik Bhaban, Khulna. |
| 13. | Faridpur | 103, Goal Chamot (1 st Floor), Hazra Tala, Faridpur. |
| 14. | Bogra | Ava Plaza (3rd Floor), Gala Potty, Bogra. |
| 15. | Jessor | 43, M.K. Road (3 rd Floor), Jessor |
| 16. | Chaumuhuni | Shamsu Building (2 nd Floor), Bank Road, Chaumuhuni |

(5) Competitive conditions in the Business:

At present, there are 43 general insurance companies in operation in the private sector. These are controlled by the Controller of Insurance. The state owned institution namely, Sadharan Bima Corporation plays a pivotal role for emitting uneven competition in insurance business . 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 show satisfactory performance in their business operations.

(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 including Sadharan Bima Corporation and also developing the direct recruited personnel through existing experienced personnel.

(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 does not entered into any contracts with any customer or supplier.

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

The Company does not have any material patents, trademarks or royalty agreement except license from controller of insurance.

(11) Employees' Position:

Total 345 no. of employees are employed for the full time in the company up to 31 December 2007. Information of the employees are as follows:

Number of employees received salary more than Taka 3,000 per month is 324
 Number of employees received salary less than Taka 3,000 per month is 21
 There is no part time employee in the company.

DESCRIPTION OF PROPERTY

The company provides general insurance service and operates through its Head Office at Dhaka, Zonal offices Chittagong and Khulna branch offices at different district / city areas. The company owns the following fixed assets:

| SL. No. | Particulars |
|---------|------------------------|
| 1. | Furniture & Fixture |
| 2. | Office Equipment |
| 3. | Electric Installation |
| 4. | Telephone Installation |
| 5. | Vehicles |

1. The entire property is owned by the company and none is on lease or borrowed.
2. The property of the company is neither mortgaged with any one nor lien on them.
3. The properties are purchased in brand new condition.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and External Sources of Cash

(As per Audited Accounts in BDT)

| Internal sources of cash | 31.12.07 | 31.12.06 | 31.12.05 |
|---------------------------------|--------------------|-------------------|-------------------|
| Share capital | 60,000,000 | 60,000,000 | 60,000,000 |
| Reserves or contingency account | 1,60,20,518 | 4,307,197 | 1,485,672 |
| Total | 7,60,20,518 | 64,307,197 | 61,485,672 |
| External sources of cash | | | |
| Premium Deposit | 5,453,053 | 19,491,431 | 22,432,406 |
| Total | 8,14,73,571 | 83,798,628 | 83,918,078 |

(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 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)

| Particulars | 31.12.07 | 31.12.06 | 31.12.05 |
|--|-------------------|-------------------|------------------|
| Interest, dividend and rates | 9,302,964 | 9,238,819 | 8,247,301 |
| Investment Income | 4,010,800 | 54,000 | - |
| Profit/ (Loss) transferred from (operating income): | | | |
| Fire revenue account | (74,89,682) | (813,698) | (2,545,263) |
| Marine revenue account | 1,28,11,165 | 13,936,369 | 4,352,547 |
| Motor revenue account | 2,68,307 | (4,594,241) | (1,082,812) |
| Misc. revenue account | (38,51,118) | (6,729,683) | (2,747,403) |
| Total Income | 15,052,436 | 11,091,566 | 6,224,370 |

Operating Expenses

Comparative operating expenses positions of the company are as follows:

(As per Audited Accounts Amount in BDT)

| Particulars | 31.12.07 | 31.12.06 | 31.12.05 |
|---|-------------------|------------------|------------------|
| Audit fees | 172,000 | 19,400 | 70,000 |
| Depreciation | 2,051,591 | 1,999,748 | 1,690,648 |
| Advertisement & Publicity | 7,000 | 25,250 | 32,870 |
| Subscription and Donation | 195,000 | 54,000 | 253,465 |
| Directors' sitting fees | 67,000 | - | - |
| Registration renewal fees | 465,305 | 383,299 | 525,561 |
| Total expenses | 2,957,896 | 2,481,697 | 2,572,544 |
| Net profit before provisions & tax | 12,094,540 | 8,609,869 | 3,651,826 |

(4) Seasonal Aspects:

There is no seasonal aspect in insurance business in the country.

(5) Known Trends, Events or Uncertainties:

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

(6) Change 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 or given to its holding/parent company or subsidiary company:

The Company has no 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 within next one year 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:

The following capital expenditure has been planned to be incurred during the period, 2008:

| SL. No. | Items of capital expenditure | Estimated (Taka) |
|---------|------------------------------|------------------|
| 01. | Computer | 450,000 |
| 02. | Vehicle | 3,000,000 |
| 03 | Office Equipment | 400,000 |
| 04 | Furniture & Fixture | 550,000 |
| 05 | Office Decoration | 350,000 |
| 06 | Sundry Assets | 200,000 |
| | Total | 4,950,000 |

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

1. **VAT:** The Company had VAT outstanding of Tk. 656,648 only for the month of December 2007 which has subsequently been deposited with Bangladesh Bank in the month of January 2008. VAT is being paid by the company on monthly basis. However, the VAT authority, demanded an amount of Tk. 41,24,278 as outstanding VAT including interest and penalty, which is not acceptable to the company. In this respect, the company file a case in the Honourable High Court vide Petition No. 6654/2003 and the Court issued a stay order against the demand. In this respect Mr. M.A. Hannan, Advocate, Supreme Court of Bangladesh, the Lawyer of **Standard Insurance Limited** on 03.03.2008 has informed the Managing Director of the Company that " This is to certify and confirm that the above named petitioner filed this Writ Petition challenging Demand Notice vide Nathi No.4/VAT/Insurance / Standard - 225/2003/788 dated 20.01.2003 demanding an amount of Tk. 25,69,177.00 as VAT, interest and order No. 125/Masuk/93 dated 13.08.2003 passed by the Assistant Commissioner of Customs, Excise & VAT finally demanding an amount of Tk. 41,24,278.00 as VAT, penalty and interest. On being heard this matter Hon'ble High Court Division on 17.11.2003 was pleased to issue Rule Nisi and further pleased to pass an order staying operation of the said orders for 3 (three) months and after extension of stay on several occasions lastly on 09.07.2005 the said order of stay was extended till disposal of the Rule and the said order is still in force. This writ petition will be heard in due course."

II. Income Tax:

| Actg. year | Asst. year | Total income | Assessed tax | Provision for taxation | Tax paid | Adv. payment of taxes (including TDS from Bank interest) | Total tax paid | Refundable tax | Remarks |
|------------|------------|--------------|--------------|------------------------|----------|--|----------------|----------------|--|
| 1999 | 2000-01 | 193,384 | 77,654 | - | 58,815 | 18,839 | 77,654 | - | Assessment completed. |
| 2000 | 2001-02 | (1,343,367) | - | - | - | 102,866 | - | 102,866 | Assessment completed. |
| 2001 | 2002-03 | (1,032,282) | - | - | - | 251,014 | - | 251,014 | Assessment completed. |
| 2002 | 2003-04 | (2,686,026) | - | - | - | 1,759,965 | - | - | Company has filed the return on 15.07.03 to DCT. Lastly company issued letter to DCT (LTU) on 08.04.08 requesting for IT 15 & IT 30 as per section 173. However no response is received till to date. |
| 2003 | 2004-05 | 2,957,695 | 261,921 | - | - | 700,736 | 261,921 | 140,723 | Assessment completed. |
| 2004 | 2005-06 | 2,384,039 | 1,136,779 | - | - | 505,679 | 1,136,779 | - | Assessment completed. |
| 2005 | 2006-07 | 3,651,826 | 1,643,322 | 1,643,322 | - | 1,820,907 | 1,643,322 | - | DCT (LTU) on 11.06.08 has provided a certificate mentioning that income tax for the assessment year 2006-2007 has been completed and no taxes is due from the company. The company will claim refund within stipulated time |
| 2006 | 2007-08 | 8,609,869 | - | 2,605,599 | - | 1,214,143 | - | - | After submission of return on 12-08-2007, the authority has issued a letter on 13.04.08 require to submit few documents / papers for assessment purposes. The company has complied accordingly. However no hearing is done as yet. |

III. Customs duty: Customs 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 follows:

| S.L | Name of Office & Branch | Area (Sft) | Period of Lease | Rent per Sft (Tk) | Monthly Amount | Advance as an 31st Dec. 07 | Remarks |
|-----|--|------------|--|-------------------|----------------|-------------------------------|---|
| 1 | Head Office Civil Engineers Bhaban 69, Mohakhali (4th Level) Dhaka - 1212 | 2893 | 01.01.05 to 31.12.2009 | 25 | 72,325 | Nil | Nil |
| 2 | Local Office Fazlur Rahman Center (5th Floor) 72/ Dilkusha C/A Dhaka - 1000. | 1100 | 01.06.05 to 31.05.2010 | 18 | 19,800 | 293,000 | Nil |
| 3 | Paltan Branch Sak Center 56, Purana Paltan (6th Floor), Dhaka - 1000. | 900 | 01.02.06 to 31.01.2009 | 17 | 15,300 | 100000 Security Deposit | Nil |
| 4 | B.B. Avenue Branch Sak Center 56, Purana Paltan (6th Floor), Dhaka - 1000. | - | - | - | - | - | Temporary Attached with Paltan Br. |
| 5 | North South Road 96, Sayed Nazrul Islam Shawrani, Sarder Plaza, (4th Floor) Dhaka - 1000. | 634 | 01.06.03 to 31.05.2006 Previous deed Continued on mutually agreed upon basis | 10 | 6,340 | 20000 Security Deposit | |

| | | | | | | | |
|----|---|------|--|-------|--------|---------|-----|
| 6 | Kawran Bazar Br. 57/E Kazi Nazrul Islam Avenue, (3rd Floor) Tejgaon, Dhala - 1215. | 920 | 01.10.06 to 31.10.2009 | 11.96 | 11,000 | 59,500 | Nil |
| 7 | Chaumuhani Br. Shamsu Building, Chawmuhani, Noakhali. | 1085 | 01.04.07 to 01.04.2010 | 4.42 | 4,800 | 38,400 | Nil |
| 8 | Jubilee Road Br. 88, Khatungonj, kotowali, Chittagong. | 1100 | 01.06.07 to 30.06.2010 | 11 | 12,100 | 80,400 | Nil |
| 9 | Agrabad Br. Noor Chamber, 34, Agrabad C/A, Chittagong. | 900 | 01.02.06 to 31.01.2008 | 18 | 16,200 | Nil | Nil |
| 10 | Elephant Road Br. 53/1 Elephant Road (3rd Floor), Dhaka - 1205. | 1100 | 01.07.05 to 30.06.2010 | 10 | 11,000 | Nil | Nil |
| 11 | Motijheel Br. 28, Dilkusha (7th Floor), Motijheel, Dhaka. | 1300 | 01.08.05 to 31.07.2010 | 5.38 | 20,000 | 197,000 | Nil |
| 12 | Bogra Br. Ava Plaza,Goala Patty, Bogra. | 800 | 01.10.05 to 30.09.2008 | 5 | 4,000 | 18,000 | Nil |
| 13 | Faridpur Br, 103, Goal Cammot, (5th Floor) Hazratata, Faridpur. | 350 | 01.01.04 to 01.01.2006 Previous deed Continued on mutually agreed upon basis | 7.14 | 2,500 | Nil | Nil |
| 14 | Narayanigonj Br. Midtown Complex (3rd Floor), 54, B.B. Road, Narayangonj. | 600 | 01.07.06 to 30.06.2007 Previous deed Continued on mutually agreed upon basis | 8.82 | 5,292 | Nil | Nil |
| 15 | Khulna Br. New Pari Bhaban, Malik Group, 69, Khan - E - Sabur Rd, Khulna. | 635 | 01.11.02 to 3.10.2004 Previous deed Continued on mutually agreed upon basis | 8.66 | 5,500 | Nil | Nil |
| 16 | Jessore Br. 43, MK Road , Jessore. | 904 | 01.05.06 to 30.04.2009 | 1.77 | 1,600 | 7000 | Nil |

(12) Financial Lease commitment:

The company has not entered into any financial lease agreement with others.

(13) Personnel Related Scheme:

The Company considers its human resources as the most valuable asset of the Company and has been continuing to train equip and groom fresh recruits for building a strong foundation. In order to enhance and advance the professional ability and knowledge of the employees, the company nominates its employees in training programs organized by different professional institutions. Besides, SIL has a well - designed compensation plan for attracting highly skilled professional staff with high degree of integrity. Employee performance is regularly evaluated and a good number of them have been promoted for their good contribution to the Company has introduced schemes of festival bonus and rewards.

(14) Break Down of Expenses for Issue Manager and Underwriter(s):

Following is the amount to be paid to the Issue Manager and Underwriter:

- Issue management fee Tk. 600,000.
- Underwriting commission is 1.00% on Tk. 4,50,00,000 (i. e. 50% of the IPO) aggregating Tk. 450,000.

Public Issue related expenses:

Following expenses will be incurred in relation to the public issue:

| Particulars | Rate | Amount in Tk. |
|---------------------------|------------------------------|---------------|
| Manager to the Issue Fees | @ 0.67% on Tk.9,00,00,000.00 | 6,00,000.00 |

Regulatory Expenses

| | | |
|---|----------------------------|-------------|
| Listing related expenses | | |
| Service Charge for DSE | Fixed | 5,000.00 |
| Listing Fees for Stock Exchange (DSE & CSE) | @ 0.15% on paid up capital | 4,50,000.00 |
| SEC Fees | | |
| Application Fee | Fixed | 10,000.00 |
| Consent Fee | @ 0.15% on entire offer | 1,35,000.00 |

IPO Commission

| | | |
|---|--|-------------|
| Underwriting Commission | @ 1.00% on Tk. 9,00,00,000.00 | 4,50,000.00 |
| Bankers to the Issue Commission (at actual) | @ 0.1% on collected amount (Approx ten times over subscribed) | 9,00,000.00 |

Printing, Publication & Post IPO Expenses (Estimated):

| | | |
|---|-----------|--------------|
| Publication of abridged version of Prospectus and Noticed | Estimated | 5,00,000.00 |
| Printing of Prospectus and Forms | Estimated | 2,00,000.00 |
| Post issue Expenses | Estimated | 10,00,000.00 |
| Arrangement of Lottery | | 2,09,000.00 |

CDBL Fees and Expenses

| | | |
|---|-----------|---------------------|
| Security Deposit of Eligible Securities | As actual | 3,00,000.00 |
| Documentation Fee | As actual | 2,500.00 |
| Annual Fee | As actual | 50,000.00 |
| Issue Fee | As actual | 22,500.00 |
| Connection Fee | As actual | 6,000.00 |
| Total | | 4,840,000.00 |

(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

SIL has no subsidiary/holding company.

(17) Declaration for Insurance Company

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

Sd/-
(H.T.M QUADER NEWAZ)
Chairman

Sd/-
(ENGR. A. K. M. MOSHARRAFHUSSAIN)
Director

Sd/-
(ENGR.MD.ATIQUUR RAHMAN)
Director

Sd/-
(MAHMUDA BEGUM)
Director

Sd/-
(HUSNA-ARA-BEGUM)
Director

Sd/-
(TASMIAH RAHMAN)
Director

Sd/-
(HASNAT MOSHARRAF)
Director

Sd/-
(HASIB MOSHARRAF)
Director

Sd/-
(MD. MOZAMMEL HOSSAIN)
Managing Director

(18) AUDITORS CERTIFICATE ON ALLOTMENT OF SHARES TO PROMOTERS OR SPONSOR SHAREHOLDERS FOR ANY CONSIDERATION OTHERWISE THAN FOR CASH

This is to certify that Standard Insurance Limited., has not allotted any shares for consideration other than cash to any shareholders, including the promoters or sponsor shareholders up to 31 December, 2007.

Sd/-
K.M Alam & Co.
Chartered Accountants
Date: Dhaka
March 12, 2008

(19) 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 disclosable has not been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-
Md. Mozammel Hossain
Managing Director

DIRECTORS & OFFICERS

a. **DIRECTORS:**

| Name of Directors | Position in SIL | Age (Years) | Date of becoming first Director | Expiry of current term |
|------------------------------|------------------------|--------------------|--|-------------------------------|
| H.T.M Quader Newaz | Chairman | 52 | 03- 11 - 1999 | 26-05-2010 |
| Engr. Md. Atiqur Rahman | Director | 62 | 03- 11 - 1999 | 25-05-2009 |
| Engr.A.K.M Mosharraf Hussain | Director | 63 | 03- 11 - 1999 | 25-05-2009 |
| Mahmuda Begum | Director | 55 | 03- 11 - 1999 | 26-05-2010 |
| Husna-Ara-Begum | Director | 54 | 03- 11 - 1999 | 25-05-2009 |
| Tasmiah Rahman | Director | 33 | 03- 11 - 1999 | 10-04-2011 |
| Hasnat Mosharraf | Director | 33 | 03- 11 - 1999 | 10-04-2011 |
| Hasib Mosharraf | Director | 30 | 06- 02 - 2001 | 26-05-2010 |

Directors' involvement/interest in other companies:

The follow table shows the details list of Directors and their Involvement and interest in other Companies.

| Sl. No. | Name of Directors | Position in SIL | Age | Name of Organization |
|---------|-------------------------------|-----------------|----------|--|
| 1 | H.T.M Quader Newaz | Chairman | 52 years | Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Faheem's Fashions Ltd. Kazipur Fashions Ltd. Peak Fashions Ltd. Standard Fashions Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. |
| 2 | Engr. Md. Atiqur Rahman | Director | 62 years | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Tulagaon Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Limited |
| 3 | Engr. A.K.M Mosharraf Hussain | Director | 63 years | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Standard Stitches Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Limited |
| 4 | Mahmuda Begum | Director | 55 years | Amex Limited Amotex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. |

| | | | | |
|---|------------------|----------|-----------------|--|
| | | | | <p>Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd.</p> |
| 5 | Husna Ara Begum | Director | 54 years | <p>Amex Limited Adhunik Poshak Shilpa Ltd. Barungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. International Trading Services Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd.</p> |
| 6 | Tasmiah Rahman | Director | 33 years | <p>Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Standard Stitches Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd.</p> |
| 7 | Hasnat Mosharraf | Director | 33 years | <p>Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd.</p> |

| | | | | |
|---|-----------------|----------|----------|---|
| | | | | Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Tulagaon Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd. |
| 8 | Hasib Mosharraf | Director | 30 years | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. The Civil Engineers Ltd. International Trading Services Ltd. Standard Group Ltd. Jamuna Bank Ltd. |

Family Relation between Directors & Officers:

There is no family relationship between directors and officers.

Family Relationship among the Directors:

Mr. Engr. Md. Atiqur Rahman and Mrs. Mahmuda Begum, Directors of Standard Insurance Limited are husband-wife and Mr. Engr. A.K.M. Mosharraf Hussain and Mrs. Husna-Ara-Begum, Directors are also husband-wife. Their collective holding in the company is 16.66% and 16.66% respectively that is disclosed in the Share holding list As Per Schedule X.

SHORT BIO-DATA OF THE DIRECTORS

a) Directors profile:

The Board consists of 8 Directors. The members of the Board of Directors of the Company hold very respectable position in society. They are from highly successful groups of business and industries in Bangladesh. Each member of the Board of Directors plays a significant role in the socio-economic domain of the country.

01. Mr. H.T.M Quader Newaz - Chairman:

Mr. H.T.M Quader Newaz is a renowned Businessman of the country. He obtained the Graduation Degree from Rajshahi University and is engaged in business for the last 20 years in different sectors like Manufacturing and Export of readymade Garments, Export & Import and Trading. His business affiliation is versatile and diversified. He is associated as the Director of Chandla Garments Ltd., Civil Dresses Ltd., Peak Fashions Ltd. & Tip Top Fashions Ltd. He is also the Share Holder of Adhunik Poshak Shilpa Ltd., Burungi Sportswear Ltd., Barura Textile Products Ltd., Crazy Fashions Ltd., Faheem's Fashions Ltd., Kazipur Fashions Ltd., Standard Fashions Ltd., and Wear Mag Ltd.

His association with the well-reputed Organization makes him a forward looking and progressive Businessman who has already reached an enviable height. Furthermore, he has deep affinity and also attachment with various socio-cultural activities.

02. Mr. Engr. Md. Atiqur Rahman - Director:

Mr. Engr. Md. Atiqur Rahman, was born in the year 1946 in a respectable Muslim family. He did his B. Sc Engineering from BUET. After completion of his academic education, he involved in versatile business houses. He earned a notable fame in business community for his remarkable business activities particularly in the field of Engineering, Real Estate, Textile & Ready made Garments etc.. He is one of the Sponsor Directors and also previous Chairman of Jamuna Bank Limited . Mr. Rahman has been declared a Commercially Important Person (CIP) for the last few years.

Mr. Engr. Md. Atiqur Rahman holds important positions in various industrial and business enterprises including banking. He was the President of Bangladesh Association of Construction Industry (BACI).

03. Engr. A.K.M. Mosharraf Hussain - Director:

Engr. A. K. M. Mosharraf Hussain was born in the year 1944. After completing B.sc Engineering from BUET he started his Business.

Mr. Mosharraf started his own business ventures in the Construction, Real Estate, Manufacturers and export of Readymade Garments, Banking etc. He holds important positions in various industrial and business enterprises .He is one of the sponsor Directors and also previous Chairman of Jamuna Bank Ltd. Mr. Mosharraf has been declared a Commercially Important Person (CIP) for the last few years.

He is involved with a number of business and industries which includes Standard Garments Industries Ltd., Kazipur Fashions Ltd., Standard Stitches Ltd., Faria's Fashions Ltd., Faheem's Fashions Ltd., Burungi Sportswear Ltd., Peak Fashions Ltd., Amex Ltd., Matexport (BD) Ltd., The Civil Engineers Ltd.

04. Mrs. Mahmuda Begum - Director:

Mrs. Mahmuda Begum, wife of Mr. Engr. Md. Atiqur Rahman was born in a respectable Muslim family in the year 1953. She obtained her Masters Degree under Dhaka University. She is one of the sponsors of Standard Insurance Limited. Her business affiliations with different aspects of trades are versatile and diversified.

Mrs. Mahmuda Begum is involved with different business houses in various capacities. She is also the Managing Director of the Amotex Limited, Director of Amex Limited, Barura Textiles Products Limited and Crazy Fashions Limited. She has traveled many countries for the purpose of business. She is actively involved with various socio-cultural organizations, religious educational institutions.

05. Mrs. Husna-Ara-Begum - Director:

Mrs. Husna-Ara-Begum, wife of Mr. Engr. A. K. M. Mosharraf Hussain was born in a respectable Muslim family of Dhaka. She is associated with Standard Insurance Limited as one of the Sponsor Directors. She is engaged in business profession just after completion of her educational career. She is also engaged in other trading manufacturing business like Chandla Garments Limited, Faheem's Fashions Limited, International Trading Services Limited and Matexport (BD) Limited. Apart from business profession, Mrs. Husna-Ara-Begum is also associated with various social organizations.

06. Mrs. Tasmia Rahman - Director:

Mrs. Tasmia Rahman was born in a respectable Muslim family in Comilla . She holds B. Sc Engineering (Electrical) degree from U S A. She is one of the director of Standard Insurance Limited from inception. She is the director of Peak Fashions Limited and Standard Stitches Limited. She is also share holder of many companies.

07. Mr. Hasnat Mosharraf - Director:

Mr. Hasnat Mosharraf is a young and promising Businessman. He is only 35 but early stage of his life he has established himself as a successful entrepreneur. He obtained the M.B.A degree , specialized in International Business from abroad . He has been the Director of Standard Insurance Limited for the past 7 years. He is the Director of Amex Limited, Chandla Garments Limited, Tip Top Fashions Limited. He hails from a reputed Muslim family.

08. Mr. Hasib Mosharraf - Director:

Mr. Hasib Mosharraf holds M.B.A degree from Canada. He has been the Director of Standard Insurance Limited for the past 5 years. He is the Shareholder of Chandla Garments Limited, Civil Dresses Limited, Kazipur Fashions Limited and Wear Mag Limited.

CIB REPORT:

Neither Standard Insurance 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 | Position | Educational qualification | Date of joining | Last 5 years experience |
|--------|-------------------------|--|---------------------------|-----------------|--|
| 1 | Md. Mozammel Hossain | Managing Director | M Com. | 06.12.2007 | Co-operative Insurance Ltd. |
| 2 | Mr. Md. Rezaul Kabir | Deputy Managing Director | M. Sc | 19.10.2004 | Express Insurance Co. Ltd & Megna Insurance Co. Ltd. |
| 3 | Md. Amanullah Chowdhury | General Manager (Head of Underwriting & Reinsurance Dept.) | B.A | 23.03.2000 | Pioneer Insurance Co. Ltd. |
| 4 | Md. Ali Imam | General Manager (Head of Claims Dept.) | H.S.C | 18.02.2007 | Sadharan Bima Corporation |
| 5 | Md. Kowser Munshi | Head of Finance & Accounts and Company Secretary | M.COM, C.A Inter | 01.12.1999 | Standard Insurance Ltd. |

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

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

1. Any bankruptcy petition filed by or against any company of which any director or officer of the company filling the prospectus was a director, officer, partner at the time of bankruptcy;
2. Any conviction of director, officer in a criminal proceeding or any criminal proceedings pending against him;
3. Any order judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
4. 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 director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTION

The Company does not have any transaction during the last two years, or any proposed transactions, between the company and any of the following persons as under, except as mentioned in Note - 24 of the Auditors' Report and point 3 and 4 of Additional Disclosure part of the Auditors' Report, which is annexed in the prospectus:

- (a) Any Director or Executive officer of the issuer.
- (b) Any director or officer.
- (c) Any person owning 5% or more of the outstanding share of the issuer.
- (d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
- (e) 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 or 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.
- (f) 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.

(g) 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 disclosed in Executive Compensation of the Prospectus.

Executive compensation

a. Remuneration paid to top 5 (five) salaried Executives in the last accounting year:

| Sl. No. | Name | Designation | Amount in Taka 2007 |
|--------------|--------------------------------------|-------------------------------------|------------------------|
| 1 | Amar Krishna Saha & Md. Rezaul Kabir | MD/ MD (CC) | 1,119,500 |
| 2 | Md. Mozammel Hossain | AMD | 25,161 |
| 3 | Md. Amanullah Chowdhury | General Manager | 303,210 |
| 4 | Md. Kowser Munshi | Head of F & A and Company Secretary | 276,660 |
| 5 | Md. Ali Imam | General Manager | 155,892 |
| Total | | | 1,880,423 |

b. Aggregate amount of remuneration paid to directors and officers as per audited accounts:

| | Amount paid (Tk.) | |
|--|-------------------|------------|
| | 2007 | 2006 |
| Directors sitting fees | 67,000 | - |
| Salary and allowances to the employees including Managing Director | 2,07,74,124 | 24,752,841 |

c. The Company did not pay any remuneration to any director, who was not an officer of the Company during the last accounting year.

d. There is no contract with any Director/ Officer for future compensation.

e. 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 issue of shares to any of the officers, directors and employees or to any outsiders.

TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Benefit from the company

The directors and subscribers of SIL have not received any benefits, financial or otherwise except remuneration for attending Board Meeting. The Company also has not received any benefits, financial or otherwise, from its promoters except funds against allotment of shares.

Directors and Subscribers' assets to the company

Directors and subscribers' to the memorandum have not transferred any property to the company but deposited share money from time to time. The company has acquired assets by investing its own funds.

TANGIBLE ASSETS PER SHARE

(As per audited accounts as at 31st December 2007)

| SL. No. | Particulars | Amount in Taka |
|---------|--------------------------------------|---------------------|
| | Total Tangible Assets | 19,10,86,748 |
| | Less: Total Liabilities | 11,50,66,230 |
| | Net Tangible Assets | 7,60,20,518 |
| | Number of Ordinary Shares | 600,000 |
| | Net Tangible Assets Per Share | 126.70 |

Dated: Dhaka

Sd/-
K.M.Alam & Co.
Chartered Accountants

| |
|--|
| OWNERSHIP OF THE COMPANY'S SECURITIES (As Per Schedule X) |
|--|

Following are the details of the existing shareholders as on 10 April 2008:

| Sl | Name of the shareholders | Address | Position | Shareholdings | Percentage |
|--------------|------------------------------|--|-------------|----------------|-------------|
| 1 | H.T.M Quader Newaz | D-9, Darga para, Rajshahi. | Chairman | 100,000 | 16.67% |
| 2 | Engr. Md. Atiqur Rahman | 8/16, Block-A, Lalmatia, Dhaka | Director | 50,000 | 8.33% |
| 3 | Engr.A.K.M Mosharraf Hussain | 9/5, Iqbal road, Mohammad pur, Dhaka | Director | 50,000 | 8.33% |
| 4 | Mahmuda Begum | 8/16, Block-A, Lalmatia, Dhaka | Director | 50,000 | 8.33% |
| 5 | Husna Ara Begum | 9/5, Iqbal road, Mohammad pur, Dhaka | Director | 50,000 | 8.33% |
| 6 | Tasmiah Rahman | Chototulagaon, Badarura, Comilla | Director | 100,000 | 16.67% |
| 7 | Hasnat Mosharraf | 2/21, Pallabi (1 st floor), Mirpur, Dhaka | Director | 100,000 | 16.67% |
| 8 | Hasib Mosharraf | Marium Tower, flat- 18/A, United Nations road, Dhaka | Director | 50,000 | 8.34% |
| 9 | Md. Tofazzal Ali | Plot# 10-12, Road# 11, Mohammadia Housing, Mohammad pur, Dhaka | Shareholder | 50,000 | 8.33% |
| Total | | | | 600,000 | 100% |

* No Officers owned any shares of the Company.

* All Directors/ shareholders hold more than 5% shares of the company.

List of shareholders who owns 5% or more shares of the company

| Sl. No. | Name of the shareholders | Address | Position | Shareholdings | Percentage |
|--------------|------------------------------|--|-------------|----------------|-------------|
| 1 | H.T.M Quader Newaz | D-9, Darga para, Rajshahi. | Chairman | 100,000 | 16.67% |
| 2 | Engr. Md. Atiqur Rahman | 8/16, Block-A, Lalmatia, Dhaka | Director | 50,000 | 8.33% |
| 3 | Engr.A.K.M Mosharraf Hussain | 9/5, Iqbal road, Mohammadpur, Dhaka | Director | 50,000 | 8.33% |
| 4 | Mahmuda Begum | 8/16, Block-A, Lalmatia, Dhaka | Director | 50,000 | 8.33% |
| 5 | Husna Ara Begum | 9/5, Iqbal road, Mohammad pur, Dhaka | Director | 50,000 | 8.33% |
| 6 | Tasmiah Rahman | Chototulagaon, Badarura, Comilla | Director | 100,000 | 16.67% |
| 7 | Hasnat Mosharraf | 2/21, Pallabi (1 st floor), Mirpur, Dhaka | Director | 100,000 | 16.67% |
| 8 | Hasib Mosharraf | Marium Tower, flat- 18/A, United Nations road, Dhaka | Director | 50,000 | 8.34% |
| 9 | Md. Tofazzal Ali | Plot# 10-12, Road# 11, Mohammadia Housing, Mohammad pur, Dhaka | Shareholder | 50,000 | 8.33% |
| Total | | | | 600,000 | 100% |

DETERMINATION OF OFFERING PRICE

The offering price of the common stock of Standard Insurance Limited has been determined by assessing the **Net Asset Value (NAV)**. The financial calculations presented below are from the audited accounts as of 31st December, 2007.

| SL. No. | Particulars | Amount (Taka) |
|----------|--|---------------------|
| A | Total Assets: | 19,10,86,748 |
| | Investment (at cost) | 23,205,045 |
| | Accounts receivable | 4,118,759 |
| | Amount due from other persons or bodies carrying on Insurance Business | 46,356,997 |
| | Sundry debtors | 1,068,900 |
| | Cash in hand Bank balance | 103,702,220 |
| | Other Accounts | 1,26,34,827 |
| B | Total Liabilities | 11,50,66,230 |
| | Balance of funds and Accounts | 38,801,218 |
| | Premium Deposit | 5,453,053 |
| | Amount due to other persons or bodies carrying on Insurance Business | 60,148,701 |
| | Liabilities and other provisions | 4,898,000 |
| | Sundry creditors | 57,65,258 |
| C | (A-B) Net Asset Value | 7,60,20,518 |
| D | Number of shares | 600,000 |
| E | (C/D) Net Asset Value per share | 126.70 |

We have examined the above calculation of Net Assets Value of **Standard Insurance Limited** which appears to be correct.

| | |
|-----------------------------|---|
| Dated: Dhaka, 12 March 2008 | Sd/- K. M. Alam & CO. Chartered Accountants |
|-----------------------------|---|

Net asset value per share of Tk. 100.00 each is Tk.126.70 which is higher than the face value, but the company is offering its issue price at Tk. 100.00 per share (at par).

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to the 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 15 (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 15 (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 7 (seven) days of expiry of the aforesaid 15 (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, Preemption 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 rights shares for raising further capital the existing shareholders shall be entitled 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 change 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

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

LOCK-IN PROVISION SHARE

All issued shares of the issuer at the time of according consent to 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 immediately preceding 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# | Name of Shareholders | Status | No. of Securities Owned as on 10th April 2008 | Percentage of holding | Date of acquisition | Expiry Date of lock-in |
|-----|------------------------------|-------------|---|-----------------------|---------------------|------------------------|
| 1 | H.T.M Quader Newaz | Chairman | 100,000 | 16.67% | 03- 11 - 1999 | 02-07-2011 |
| 2 | Engr. Md. Atiqur Rahman | Director | 50,000 | 8.33% | 03- 11 - 1999 | 02-07-2011 |
| 3 | Engr.A.K.M Mosharraf Hussain | Director | 50,000 | 8.33% | 03- 11 - 1999 | 02-07-2011 |
| 4 | Mahmuda Begum | Director | 50,000 | 8.33% | 03- 11 - 1999 | 02-07-2011 |
| 5 | Husna Ara Begum | Director | 50,000 | 8.33% | 03- 11 - 1999 | 02-07-2011 |
| 6 | Tasmiah Rahman | Director | 100,000 | 16.67% | 03- 11 - 1999 | 02-07-2011 |
| 7 | Hasnat Mosharraf | Director | 100,000 | 16.67% | 03- 11 - 1999 | 02-07-2011 |
| 8 | Hasib Mosharraf | Director | 50,000 | 8.34% | 06- 02 - 2001 | 02-07-2011 |
| 9 | Md. Tofazzal Ali | Shareholder | 50,000 | 8.33% | 03- 11 - 1999 | 02-07-2011 |

AVAILBLITY OF SECURITIES

| | | |
|--------------|---|----------------------|
| a) | 10% of the Issue i.e 90,000 ordinary shares @Tk. 100 each shall be reserved for Non-resident Bangladeshis | Tk. 9,000,000 |
| b) | 10% of the Issue i.e. 90,000 ordinary shares @Tk. 100 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission. | Tk. 9,000,000 |
| c) | The remaining 80% i.e. 7,200,000 Ordinary Shares @Tk. 100 each shall be open for subscription by the general public. | Tk. 72,000,000 |
| Total | | Tk.90,000,000 |

(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 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/ typed/handwritten 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 must be accompanied by Memorandum and Articles of Association.

04. **An applicant cannot 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. **An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**

06. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals shall be entitled to apply for Shares.

07. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the Banks 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 **“Standard Insurance Limited.”** And shall bear the crossing **“Account Payee only”** and must be drawn on a Bank in the same town of the Bank to which application form is deposited.

08. 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

09. 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 issuer, issue manager, DSE, CSE and the SEC.

10. 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. 33014180 with **The City Bank Limited, Principal office, Dhaka.**

11. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling, Euro shall be deposited to “FC Account(s) for IPO. In case of over subscription, refund shall be made by the Company out of the “FC Account(s) for IPO”. The Company has open **“FC Account for IPO” in US Dollar A/C No. 51117524, in UK Pound Sterling A/C No. 51117548, in EURO A/C No. 51117536 with The City Bank Limited, Principal office, Dhaka,** these accounts will close after refund of oversubscription, 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.

| | |
|------------------------|--------------------------------------|
| The City Bank Limited | Jamuna Bank Limited |
| National Bank Limited | Trust Bank Limited |
| Southeast Bank Limited | Investment Corporation of Bangladesh |

Otherwise, refund will be made only through “Account Payee” cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, 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 oversubscription 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 above, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

UNDERWRITERS OBLIGATION

The Public Offer of 900,000 Ordinary Shares of Tk. 100 each has been underwritten by the Issue Manager i.e. Capital Market Services Limited. Underwriting for 50% of the Public Offer:

| Sl no. | Name and Address of the underwriters | No. of Shares Underwritten | Underwriting Amount in Tk. |
|--------------|--------------------------------------|----------------------------|----------------------------|
| 01. | ICB Capital Management Limited | 1,00,000 | 1,00,00,000 |
| 02. | Capital Market Services Limited | 3,00,000 | 3,00,00,000 |
| 03. | Dhaka Bank Limited | 50,000 | 50,00,000 |
| Total | | 4,50,000 | 4,50,00,000 |

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 encashed 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.

Corporate directory

| | |
|-------------------------------------|--|
| Registered Office | Standard Insurance Limited 69, Mohakhali C/A (4th floor), Dhaka-1212 |
| Auditor | K. M. Alam & Co. Chartered Accountants 80 Motijheel C/A, Dhaka - 1000 Tel : 02-9557851,9552954 |
| Legal Advisor | Abdul Khaleq(Advocate) Supreme Court of Bangladesh Legal Craft, Meherba Plaza (12 th Floor) 33, Topkhana Road, Dhaka-1000 Tel : 02-9550396 |
| Issue Manager s | ICB CAPITAL MANAGEMENT LTD. 8, DIT Avenue, BSB Building (14th Floor), Dhaka-1000 CAPITAL MARKET SERVICES LIMITED Suite # 702 (7 th floor), 28, Dilkusha C/A, Dhaka-1000 Tel: 9562715, 7168652 |
| Banker | The City Bank Limited, Principal office, Dhaka |
| Company's compliance officer | Mr. Md. Kowser Munshi Head of Finance & Accounts and Company Secretary |

All investors are hereby informed by the Company that the Company Secretary would be designated as compliance officer who will monitor the compliance of the Acts, and rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or stock exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressal of investors' grievances.

MATERIAL CONTRACTS

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

- Underwriting Agreement between the Company and the Underwriters.
- Issue Management Agreement between the Company and the Manager to the Issue ICB Capital Management Limited and Capital Market Services Limited
- 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>Investment Corporation of Bangladesh Head Office, Dhaka Local Office, Nayapaltan, Dhaka Chittagong Branch, Chittagong Rajshahi Branch, Rajshahi Sylhet Branch, Sylhet Bogra Branch, Bogra Khulna Branch, Khulna Barishal Branch, Barishal</p> <p>The City Bank Limited Principal Office, Dhaka B.B. Avenue Branch, Dhaka Dhaka Chamber Branch, Dhaka Dhanmondi Branch, Dhaka Foreign Exchange Br, Dhaka Gulshan Branch, Dhaka Imamganj Branch, Dhaka Islami Banking Branch, Dhaka Johnson Road Branch, Dhaka Kawranbazar Branch, Dhaka Mirpur Branch, Dhaka Mouchak Branch, Dhaka New Market Branch, Dhaka Shaymoli Branch, Dhaka Uttara Branch, Dhaka VIP Road Branch, Dhaka DSE Nikunja Br. Dhaka Tongi Branch, Gazipur Tanbazar Branch, Narayanganj Comilla Branch, Comilla Agrabad Branch, Chittagong Jubilee road Branch, Chittagong Khatungonj Branch, Chittagong O R Nizam road Br., Chittagong Bandar Bazar Branch, Sylhet Zinda Bazar Branch, Sylhet Bogra Branch, Bogra Rajshahi Branch, Rajshahi Barishal Branch, Barisha Khulna Branch, Khulna</p> <p>National Bank Limited Bangshal Road Branch, Dhaka Babubazar Branch, Dhaka Dilkusha Branch, Dhaka Elephant Road Branch, Dhaka Foreign Exchange Br, Dhaka Gulshan Branch, Dhaka Imamganj Branch, Dhaka Dhanmondi Branch, Dhaka Kawran Bazar Branch, Dhaka Motijheel Branch, Dhaka Mohakhal Branch, Dhaka</p> | <p>Malibagh Branch, Dhaka Mirpur Branch, Dhaka ZH Sikder M.C. Branch, Dhaka Islampur Branch, Dhaka Uttara Branch, Dhaka North Brook Hall Br, Dhaka L.C. Branch, Kalabagan, Dhaka Mohammadpur Branch, Dhaka Pragati Sarani, Br. Dhaka Jatrabari Branch, Dhaka Gazipur Branch, Gazipur Savar Bazar Branch, Dhaka Narayanganj Br, Narayanganj Pagla Bazar Br. Narayanganj Sylhet Branch, Sylhet Anderkilla Branch, Chittagong Agrabad Branch, Chittagong Khatungong Br, Chittagong Jubilee Road Br, Chittagong S. Mujib Rd Br, Chittagong Pahartali Branch, Chittagong Narsingdi Branch, Narsingdi Tangail Branch, Tangail Khulna Branch, Khulna Rangpur Branch, Rangpur Bogra Branch, Bogra Rajshahi Branch, Rajshahi Barishal Branch, Barisha Comilla Branch, Comilla</p> <p>Southeast Bank Ltd. Principal Branch, Dhaka Corporate Branch, Dhaka Imamganj Branch, Dhaka Dhanmondi Branch, Dhaka Uttara Branch, Dhaka New Elephant Road Br., Dhaka Gulshan Branch, Dhaka Kakrail Branch, Dhaka Motijheel Branch, Dhaka Karwan Bazar Branch Banani Branch, Dhaka Bangshal Branch, Dhaka New Eskaton Branch, Dhaka Agargaon Branch, Dhaka Aganagar Branch, Dhaka Shaymoli Branch, Dhaka Madhabdi Branch, Narshingdi Ashulia Branch, Dhaka Joypara Branch, Dohar Narayanganj Branch, Narayanganj Khulna Branch, Khulna Bandar Bazar Branch, Sylhet Moulvi bazar Br, Moulvibazar</p> | <p>Laldighirpar Branch, Sylhet Hetimgong Branch, Sylhet Chouhatta Branch, Sylhet S.jalal Uposhahar Br., Sylhet Kulaura Branch, Moulvi Bazar Pathantula Branch, Sylhet Agrabad Branch, Chittagong Jubilee Road Br, Chittagong Khatunganj Br, Chittagong Halishahar Branch, Chittagong Pahartali Branch, Chittagong CDA Avenue Br, Chittagong Cox's Bazar Br, Cox's Bazar Chhagalnaiya Branch, Feni Feni Branch, Feni Bashurhat Branch, Noakhali Chowmuhani Branch, Noakhali Rangpur Branch, Rangpur</p> <p>Jamuna Bank Limited Mohakhali Branch, Dhaka Sonargaon Road Branch, Dhaka Moulvibazar Branch, Dhaka Dilkusha Branch, Dhaka Motijheel Branch, Dhaka Shantinagar Branch, Dhaka Gulshan Branch, Dhaka Dhanmondi Branch, Dhaka Naya Bazar Branch, Dhaka Foreign Exchange Branch, Dhaka Chistial Market Branch, Dhaka Dholaikhal Branch, Dhaka Banani Branch, Dhaka Mawna Branch, Gazipur, Dhaka Agrabad Branch, Chittagong Khatungonj Branch, Chittagong Jubilee Road Branch, Chittagong Bahaddarhat Branch, Chittagong Kadamtali Branch, Chittagong Sylhet Branch, Sylhet Naogaon Branch, Naogaon Bogra Branch, Bogra Narayanganj Br, Narayanganj Rajshahi Branch, Rajshahi Bashurhat Branch, Noakhali Sirajganj Branch, Sirajganj Dinajpur Branch, Dinajpur Kushtia Branch, Kushtia</p> | <p>Trust Bank Limited. Principle Branch, Dhaka SKB Branch, Motijheel, Dhaka Commilla Branch, Comilla Chittagong Cantt .Br. Chittagong Rangpur Cantt. Br. Rangpur Jessore Cantt. Branch, Jessore Agrabad Branch, Chittagong Dhanmondi Branch, Dhaka Khatunjong Branch, Chittagong Gulshan Corporate Br. Dhaka Dilkusha Corporate Br. Dhaka CDA avenue Branch, Chittagong Sylhet Corporate Branch, Sylhet Millenium Corporate Branch, Dhaka Uttara Corporate Branch, Dhaka Mirpur Branch, Dhaka Naval Base Branch, Chittagong Karwan Bazar Branch, Dhaka Narayanganj Branch, Narayanganj</p> |
|---|--|--|--|

RATING REPORT

Standard Insurance Limited

| | |
|----------------|--------------------|
| Ratings | |
| Long Term | : BB 3 |
| Short Term | : ST-4 |
| Date of Rating | : 30 December 2007 |
| Validity | : 1 (One) Year |

Analyst: Taniza Mazed: Financial Analyst

1.0 RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned "BB₃" (pronounced double B three) rating to Standard Insurance Limited (SIL) in the long Term and "ST-4" rating in the short Term.

Insurance Companies rated in long term "BB₃" category are adjudged to have average financials, moderate claims paying ability, valuable and defensible business franchises, and a stable operating environment. The level, growth and quality of earnings over the medium term are of average grade and changes in business/economic circumstances, as may be envisaged, may significantly impair the underlying fundamentals. Companies rated in the Short Term "ST-4" category are considered to have the capacity for timely repayment of obligations, and are characterized with average liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

CRAB performed the present rating assignment based on the audited financial statements of 31 December 2006 and other relevant information. The rating takes into account both quantitative and qualitative indicators which include growth potential, claim paying ability, moderate profitability, investment performance, liquidity, static retention, limited market share and branch network. Proper and frequent information disclosing of the company is also a good drivers of rating.

In FY 2006 the company's gross premium was TK 101.51 million compared to TK 82.82 million in FY 2005. The major premium earning source was marine class as 83.92% of total net premium earning was from this group. The business in fire class was less profitable in FY 2006 as the net premium income dropped drastically from TK 19.14 million in FY 2005 to 3.93 million in FY 2006. The underwriting profit of the company was TK 1.80 million compared to underwriting loss of TK 2.20 million in FY 2005. The main source of revenue of the company was investment income, as 84% of total income was investment income, and 16% was operational income. SIL's net profit before tax was TK 8.61 million in FY 2006 compared to TK 3.65 million in previous year. And this profit reported 135% growth in FY 2006 Due to positive amount of underwriting profit in FY 2006. In FY 2002 the underwriting loss was higher than the investment income which reported net loss of TK 2.69 million. Thereafter, from FY 2003, SIL achieved net profit with an increasing trend. The ROAE and ROAA of the company were 13.69% and 6.68% respectively in FY 2006. As a third generation company SIL still lags behind its peers in terms of profitability.

The management expense of the company in excess of allowable portion is declining though the growth rate of the expense was 8.5% in FY 2006. Including all the commissions the total management expense of the company was TK 53.29 million in FY 2006 compared to TK 49.11 million in FY 2005. Comparison of the expense ratio with its peer group shows favourable indication. There is still need for strengthening the management of the company specially in the mid level. Internal control system and use of professional software for operations and accounts are needed to be implemented to increase efficiency.

| | Key Financial Indicators | | |
|--------------------------|--------------------------|---------|---------|
| | 2004 | 2005 | 2006 |
| Gross Premium | 66.931 | 82.820 | 101.515 |
| Net Premium | 36.386 | 58.551 | 54.387 |
| Underwriting Profit | 0.82 | -2.02 | 1.80 |
| Net Profit | 3.39 | 3.65 | 8.61 |
| Paid-up-Capital | 60.00 | 60.00 | 60.00 |
| Shareholder's Equity | 57.83 | 61.49 | 64.31 |
| Investment | 80.36 | 92.02 | 100.71 |
| Investment Yield | 5.39% | 8.88% | 9.06% |
| Loss ratio | 5.62% | 15.39% | 18.56% |
| Management ratio | 111.42% | 83.88% | 97.98% |
| Return on Average assets | 6.04% | 6.12% | 13.69% |
| Return on Average Equity | 3.24% | 3.09% | 6.68% |
| Current ratio | 177.89% | 161.26% | 155.72% |
| Risk retention ratio | 54.36% | 70.70% | 53.58% |

The claim settlement performance of the company is good. As of December FY 2006 there were only 15 pending claims. In the FY 2006 the claim settlement ratio in an average was 67% for all classes of business.

Total investment of the Company is comprised of FDR (82%) and investment in capital market (18%). Total amount of investment of SIL was TK 100.01 compared to TK 92.02 in FY 2005. Total amount of investment in capital market and in national investment bond in FY 2006 was TK 18.21 million. The shares have been disbursed to 14 companies. The amount of liquid asset of the company was TK 105.41 million in FY 2006. 68.84% of total asset of SIL is in the form of cash and bank balance. The current ratio of the company was 155.72% in FY 2006 which is good enough for any insurance company.

The retention capability of SIL in 2006 at different categories was: Marine (Cargo) TK 2.00 million, fire TK 2.50 million; miscellaneous TK 0.5 million, for all classes and in engineering TK 1.00 million. In FY 2006 the premium received from all direct business was TK 77.73 million. Re insurance premium from Sadharan Bima in 2006 was TK 23.78 million while SIL paid TK 27.85 million for re insurance ceded and TK 19.28 for Government business. Thus total net premium was TK 54.39 million in FY 2006. So in total 53.58% of total premium is ceded for re-insurance.

SIL has been maintaining solvency surplus. In FY 2006 the actual solvency margin was 4.29 times of required solvency margin. Though the ratio is declining, the company is still maintaining good solvency position over the years. In FY 2006 SIL for the first time created a reserve for exceptional losses with TK 2.82 million.

2. INDUSTRY OVERVIEW

Insurance is a small but growing sector in Bangladesh. Since the independence of the country, the insurance industry experienced a major structural transformation. The government of Bangladesh nationalized insurance industry in 1972 and by the virtue of the Bangladesh Insurance (Nationalization) Order 1972, except postal life insurance and foreign life insurance companies, all insurance companies were placed in the public sector under five corporations. In 1973 the 'Insurance Corporations Act 1973' was enacted and a restructuring was made in the insurance industry by forming two corporations, Sadharan Bima Corporation and Jibon Bima Corporation. Later the Insurance Corporations Act 1973 amended in 1984 allowed insurance companies in the private sector to operate side by side with Sadharan Bima Corporation and Jibon Bima Corporation. At present a total of 43 general insurance companies and 17 life insurance companies are operating in the private sector. Though the number of General Insurance Company is more than two times of Life Insurance Company their contribution to the industry is only around 25% considering assets, premium and investment.

Market Capitalization

As per law insurance companies have to float shares within 3.5 years of operation. Up to 2006, only 31 companies (8 life insurance companies and 23 general insurance companies) have entered into the stock market. In 2006, share capital and market capitalization stood at BDT 3395 million and BDT 8939 million (3.30% of the total DSE capitalization) respectively. Market capitalization trends of insurance companies are reflected in the following exhibit:

Exhibit1: Market Capitalization Trend of Insurance Companies (Life and General)

| Year | Number of Listed Company | | Share Capital | Market Capitalization |
|------|--------------------------|----------|---------------|-----------------------|
| | Life | Non-Life | | |
| 1997 | 3 | 15 | 1015.20 | 3214.66 |
| 1998 | 3 | 15 | 1015.20 | 2492.58 |
| 1999 | 3 | 15 | 1015.20 | 2632.55 |
| 2000 | 3 | 15 | 1015.20 | 2553.00 |
| 2001 | 3 | 17 | 1315.00 | 2882.00 |
| 2002 | 3 | 17 | 1337.00 | 3317.00 |
| 2003 | 3 | 17 | 1370.00 | 5040.00 |
| 2004 | 3 | 17 | 1370.00 | 5246.00 |
| 2005 | 6 | 21 | 2549.00 | 8507.00 |
| 2006 | 8 | 23 | 3395.00 | 8939.00 |

Source: Financial Sector Review, Volume-II, Bangladesh Bank

Insurance penetration of Bangladesh as a measure of premium revenue as a percent of GDP was 0.61, which was the lowest among the South Asian countries (India: 3.14; Pakistan:0.67; Sri Lanka: 1.46). Similarly, insurance density, which is premium per capita, is very low compared to other South Asian countries (Bangladesh: US\$2.5; India: US\$22.7; Pakistan: US\$4.6 and Sri Lanka: US\$ 16.3).

Composition of Premiums

Premiums are considered to be the main indicator of an insurance company's performance. Usually, higher premium accumulation results not only in increase underwriting income but also leads to an addition in the investment stock and reserves of the company.

Exhibit 2: Gross Premium by General insurance

| Year | Gross Premium BDT in million | Share | | Figure in percent Growth | |
|------|---------------------------------|----------------|-------|-----------------------------|-------|
| | | Private sector | SBC | Private sector | SBC |
| 2001 | 4861.07 | 84.63 | 15.37 | 12.52 | 22.95 |
| 2002 | 5325.49 | 84.63 | 15.37 | 9.87 | 7.84 |
| 2003 | 5878.17 | 86.96 | 13.04 | 13.42 | -6.36 |
| 2004 | 6781.37 | 88.52 | 11.48 | 17.43 | 1.57 |
| 2005 | 8015.53 | 88.94 | 11.06 | 18.77 | 13.80 |

Source: Insurance Year Book – Various issues

The table highlighting the composition of gross premium of the general insurance industry shows that the private sector insurance companies are earning more premiums than that of state-owned companies. Besides, the average growth of premium over a five-year period ended 2005 in the private sector is two times of the average growth of premium in public sector

Asset Structure

The asset structure of insurance companies shows that the total asset of insurance companies has been seen a consistent improvement during 2001-2005. But the share of state owned companies have been declining over the years. In fact, the composition of assets shows a gradual shift in the ownership structure from state controlled to the private sector.

Exhibit 3: Asset Structure of General Insurance Company

| Year | Total Assets BDT in million | Share | | Figure in percent Growth | |
|------|--------------------------------|----------------|-------|-----------------------------|-------|
| | | Private sector | SBC | Private sector | SBC |
| 2001 | 15540.22 | 63.49 | 36.51 | 7.52 | 7.66 |
| 2002 | 15990.06 | 64.58 | 35.42 | 4.65 | -0.15 |
| 2003 | 17087.71 | 65.23 | 34.77 | 7.93 | 4.92 |
| 2004 | 17564.95 | 63.79 | 36.21 | 0.53 | 7.03 |
| 2005 | 20257.16 | 70.12 | 29.88 | 26.77 | -4.84 |

Source: Insurance Year Book – Various issues

In 2001 state-owned general insurance company, SBC had a share of 36.51% in total asset of the general insurance industry, which declined to 29.88% in 2005 registering an average growth rate of 2.92%. While the asset of private general insurance companies have increased at an average rate of 9.48%. So the majority shares are now controlled by the private sector insurance companies.

Investment by General Insurance

Investments are generally the largest asset of an insurance company. The investment portfolio of insurance companies usually consists of listed shares, corporate debt and money market instruments. The share of investment of life insurance companies increases substantially over the years (78.17% in 2005).

Exhibit 4: Investment by General Insurance Industry

| Year | Total Investment BDT in million | Share | | Figure in percent Growth | |
|------|------------------------------------|----------------|-------|-----------------------------|-------|
| | | Private sector | SBC | Private sector | SBC |
| 2001 | 7031.94 | 51.98 | 48.02 | 14.41 | 2.17 |
| 2002 | 7555.65 | 59.41 | 40.59 | 22.79 | -9.16 |
| 2003 | 8021.84 | 63.58 | 36.42 | 13.63 | 4.75 |
| 2004 | 10407.03 | 66.05 | 33.95 | 34.78 | 20.93 |
| 2005 | 10443.82 | 63.43 | 36.57 | -3.63 | 8.11 |

Source: Insurance Year Book – Various issues

In case of general insurance companies there was a high growth in investment by the private sector, which resulted in the steady rise of the share of private sector in total investment. In fact, investment income has increased, indicating higher returns from diversified investment in both government securities and equities.

Competition enhances efficiency of the market and leads to product diversification and fair pricing of insurance products. However, it is alleged that presence of a large number of general insurance companies in a small market is creating interruption in smooth functioning of the overall insurance industry. Only 10 companies among 43 private companies control the general insurance industry as they contribute 50% of net premium, 64% of net profit, 75% of investment and 66% of total assets to the industry.

3. OPERATIONAL REVIEW
3.1 Company Profile

Standard Insurance Limited (SIL) was incorporated in 1999 as a public limited company, and obtained registration from Controller of Insurance in the same year. The initial authorized capital was TK 300 million. As of 31 December 2006, the paid up capital stood TK 60.00 million. The company carries on the business of all types of insurance except life insurance, with 13 branches.

The company's business operations are being carried out in the following areas:

- a) Underwriting Fire Insurance
- b) Underwriting Marine (Cargo & Hull Insurance)
- c) Underwriting Miscellaneous Insurance
- d) Underwriting of public Issue of Shares and Debentures
- e) Investment in Shares and Debenture
- f) Investment in Govt. approved securities

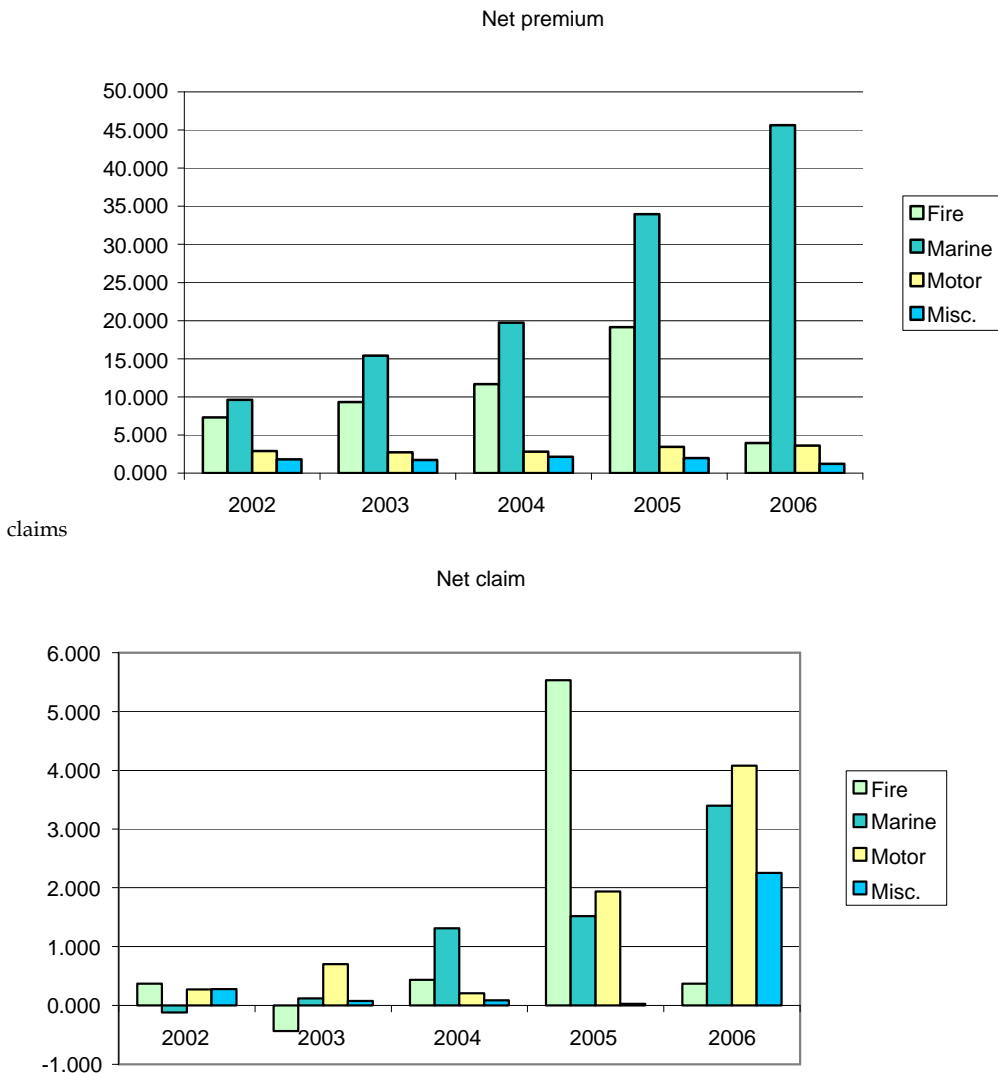
3.2 Classes of Business and changes

In FY 2006 the net premium earned by SIL in fire class was TK 3.93 million compared to TK 19.14 million in FY 2005. In marine class a net premium increased from TK 33.97 million to TK 45.64 million in FY 2006. In motor insurance net premium income increased from TK 3.46 million in FY 2005 to TK 3.59 million in FY 2006. And in terms of miscellaneous category of business net premium declined from TK 1.97 million to TK 1.21 million in FY 2006.

The net claim in fire class of business declined from TK 5.53 million to TK 0.368 million in FY 2006. In marine class net claim was TK 3.4 million, in motor class the claim amount was TK 4.08 million in FY 2006 compared to TK 1.94 million in FY 2005. The net claim in misc. class also increased from TK 0.028 million to TK 2.25 million in FY 2006. In total the net claim of SIL has realized a growth rate of 74% as against 24% negative growth rate in net premium.

The following graph represents the class wise net premium earned and net claim paid in various years.

Exhibit 5: Class wise net premium and net



From the above exhibit it is noted that the business from the marine class is expanding year by year. In the FY 2006, 83.92% of total net premium was earned from marine class of business compared to 58.03% in FY 2005. In terms of net claim 33% of total net claim was realized from this group. Business from fire class declined in the FY 2006 compared to previous years. In FY 2005 the net claim from fire insurance was 61.37% of the total which was only 3.65% in FY 2006. The trend in motor class of business also indicating its risky nature as net claims from this category is rising. Though the net premium in miscellaneous class was 2.23% in FY 2006 but the net claim was 22.10% in the same year. So it also realized negative underwriting profit in FY 2006.

3.3 Growth Analysis

SIL has achieved negative growth of 7.11% in net premium in FY 2006 compared to 60.92% growth in the FY 2005. The major reason is the decline of premium earning from fire class from TK 19.14 million to TK 3.93 million in FY 2006. If we compare the growth rate of net claims with the peer group in FY 2005 the growth rate was 340.95% because of low amount in base year, but in FY 2006 the growth rate of net claim was 12.01%. The management expense grew at a negative rate of 10.96% in FY 2005 but in FY 2006 this rate was positive. The growth of underwriting profit is showing favorable indication as it stood at positive figure of TK 1.80 million compared to negative figure of TK 2.02 million in FY 2005. The performance of investment is positive as the growth rate is positive for last two years. SIL attained 4.96% growth for total asset and the amount stood at TK. 132.00 million.

Exhibit 6: Growth comparison of SIL with Industry

| GROWTH ANALYSIS | SIL | | Amounts in million TK | | | | | |
|---------------------|--------|----------|-----------------------|----------|--------|---------|--------|---------|
| | | | Peer Group | | | | | |
| | 2006 | Growth | 2005 | Growth | 2004 | 2005 | Growth | 2004 |
| Net Premium | 54.39 | -7.11% | 58.55 | 60.92% | 36.39 | 1027.24 | 23.53% | 831.56 |
| Net Claim | 10.10 | 12.01% | 9.01 | 340.95% | 2.04 | 174.26 | 42.92% | 121.93 |
| Management Expense | 36.98 | 7.19% | 34.50 | -10.96% | 38.74 | 631.26 | -2.22% | 645.62 |
| Underwriting profit | 1.80 | -189.05% | -2.02 | -347.12% | 0.82 | 168.60 | 62.69% | 103.63 |
| Investment | 100.71 | 9.44% | 92.02 | 14.51% | 80.36 | 196.75 | 2.27% | 192.38 |
| Total asset | 132.00 | 4.96% | 125.76 | 13.97% | 110.34 | 3252.75 | 42.96% | 2275.31 |

3.4 Market Share

In determining market share of Standard Insurance Limited, both the position in the industry and in its peer group have been determined for some variables. In FY 2005 the net premium earned by SIL was TK 58.54 million which holds a market share of 1.51% in the industry and 5.70% in its peer group. In terms of gross premium its position is 31st out of 43 general insurance companies. Underwriting profit of the company was negative in FY 2005 which left the company in the lower position. As the underwriting profit was negative so the net profit of the company could not capture substantial amount of share in the market. But in terms of investment the market share is 1.39% in industry and 4.98% in its peer group.

Exhibit 7: Market share of SIL as on Dec 2005

| Particulars | SIL | Total Amount | | Market share of SIL | |
|---------------------|--------|--------------|------------|---------------------|------------|
| | | Industry | Peer Group | Industry | Peer Group |
| Net Premium | 58.54 | 3,874.61 | 1027.24 | 1.51% | 5.70% |
| Net Claim | 9.01 | 807.43 | 174.26 | 1.12% | 5.17% |
| Management expense | 34.50 | 2640.78 | 631.26 | 1.31% | 5.46% |
| Underwriting profit | -2.02 | 637.12 | 168.6 | -0.32% | -1.20% |
| Net profit | 3.65 | 879.09 | 222.0815 | 0.42% | 1.64% |
| Investment | 92.02 | 6611.11 | 1846.988 | 1.39% | 4.98% |
| Total asset | 125.76 | 14199.97 | 3252.75 | 0.89% | 3.87% |

4. CORPORATE GOVERNANCE

4.1 Board of Directors

The Board consists of 8 Directors. The members of the Board of Directors are from various groups of business and industries in Bangladesh. Mr. Md. H.T.M Quader Newaz is the Chairman of the Company. During 2006, the Board held 6 meetings. The areas of Board's concentration were reviewing the ongoing activities and business strategies and providing general guidelines to the management.

Exhibit 8: Share holdings of shareholders

| Sl No. | Name of the sponsors | Subscribed Amount (Tk.) | %age |
|--------------|-------------------------------|-------------------------|-------------|
| 1 | H. T. M. Quader Newaz | 10,000,000 | 16.67% |
| 2 | Mahmuda Begum | 5,000,000 | 8.33% |
| 3 | Husna Ara Begum | 5,000,000 | 8.33% |
| 4 | Mohammad Tofazzal Ali | 5,000,000 | 8.33% |
| 5 | Tasmiah Rahman | 10,000,000 | 16.67% |
| 6 | Hasnat Mosharraf | 10,000,000 | 16.67% |
| 7 | Hasib Mosharraf | 5,000,000 | 8.33% |
| 8 | Engr. A K M Mosharraf Hossain | 5,000,000 | 8.33% |
| 9 | Engr. Md. Atiqur Rahman | 5,000,000 | 8.33% |
| Total | | 60,000,000 | 100% |

4.2 Committees of the board

There are two committees which have been established constituting the members of the board and management bodies - one is Audit Committee and the other is Claims Committee.

4.2.1 Audit Committee

The Audit Committee is comprised of 4 members: two Directors, DGM and Company Secretary. The Chairman of the committee is Mr. Hasnat Mosharraf. The Audit Committee meets at regular intervals to advice management as to monitor the internal control system, internal audit system, to discuss and report whether any violation of law, fraud or irregularity happened to the board. The committee met four times during the year 2006.

4.2.2 Claims Committee

The Claims Committee was formed with 5 members. This committee deals with all kinds of claims related matter, consider the position of claims with SBC and evaluate the performance and progress of claims. The Chairman of this committee is Director Md. Atiqur Rahman. In FY 2006 the committee met six times.

4.3 Compliance of the SEC directives

For all listed company in Security Exchange Commission, SEC puts emphasis on implementing corporate Governance. As an unlisted company SIL is not complying all the issues of corporate Governance. These can be reflected in the quality of financial reporting and disclosures; strength of internal control system and internal audit function, independent non-executive Directors on corporate Board; formation of Audit Committee etc. SIL try to follow standard principles for ensuring corporate Governance. The company tries to give adequate disclosures in the Financial Statement and reports so that the customers and investors are in a position to receive proper information.

5. MANAGEMENT REVIEW 5.1 Senior Management

The management team of SIL is comprised of some experienced personals. Mr. Amar Krishna Saha is a Managing Director of Standard Insurance Limited. He started his carrier in Insurance in 1967. Before Joining Standard Insurance Limited, he was Asstt. Manager of Sadharan Bima Corporation and Deputy Managing Director of Karnaphuli Insurance Company Limited.

Exhibit 9: Manpower strength

| | |
|------------------------------|----|
| Managing Director | 1 |
| Additional Managing Director | 2 |
| Deputy Managing Director | 1 |
| General Manager | 15 |
| Deputy General Manager | 16 |
| Assistant General manager | 18 |
| Senior Manager | 18 |
| Manager | 14 |
| Deputy Manager | 16 |
| Senior Asst. Manager | 17 |
| Assistant Manager | 23 |
| Senior Officer | 14 |
| Officer | 18 |
| Officer-Gr-1 | 19 |
| Officer-Gr-2 | 13 |

Exhibit 10: Some key indicators of Management soundness

| 2002 | 2003 | 2004 | 2005 | 2006 |
|------|------|------|------|------|
|------|------|------|------|------|

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Gross premium/number of employees | 27.65% | 36.56% | 33.30% | 33.26% | 39.04% |
| Assets per employee (total asset/number of employees) | 59.47% | 63.22% | 54.90% | 50.51% | 50.77% |
| Operating expenses/ Gross premium | 58.80% | 65.04% | 57.88% | 41.65% | 36.43% |

5.2 Human Resource

At present there are 260 full time officers and staff working in SIL. It has 13 branches all over Bangladesh and its Head Office located at 69 Mohakhali C/A, Dhaka. There are 6 Departments in the Head Office to administer the activities of the company. The company follows a structured service rules and pay scale for its workforce in all tiers. The recruitment of officers in different grade is made either directly by taking test or interview or by promotions from lower grade to upper grade. The company also makes arrangement for training of its employees internally by Senior Officers of the company and also by nominating officers to the courses conducted by Bangladesh Insurance Academy, Bangladesh Insurance Associations or any foreign organizations. However, the overall quality of the human resources of SIL is in line with industry standard.

5.3 Management Information System

Application of information technology in every phase of general insurance operation is vital for any insurance company. In SIL there is no separate IT department. And the company does not use any separate software in any department. However, SIL is connected with the IT division of the Standard Group, which provides necessary support.

6. FINANCIAL REVIEW

6.1 Underwriting Process and Quality

There is structured underwriting and tariff guidelines to operate the insurance industry. From time to time, the guidelines and laws are monitored and updated by a central rating committee. The committee may amend the tariff rate according to the performance of specific sector. In SIL there are some experienced people in underwriting department. There are in-house training facilities provided by the company to its technical people. Moreover, the company regularly sends the technical people for trainings organized by Bangladesh Insurance Academy and other professional organizations.

In the first step the insurance client needs to fill up a form which covers all the relevant information related to insured party and type of business the concerned party is carrying. The underwriting system is based on the fact that all the information disclosed by the insured are deemed to be true and correct. Usually pre-inspection is done if the insured amount is more than fifty million. After proper evaluation of that proposal form, SIL determines the premium for that respective client as per tariff manual. In performing the underwriting the officials of the company follows the terms and conditions and limitations of re-insurance Treaty agreements for relevant types of risk.

The following table is showing the underwriting performance measured by loss ratio and expense ratio.

Exhibit 11: Expense and loss ratio

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---------|---------|---------|--------|---------|
| Loss ratio (Net claims / Net Premium) | 3.74% | 1.59% | 5.62% | 15.39% | 18.56% |
| Expense ratio (Management expense including commission / net premium) | 133.05% | 134.65% | 111.42% | 83.88% | 97.98% |
| Combined ratio (Loss ratio + Expense ratio) | 136.79% | 136.24% | 117.04% | 99.27% | 116.54% |

Over the last five years period FY 2002-2006 the loss ratio posted by SIL was increasing but the peer group ratio was 22.05% higher than the company. The management expense is calculated combining all the expenses of the company. And the ratio is showing favourable indication as the ratio declined from 133.05% in FY 2002 to 97.98% in FY 2006.

6.2 Class wise Management Expense

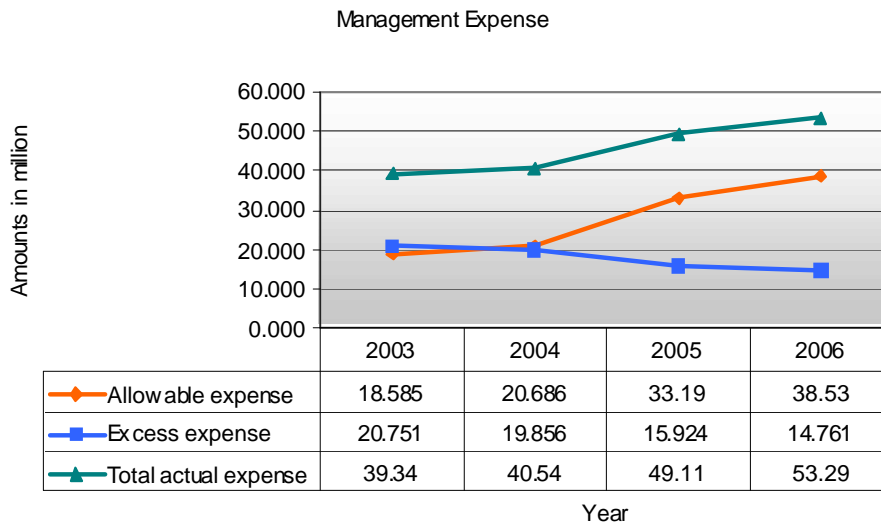
In FY 2006 the total management expense was TK 53.29 million compared to TK 49.11 million in FY 2005 with an 8.50% growth rate. In FY 2005 and FY 2006 the commission was TK 12.04 million and TK 13.83 million respectively.

Exhibit 12: Class wise Management Expense

| Management Expense (Revenue Account) | Amounts in million TK | | | | |
|--------------------------------------|-----------------------|--------|-------|--------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Fire | 9.375 | 14.434 | 15.74 | 11.066 | 8.613 |

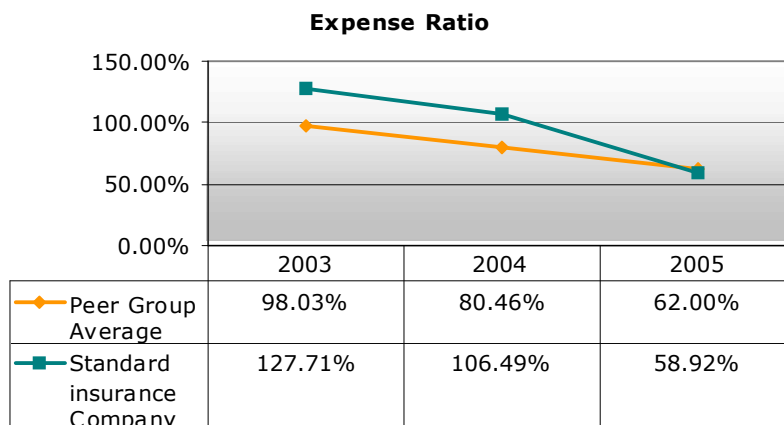
| | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Marine | 9.096 | 13.998 | 14.46 | 16.558 | 20.286 |
| Motor | 2.087 | 2.329 | 1.981 | 1.941 | 1.642 |
| Misc. | 4.962 | 6.572 | 6.564 | 4.933 | 6.436 |
| Total | 25.521 | 37.333 | 38.742 | 34.498 | 36.977 |
| Mgt. Expense (P/L Account) | 1.434 | 1.380 | 1.799 | 2.573 | 2.482 |
| Total | 26.955 | 38.713 | 40.542 | 37.071 | 39.459 |
| Agency Commission | 1.804 | 0.624 | 0.000 | 12.041 | 13.829 |
| Grand Total | 28.76 | 39.34 | 40.54 | 49.11 | 53.29 |
| Growth | | 36.783% | 3.064% | 21.138% | 8.503% |

The following graph represents the allowable and non allowable portion of management expense for the period of 2003- 2006. The allowable expense of SIL is in increasing trend as it depends on the gross premium of the company. Excess expense of the company is showing favourable indication. The declining slope of excess expense reduced the growth rate of total expense from 21.14% to 8.50%.



In comparing the expense ratio with its peer group the ratio of the company has been calculated considering only the allocated expenses (operating expense). Though the expense ratio of SIL was higher than the peer but in FY 2005 it was slightly in lower position than its peer group and the slope of the line is also in declining trend.

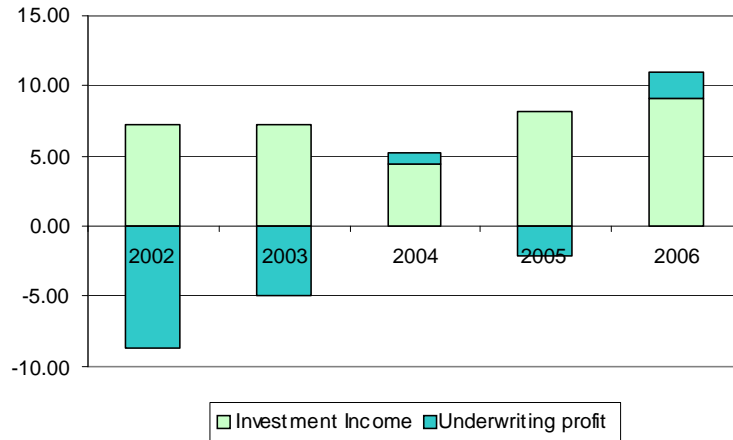
Exhibit 13: Comparison with peer group



6.3 Profitability

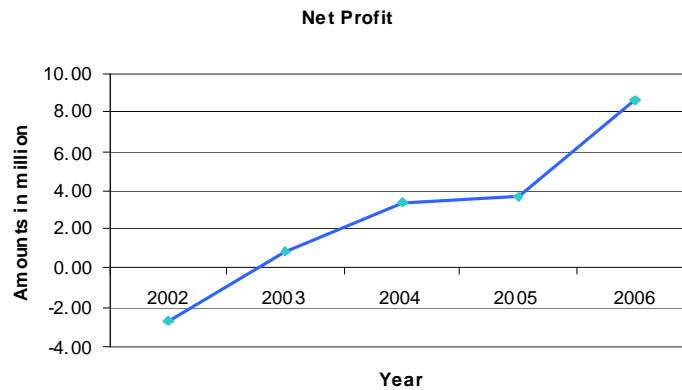
The major sources of revenue of SIL are underwriting profit; investment income and other income. Other income includes only underwriting commission. The following graph it indicates that major portion of revenue was income from investment that is interest received from banks and dividend income on shares. In FY 2002, FY 2003 and FY 2005, SIL had underwriting loss but the investment income had positive trend. In the FY 2006 only 16% of total revenue was generated from this underwriting profit and 84% from investment income and other income.

Exhibit 14: Year wise sources of revenue



SIL's net profit before tax was TK 8.61 million in FY 2006 compared to TK 3.65 million in previous year. And this profit reported 135% growth in FY 2006 Due to positive amount of underwriting profit in FY 2006. In FY 2002 the underwriting loss was higher than the investment income which reported net loss of TK 2.69 million. Thereafter from the FY 2003 SIL achieved net profit with an increasing trend.

Exhibit 15: Trend of Profit



The profitability of SIL has been analyzed through computation of profitability and operating ratios from FY 2002 to FY 2006.

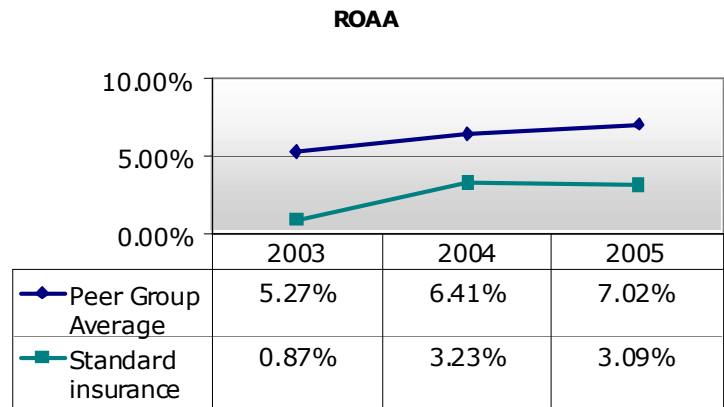
Exhibit 16: Profitability ratios

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------|---------|-------|-------|-------|--------|
| Return on Average Equity (ROAE) | -5.01% | 1.60% | 6.04% | 6.12% | 13.69% |
| Return on Average Asset (ROAA) | -2.88% | 0.90% | 3.24% | 3.09% | 6.68% |
| Net profit to net premium | -12.43% | 2.95% | 9.32% | 6.24% | 15.83% |

As a third generation company SIL started to realize profit from the FY 2003. And thereafter all ratios are showing positive indication.

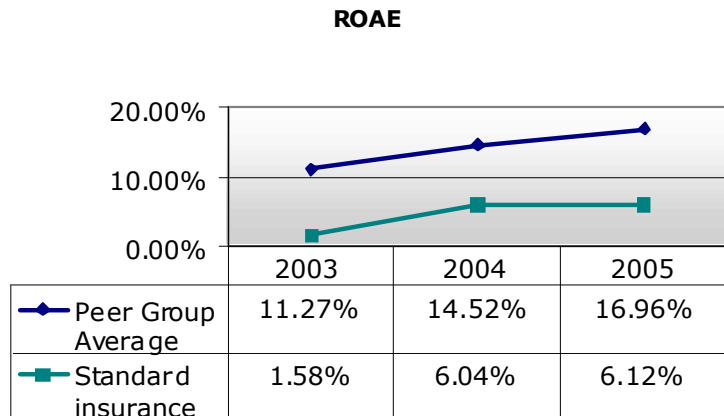
While making a peer group analysis, the three years (2003-2005) ratio of SIL has been compared to the three years average of peer group.

6.3.1 Return on Average Asset:



The above graph indicates that the position of SIL was lower than its peer group. In FY 2006 this ratio increased to 6.68%. So if we plot this ratio for FY 2006 it will depict a positive trend.

6.3.2 Return on Average Equity:



ROAE is also indicating competitive disadvantage position as the ratios are lower than the peer group. But the ratio increased from 6.12% in FY 2005 to 13.69% in FY 2006.

6.4 Claim Settlement

In FY 2006 the number of claim intimated was 53 for an amount of TK 25.47 million compare to 38 for an amount of TK 14.18 million in FY 2005. Out of this 53 number of claims most of the claims (19) comes from the motor cargo department then from fire (15) and marine class (14). But in terms of claim settlement amount, fire class is more risky as 40.7% of total claim amount was from this class.

Exhibit 17: Details of claim

| Classes of Business | No of Claim | 2005 | | | Amounts in million TK 2006 | |
|---------------------|-------------|--------------|-------------------|-------------|-------------------------------|-------------------|
| | | Claim Amount | Settlement amount | No of Claim | Claim Amount | Settlement amount |
| Fire | 13 | 5.78 | 5.78 | 15 | 10.36 | 8.55 |
| Marine | 9 | 6.50 | 3.40 | 14 | 6.77 | 4.77 |
| Misc. | 1 | 0.01 | .01 | 5 | 2.16 | 2.0 |
| Motor | 15 | 1.89 | 1.89 | 19 | 6.18 | 4.22 |
| Total | 38 | 14.18 | 36 | 53 | 25.47 | 38 |

In FY 2006 from fire class of business out of 15 (TK 10.36 million) no of claims 10 (TK 8.56 million) claims has been settled. So the settlement ratio was 83%. In marine class the settlement ratio was 70% as TK 4.77 million has been settled from TK 6.77 million. The settlement ratio of miscellaneous class and motor class was 92% and 68% respectively. In FY 2005 in fire, motor and miscellaneous class the settlement ratio was 100% except in marine class the settlement ratio was 52%.

Exhibit 18: Details of pending claim

| Classes of Business | No of claim | Claim amount | % of total |
|---------------------|-------------|--------------|----------------|
| Fire | 5 | 1.80 | 31.15% |
| Marine | 7 | 2.00 | 34.61% |
| Misc. | 2 | 1.96 | 33.97% |
| Motor | 1 | 0.02 | 0.28% |
| Total | 15 | 5.78 | 100.00% |

As per December 2006 there were 15 numbers of claims for an amount of TK 5.78 million still remained as pending claim. By this year in fire class out of 5 claims 3 no of claim has already been settled and in marine class 4 claims has been paid out of 7 claims. In motor class there were 2 claims pending but due to improper documentation both the claims has been cancelled by the company. In marine class there is 1 pending claim. The main reason of this pending claim is inadequacy of documents supplied by the client and pending payments by SBC for reinsured policies.

6.5 Investment Profile

Total investment of the Standard Insurance Company comprises of FDR (82%) and investment in capital market (18%). The fixed deposit accounts of the company are diversified among various public sector and private sector banks. Total amount of investment of SIL was TK 100.01 million in FY 2006 compared to TK 92.02 million in FY 2005.

Total amount of investment in capital market and in national investment bond in FY 2006 was TK 18.21 million compared to TK 13.02 million in FY 2005.

Exhibit 19: Segment wise investment position as on 31 December, 2006

| | Total Cost | Total Market Value | Amounts in million TK | |
|------------------------|--------------|--------------------|-----------------------|---------------|
| | | | % | Gain/Loss |
| IDLC | 1.152 | 0.784 | 12.51% | -0.368 |
| Islamic Finance | 0.902 | 0.787 | 9.80% | -0.115 |
| Mercantile Bank | 0.59 | 0.834 | 6.41% | 0.244 |
| Mutual Trust Bank | 0.351 | 0.342 | 3.81% | -0.009 |
| Pragati Life Insurance | 0.945 | 0.923 | 10.27% | -0.022 |
| Prime Bank | 1.305 | 1.32 | 14.18% | 0.015 |
| Southeast Bank | 1.316 | 0.752 | 14.30% | -0.564 |
| Square Textile | 0.365 | 0.375 | 3.97% | 0.01 |
| DESCO | 0.19 | 0.204 | 2.06% | 0.014 |
| HIDELBCEM | 0.64 | 0.648 | 6.95% | 0.008 |
| Power grid | 0.24 | 0.258 | 2.61% | 0.018 |
| Prime Finance | 0.544 | 0.562 | 5.91% | 0.018 |
| S Alam | 0.155 | 0.175 | 1.68% | 0.02 |
| Summit Power | 0.51 | 0.53 | 5.54% | 0.02 |
| Total | 9.205 | 8.494 | 100.00% | -0.711 |

As of 31 December 2006, a total amount of TK 9.21 million was invested in shares of 14 companies. And the market value of those shares was TK 8.49 million with a loss amount of TK 0.71 million. SIL does not maintain any loss reserve account or provision for that investment loss.

Exhibit 20: Investment performance

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------|--------|--------|--------|--------|--------|
| Investment income / net premium | 33.88% | 24.80% | 11.90% | 13.96% | 16.77% |
| Investment income / investment assets | 11.26% | 10.47% | 5.39% | 8.88% | 9.06% |

The total investment income in proportion of net premium is reducing from the FY 2002 to FY 2006. In FY 2006 this ratio was 16.77%. The yield on invested assets declined from 11.26% in FY 2002 to 9.06% in FY 2006.

6.6 Capital Adequacy

The company has authorized capital of TK 300.00 million divided into 3 million shares of TK 100.00 each. The sponsors have contributed to the paid up capital of TK 60.00 million. It is considered that higher paid up capital strengthens company's foundation and provides sound financial standing for the company. With this financial position the company can settle large claims from its own sources, which contributes in generating public confidence towards the company. But SIL is yet to issue public portion of share and not listed with the Stock Exchange, although the company was incorporated as a public limited company in 1999. In FY 2006 the company for the first time maintained reserve for exceptional losses for an amount of TK 2.82 million. Total shareholders equity is comprised of TK 60.00 million (93.30%) of paid up capital, TK 2.819 million (4.38%) of reserve and balance of profit and loss appropriation account of TK 1.48 million (2.31%).

Exhibit 21: Capital Ratio

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------------|--------|--------|--------|--------|--------|
| Net premium / shareholders' equity | 40.34% | 53.66% | 62.91% | 95.23% | 84.57% |
| shareholders' equity / Total Asset | 57.39% | 54.85% | 52.41% | 48.89% | 48.72% |

Net premium as percent of shareholders' equity is increasing due to business expansion. But at the same time SIL need to raise its capital base to meet the regulatory requirement.

6.7 Liquidity Position

Most of the assets of insurance companies are in the form of liquid assets in order to pay the claims or other short term needs. The liquidity position of SBL is also found to be adequate as the amount of current asset was TK 105.41 million in FY 2006 compare to TK 103.66 million in FY 2005. Cash and bank balance was 68.84% of total asset in FY 2006. The proportion of liquid liabilities was 51.28% of total asset in FY 2006. The liquidity ratio of the company was also high in FY 2006 (155.72%) though it declined compare to previous year's ratio.

Exhibit 22: Liquidity Ratio

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------|---------|---------|---------|---------|
| Liquid asset / current liabilities | 197.87% | 187.05% | 177.89% | 161.26% | 155.72% |
| Current liabilities/ Total liabilities | 42.61% | 45.15% | 47.59% | 51.11% | 51.28% |
| Cash and bank balance/ Total assets | 65.32% | 66.51% | 69.37% | 70.26% | 68.84% |
| Liquid asset/ Net claim | 197.87% | 187.05% | 177.89% | 161.26% | 155.72% |

On an average, 68.71% of SIL's assets were in the form of cash and bank balance compared to 58.70% of peer average and current assets were 175.40% of current liability compared to 198.78% of peer average. This indicates a high safety for the company.

6.8 Re-insurance Utilization

Each year Shadharan Bima Corporation (SBC) revises the treaty retention capability of all Private General Insurance Company. SIL has reinsurance coverage from SBC up to the limit of 50% of total re-insurance which is compulsory for all the insurance company.

Exhibit 23: Premium Income and Share of Re-insurance break-up for FY 2006

| Classes of Business | Amounts in million TK | | | | |
|---------------------|-----------------------|------------------|--------------------|------------------|--------------|
| | Received on | | Paid on | | Net Premium |
| | Direct Business | 50% SBC Business | Re-insurance ceded | 50% SBC Business | |
| Fire | 22.23 | 2.30 | 18.88 | 1.72 | 3.93 |
| marine cargo | 49.14 | 7.52 | 6.11 | 5.02 | 45.53 |
| marine Hull | 0.00 | 0.61 | 0.00 | 0.49 | 0.12 |
| Motor | 3.63 | 0.89 | 0.92 | 0.01 | 3.59 |
| Misc. | 2.74 | 12.46 | 1.94 | 12.04 | 1.21 |
| Total | 77.73 | 23.78 | 27.85 | 19.28 | 54.39 |

In FY 2006 the premium received from all classes of direct business was TK 77.73 million; from SBC reinsurance premium was TK 23.78 million; and SIL paid TK 27.85 million for re insurance ceded and TK 19.28 for Government business. Thus total net premium was TK 54.39 million in FY 2006. So in total 53.58% of total premium is ceded for re-insurance.

The retention capability of SIL for last four years was same. The retention capability of Marine (Cargo) TK 2.00 million in FY 2006; the fire retention of SIL was TK 2.50 million; miscellaneous retention was TK 0.5 million for all classes and in engineering (all) class TK 1.00 million. The following exhibit is showing the risk retention ratio for all classes of business.

Exhibit 24: Risk retention ratio

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------|--------|--------|--------|--------|--------|
| Fire | 57.37% | 41.09% | 41.78% | 69.86% | 16.04% |
| Marine | 63.38% | 70.73% | 78.65% | 84.02% | 79.71% |
| Motor | 87.80% | 76.68% | 82.75% | 73.77% | 79.48% |
| Misc. | 14.66% | 18.51% | 20.37% | 19.15% | 7.99% |
| Total | 49.80% | 50.89% | 54.36% | 70.70% | 53.58% |

* Retention Ratio = Net premium/ gross premium

Ideally an insurer's own retention should be between 40% and 60% of gross premium. Usually high retention level could signal inadequate reinsurance protection while low retention could hamper profitability. From this perspective SIL's retention was high in FY 2005. But in FY 2006 the ratio is close to its average retention rate.

6.9 Solvency

A sound solvency margin is essential to the management of the insurance companies and the security of policyholders. A sound solvency system should take into account not only the sufficiency of technical provisions to cover all claims and expenses but also sufficiency of capital to absorb significant unexpected losses-to the extent not covered by the technical provisions. In Bangladesh there is no specific act related to solvency regime. A methodology in consistency with international practices has been used to assess the trend of solvency margin of general insurance company. The methodology requires that the statutory assets of an insurer must exceed its statutory liabilities by an amount greater than the prescribed minimum solvency margin.

Exhibit 25: Trend of solvency margin

| | Amounts in million TK | | | |
|------------------------|-----------------------|-------|-------|-------|
| | 2003 | 2004 | 2005 | 2006 |
| Required Solvency | 7.42 | 8.80 | 12.88 | 14.52 |
| Actual Solvency margin | 47.90 | 52.46 | 59.22 | 62.31 |
| ASM/RSM (times) | 6.45 | 5.96 | 4.60 | 4.29 |

Over the years, SIL has been maintaining solvency surplus. In FY 2006 the actual solvency margin was 4.29 times to required solvency margin. Though the ratio is declining but the company is still maintaining good solvency position over the years.

6.10 Reserve

In FY 2006 SIL for the first time created a reserve for exceptional losses with TK. 2.82 million. In addition, the company had balance of funds & accounts worth TK. 21.75 million. For all classes of business excluding marine-hull insurance companies need to maintain 40% of net premium as reserve; and for hull insurance this rate is 100%. SIL has been maintaining this reserve regularly as per regulation

END OF THE REPORT

ANNEXURE

| | Amounts in million TK | | | | |
|---|-----------------------|--------------|--------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Capital and Liabilities | | | | | |
| Authorized Capital | 300.00 | 300.00 | 300.00 | 300.00 | 300.00 |
| Issued, Subscribed and paid-up capital | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Reserve for Exceptional Losses | | | | | 2.82 |
| Total Reserve or Contingency account | 0.00 | 0.00 | 0.00 | 0.00 | 2.82 |
| Profit and Loss appropriation account | -6.42 | -5.56 | -2.17 | 1.49 | 1.49 |
| TOTAL SHARE HOLDERS' EQUITY | 53.58 | 54.44 | 57.83 | 61.49 | 64.31 |

| | | | | | |
|--|--------------|--------------|---------------|---------------|---------------|
| Marine Cargo Insurance Revenue Account | 4.28 | 6.16 | 7.90 | 13.59 | 18.26 |
| Marine Hull Insurance Revenue Account | | | | | |
| Fire Insurance Revenue Account | 2.92 | 3.73 | 4.67 | 7.66 | 1.57 |
| Motor Insurance Revenue Account | 1.16 | 1.10 | 1.13 | 1.38 | 1.44 |
| Misc Insurance Revenue Account | 0.71 | 0.69 | 0.85 | 0.79 | 0.49 |
| Balance of funds & Accounts | 9.07 | 11.69 | 14.55 | 23.42 | 21.75 |
| Premium Deposits | 16.36 | 17.00 | 23.33 | 22.43 | 19.49 |
| Estimated Liability in respect of outstanding claims whether due or intimated | 2.25 | 0.57 | | 3.10 | 5.93 |
| Amounts due to other persons or bodies carrying on insurance business | 9.81 | 13.94 | 12.70 | 13.08 | 12.09 |
| Sundry Creditors | 2.28 | 1.63 | 1.93 | 2.24 | 8.42 |
| Provision for taxation | | | | | |
| Outstanding Refundable Premium | | | | | |
| TOTAL Capital & Liabilities | 93.36 | 99.26 | 110.34 | 125.76 | 132.00 |
| Property And assets | | | | | |
| National Investment Bond | 9.00 | 9.00 | | | |
| Zero Coupon Bond | | | | | |
| Share & Debentures | | 0.16 | | | |
| Investment (DSE Membership) | | | | | |
| Investment at cost | 9.00 | 9.16 | 9.36 | 13.02 | 18.21 |
| Agents Balances | 0.78 | | | | |
| Outstanding Premium | 3.73 | 4.49 | 5.01 | 1.81 | 1.69 |
| Accrued Interest | 3.61 | 3.78 | 2.92 | 2.26 | 3.92 |
| Amount due from other persons or bodies carrying on insurance business | 4.61 | 1.88 | | | |
| Sundry Debtors | 4.61 | 7.50 | 8.57 | 10.77 | 8.62 |
| Debtors | 17.35 | 17.65 | 16.50 | 14.84 | 14.23 |
| Fixed deposit accounts | 56.06 | 60.04 | 71.00 | 79.00 | 82.50 |
| STD and Current account | 4.64 | 5.66 | 5.30 | 8.62 | 6.66 |
| Cash in hand | 0.29 | 0.31 | 0.25 | 0.74 | 1.70 |
| Remittances in transit | | | | | |
| Total Cash and bank balances | 60.98 | 66.01 | 76.55 | 88.36 | 90.87 |
| Fixed Assets | 3.53 | 3.46 | 4.26 | 4.45 | 4.07 |
| Stock of Stationary and stamps | 0.39 | 0.17 | 0.36 | 0.46 | 0.32 |
| Advance Income Tax | 2.11 | 2.81 | 3.32 | 4.64 | 4.32 |
| Share Issue Expenses Deferred | | | | | |
| Deferred Revenue Expenditure | | | | | |
| Others Account | 6.04 | 6.44 | 7.94 | 9.55 | 8.70 |
| TOTAL Assets | 93.36 | 99.26 | 110.34 | 125.76 | 132.00 |
| PROFIT AND LOSS ACCOUNT | | | | | |
| Expenses of management (not applicable to any particular fund or account) | | | | | |
| Expense of management | | | | | |
| Directors' fees | 0.04 | 0.01 | | | |

| | | | | | |
|--|--------------|--------------|-------------|--------------|--------------|
| Subscription & Donation | 0.16 | 0.07 | 0.29 | 0.25 | 0.05 |
| Appeal Fee | | | | | |
| Audit fees | 0.02 | 0.07 | 0.07 | 0.07 | 0.02 |
| Depreciation & Amortization | 0.95 | 1.11 | 1.35 | 1.69 | 2.00 |
| Annual Registration | | 0.08 | 0.05 | 0.53 | 0.38 |
| Management Expense | | | | | |
| Advertisement and Publicity | 0.04 | 0.04 | 0.05 | 0.03 | 0.03 |
| Share Expense | | | | | |
| Bonus | | | | | |
| Other or Preliminary Expenses | 0.10 | | | | |
| Interest | | | | | |
| Other Expenses | 0.14 | | | | |
| | 1.43 | 1.38 | 1.80 | 2.57 | 2.48 |
| Balance carried to | | | | | |
| Profit & Loss Appropriation Account (Profit before tax) | -2.69 | 0.86 | 3.39 | 3.65 | 8.61 |
| TOTAL | -1.25 | 2.24 | 5.19 | 6.22 | 11.09 |
| Investment and other income | 7.32 | 7.25 | 4.33 | 8.17 | 9.12 |
| Investment Income | 7.32 | 7.25 | 4.33 | 8.17 | 9.12 |
| Underwriting profit | | | | | |
| Fire Insurance Revenue Account | -4.60 | -1.57 | 0.66 | -2.55 | -0.81 |
| Marine Cargo Revenue Account | -1.69 | -0.30 | 3.32 | 4.35 | 13.94 |
| Marine Hull Revenue Account | | | | | |
| Motor insurance revenue account | 0.31 | 0.32 | 0.76 | -1.08 | -4.59 |
| Misc. Insurance Revenue Account | -2.60 | -3.45 | -3.92 | -2.75 | -6.73 |
| | -8.58 | -5.00 | 0.82 | -2.02 | 1.80 |
| Other Income | | | 0.04 | 0.08 | 0.12 |
| Other Income | | | | | 0.05 |
| | 0.00 | 0.00 | 0.04 | 0.08 | 0.17 |
| TOTAL | -1.25 | 2.24 | 5.19 | 6.22 | 11.09 |

**CRAB RATING SCALES AND DEFINITIONS
LONGTERM - GENERAL INSURANCE COMPANIES**

| RATING | DEFINITION |
|---|--|
| AAA Triple A (Highest Safety) | Insurance Companies rated in this category are adjudged to be the strongest, characterized by excellent financials, highest claims paying capability, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of the highest grade and changes in business/economic circumstances, as may be envisaged, are unlikely to significantly impair the underlying fundamentals. |
| AA1, AA2, AA3* (Double A) (Very High Safety) | Insurance Companies rated in this category are adjudged to be very strong, characterized by very good financials, very high claims paying ability, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of very high grade and changes in business/economic circumstances, as may be envisaged, may very slightly impair the underlying fundamentals. |
| A1, A2, A3 Single A (High Safety) | Insurance Companies rated in this category are adjudged to be strong, characterized by good financials, high claims paying ability, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of high grade and changes in business/economic circumstances, as may be envisaged, may slightly impair the underlying fundamentals. |
| BBB1, BBB2, BBB3 Triple B (Above Average Safety) | Insurance Companies rated in this category are adjudged to be very solid, characterized by above average financials, adequate claims paying ability, valuable and defensible business franchises, and an attractive and stable operating environment. The level, growth and quality of earnings over the medium term are of above average grade and changes in business/economic circumstances, may impair the underlying fundamentals. |
| BB1, BB2, BB3 Double B (Average Safety) | Insurance Companies rated in this category are adjudged to be solid, characterized by average financials, moderate claims paying ability, valuable and defensible business franchises, and a stable operating environment. The level, growth and quality of earnings over the medium term are of average grade and changes in business/economic circumstances, as may be envisaged, may significantly impair the underlying fundamentals. |
| B1, B2, B3 Single B (Below Average Safety) | Insurance Companies rated in this category are adjudged to be almost solid, characterized by nearly average financials, below average claims paying ability, valuable and defensible business franchises, and a stable operating environment. The level, growth and quality of earnings over the medium term are of nearly average grade and changes in business/economic circumstances, as may be envisaged, may greatly impair the underlying fundamentals. |
| C (Inadequate Safety) | Insurance Companies rated in this category are adjudged to have weak financial strength and are limited by one or more of the factors as: a vulnerable or developing business franchise; weak claims paying ability, weak financial fundamentals; or an unstable operating environment. The level, growth and quality of earnings over the medium term are of poor grade and changes in business/economic circumstances, as may be envisaged, may highly impair the underlying fundamentals. |
| D (Extremely Speculative) | Insurance Companies rated in this category possess very weak intrinsic financial strength, requiring periodic outside support or suggesting an eventual need for outside assistance. The level, growth and quality of earnings over the medium term are of speculative grade and changes in business/economic circumstances, as may be envisaged, may highly impair the underlying fundamentals. |

* 1, 2,3 refers to positive, average, and below average outlook in the short-term

SHORT TERM - INSURANCE COMPANIES

| | |
|------|--|
| ST-1 | <p>Highest Grade Insurance Companies rated in this category are considered to have the highest capacity for timely repayment of obligations. Companies rated in this category are characterised with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |
| ST-2 | <p>High Grade Insurance Companies rated in this category are considered to have strong capacity for timely repayment of obligations. Companies rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |
| ST-3 | <p>Satisfactory Grade Insurance Companies rated in this category are considered to have satisfactory capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. Companies rated in this category are characterised with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |
| ST-4 | <p>Adequate Grade Insurance Companies rated in this category are considered to have adequate capacity for timely repayment of obligations. Such capacity is more susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories. Companies rated in this category are characterised with average liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |
| ST-5 | <p>Below Average Grade Insurance Companies rated in this category are considered to have capacity for timely repayment of obligations susceptible to adverse changes in business, economic, or financial conditions. Companies rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |
| ST-6 | <p>Lowest Grade Insurance Companies rated in this category are considered to have Obligations which have a high risk of default or which are currently in default. Companies rated in this category are characterised with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.</p> |

Disclaimer: Information used in this rating evaluation has been obtained from sources assumed to be correct and reliable. CRAB does not guarantee the accuracy, completeness or reliability of any information and is not responsible for any errors or omissions or from the effects resulting from the use of any such information. Rating is an opinion on the credit quality of the entity and is not a recommendation to buy, sell or otherwise transact in any securities. All rights of this rating report are reserved by CRAB. The contents may be used by news media and researchers with due reference to CRAB

AUDITORS' REPORT
TO THE SHARE HOLDERS OF STANDARD INSURANCE LIMITED

We have audited the accompanying Balance Sheet of Standard Insurance Limited as at 31 December, 2007 and the related Revenue Accounts as well as the Profit & Loss Account, Profit and Loss Appropriation Account, Cash Flow Statement and statement of changes in shareholder's equity for the year then ended. The preparation of these Financial Statements is the responsibility of the Management of the Company. Our responsibility is to express an independent opinion on those Financial Statements based on our audit.

Scope:

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from 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 the 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, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS), gives a true and fair view of the state of the Company's affairs as of 31 December, 2007 and of the results of its operations and its cash flows for the year then ended comply with the applicable sections of the Companies Act 1994, the Insurance Act 1938 and Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c) The Company's Balance Sheet, Profit and Loss Account and its Cash Flow Statement dealt with by the report are in agreement with the books of accounts and returns;
- d) The expenditure incurred was for the purposes of the Company's business.
- e) As per sec. 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 explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and Profit & Loss Account of the Company; and
- f) 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, during the year under report the company has not paid any person any commission in any form, outside Bangladesh in respect of any of its business re-insured aboard.

Dated, Dhaka
12th March, 2008

Sd/-
K. M. Alam & Co.
Chartered Accountants



Balance Sheet
As at 31st December-2007

| Capital and Liabilities | Notes | Taka 2007 | Taka 2006 | Properties and Assets | Notes | Taka 2007 | Taka 2006 |
|---|--------------|--------------------|--------------------|--|--------------|--------------------|--------------------|
| Share Capital: | 3 | | | Investment: | 10 | 23,205,045 | 18,205,045 |
| Authorised: | 3.1 | | | | | | |
| 30,00,000 ordinary share of Tk.100.00 each | | <u>300,000,000</u> | <u>300,000,000</u> | | | | |
| Issued, Subscribed & Paid Up: | 3.2 | | | Amount Due from other person or Bodies Carrying on Insurance Business | 11 | 46,356,997 | Nil |
| 6,00,000 ordinary share of Tk. 100.00 each | | 60,000,000 | 60,000,000 | | | | |
| Reserve or Contingency Account: | 4 | 16,020,518 | 4,307,197 | Interest accrued but not due | 12 | 4,118,759 | 3,920,758 |
| Reserve for exceptional losses | | 12,519,952 | 2,819,648 | Outstanding Premium | 13 | Nil | 1,685,519 |
| General Reserve | | 1,500,000 | Nil | Sundry Debtors | | | |
| Profit & Loss Appropriation Account | | 2,000,566 | 1,487,549 | (Advance Deposit and Prepaid) | 14 | 1,068,900 | 8,619,220 |
| Balance of Fund Accounts: | 5 | 38,801,218 | 21,754,782 | Cash in Hand & Bank Balance: | 15 | | |
| Marine Cargo Insurance Revenue Account | | 28,290,135 | 18,257,622 | Fixed Deposits | | 93,500,000 | 82,500,000 |
| Fire Insurance Revenue Account | | 7,444,216 | 1,573,560 | At banks on STD & Current Account | | 8,863,886 | 6,663,057 |
| Motor Insurance Revenue Account | | 2,208,362 | 1,437,666 | Cash in Hand | | 1,338,334 | 1,704,573 |
| Misc. Insurance Revenue Account | | 858,505 | 485,934 | Fixed Assets | | | |
| Premium Deposit | 6 | 5,453,053 | 19,491,431 | (At cost less depreciation) | 16 | 2,493,919 | 4,067,579 |
| Estimated Liabilities in respect- of outstanding claims Whether due or intimated | 7 | 4,898,000 | 5,926,340 | Stock of stationary & stamp | 17 | 451,698 | 316,157 |
| Amount due to other persons or bodies Carrying on Insurance Business | 8 | 60,148,701 | 12,094,505 | Advance Income Tax | 18 | 8,993,023 | 4,315,887 |
| Sundry Creditors | 9 | 5,765,258 | 8,423,540 | Deferred Tax assets | 18.01 | 696,187.00 | Nil |
| Total. | Taka. | 191,086,748 | 131,997,795 | Total. | Taka. | 191,086,748 | 131,997,795 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even da

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March, 2008.

STANDARD INSURANCE LIMITED
Profit and Loss Account
For the Year ended 31 st December- 2007

| Particulars | Notes | Taka | Taka | Particulars | Notes | Taka | Taka |
|--|-------------|-------------------|-------------------|--|-------------|-------------------|-------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Expenses of Management (Not applicable to any particulars fund or Account) | | | | Interest, Dividend and Rates (Not applicable to any particulars fund or Account) | | | |
| Audit Fees | | 172,000 | 19,400 | Interest Income | 19 | 9,165,049 | 9,122,541 |
| Depreciation | | 2,051,591 | 1,999,748 | Dividend Income | | 137,915 | 116,278 |
| Adversitement & Publicity | | 7,000 | 25,250 | Investment Income | 20 | 4,010,800 | 54,000 |
| Subscription & Donation | | 195,000 | 54,000 | Profit / Loss transferred from Revenue Account: | | 17,38,672 | 17,98,747 |
| Directors sitting fees | | 67,000 | Nil | Marine | | 12,811,165 | 13,936,369 |
| Registration and Renewal fees | | 465,305 | 383,299 | Fire | | (7,489,682) | (813,698) |
| Net Profit transferred to Profit & Loss Appropriation Account | | 12,094,540 | 8,609,869 | Motor | | 268,307 | (45,94,241) |
| | | | | Miscellaneous | | (3,851,118) | (6,729,683) |
| Total | Taka | 15,052,436 | 11,091,566 | Total | Taka | 15,052,436 | 11,091,566 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March, 2008.

STANDARD INSURANCE LIMITED
Consolidated Revenue Account
For the Year ended 31 st December- 2007

| Particulars | Notes | Amount | Amount | Particulars | Notes | Amount | Amount |
|---|-------------|--------------------|-------------------|---|-------------|--------------------|-------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Claims under policies less Re-Insurance: | | | | | | | |
| Paid during the year | | 33,771,480 | 10,095,099 | Balance of Account at the-beginning of the year | | 21,754,782 | 23,419,573 |
| Total Estimated Liabilities in respect - of outstanding claim at the end of the year whether due or intimated | | 4,898,000 | 5,926,340 | Premium - Less- Re-Insurance | | 97,003,046 | 54,386,954 |
| Less: Outstanding claims at the end of the previous year | | 5,926,340 | 3,100,000 | Commission on Re-Insurance Ceded | | 7,553,925 | 9,474,001 |
| | | 32,743,140 | 12,921,439 | | | | |
| Commission | | 20,514,029 | 13,828,664 | | | | |
| Expenses of Management | 21 | 32,514,694 | 36,976,896 | | | | |
| Balance of Account at the end of the year as shown in the Balance Sheet: | | | | | | | |
| Reserve for unexpired risks being 40% of Premium income of the year | | 38,801,218 | 21,754,782 | | | | |
| Profit transferred to Profit & Loss Account | | 1,738,672 | 1,798,747 | | | | |
| Total | Taka | 126,311,753 | 87,280,528 | Total | Taka | 126,311,753 | 87,280,528 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March,2008.

STANDARD INSURANCE LIMITED
Marine Insurance Revenue Account
For the Year ended 31st December- 2007

| Particulars | Notes | Taka | Taka | Particulars | Notes | Taka | Taka |
|---|-------------|-------------------|-------------------|---|-------|-------------------|-------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Claims under policies less Re-Insurance. | | | | Balance of Account at the beginning of the year | | 18,257,622 | 13,589,952 |
| Paid during the year. | | 18,696,351 | 3,396,757 | Premium - Less- Re-Insurance | | 70,725,338 | 45,644,054 |
| Total Estimated Liabilities in respect - of outstanding claim at the end of the year whether due or intimated | | 2,998,000 | 2,000,000 | Commission on Re-Insurance Ceded | | 1,692,759 | 2,985,614 |
| Less: Outstanding claims at the end of the previous year | | 2,000,000 | 3,100,000 | | | | |
| Commission | | 19,694,351 | 2,296,757 | | | | |
| Expenses of Management | 21 | 11,194,463 | 7,442,575 | | | | |
| | | 18,685,605 | 20,286,297 | | | | |
| Balance of Account at the end of the year as shown in the balance sheet: | | | | | | | |
| Reserve for unexpired risks being 40% of Premium income of the year transferred to Balance sheet. | | 28,290,135 | 18,257,622 | | | | |
| Profit transferred to profit & loss Account | | 12,811,165 | 13,936,369 | | | | |
| Total | Taka | 90,675,719 | 62,219,620 | Total | | 90,675,719 | 62,219,620 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March,2008.

STANDARD INSURANCE LIMITED
Fire Insurance Revenue Account
For the Year ended 31st December- 2007

| Particulars | Notes | Taka | Taka | Particulars | Notes | Taka | Taka |
|---|-------------|-------------------|-------------------|---|-------------|-------------------|-------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Claims under policies less Re-Insurance: | | | | Balance of Account at the beginning of the year | | 1,573,560 | 7,657,525 |
| Paid during the year | | 9,393,853 | 368,715 | Premium - Less- Re-Insurance | | 18,610,539 | 3,933,900 |
| Total Estimated Liabilities in respect - of outstanding claim at the end of the year whether due or intimated | | 1,500,000 | 1,800,000 | Commission on Re-Insurance Ceded | | 4,637,977 | 5,058,239 |
| Less: Outstanding claims at the end of the previous year | | 1,800,000 | Nil | Loss Transferred to Profit & Loss- Account | | 7,489,682 | 813,698 |
| | | 9,093,853 | 2,168,715 | | | | |
| Commission | | 7,650,299 | 5,107,974 | | | | |
| Expenses of Management | 21 | 8,123,390 | 8,613,113 | | | | |
| Balance of Account at the end of the year as shown in the Balance Sheet | | | | | | | |
| Reserve for unexpired risks being 40% of Premium income of the year transferred to Balance Sheet | | 7,444,216 | 1,573,560 | | | | |
| Total | Taka | 32,311,758 | 17,463,362 | Total | Taka | 32,311,758 | 17,463,362 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March, 2008.

STANDARD INSURANCE LIMITED
Motor Insurance Revenue Account
For the Year ended 31st December- 2007

| Particulars | Notes | Taka | Taka | Particulars | Notes | Taka | Taka |
|---|-------------|------------------------|----------------------|---|-------------|------------------|------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Claims under policies less Re-Insurance. | | | | | | | |
| Paid during the year | | 3,464,952 | 4,078,574 | Balance of Account at the beginning of the year | | 1,437,666 | 1,384,095 |
| Total Estimated Liabilities in respect - of outstanding claim at the end of the year whether due or intimated | | 400,000 | 1,963,340 | Premium - Less- Re-Insurance | | 5,520,906 | 3,594,164 |
| Less: Outstanding claims at the end of the previous year | | 1,963,340 | Nil | Commission on Re-Insurance Ceded | | 378,900 | 274,832 |
| Commission Expenses of Management | 21 | 1,268,123 1,691,068 | 725,831 1,641,921 | Loss Transferred to Profit & Loss- Account | | Nil | 4,594,241 |
| Balance of Account at the end of the year as shown in the Balance Sheet: | | | | | | | |
| Reserve for unexpired risks being 40% of Premium income of the year | | 2,208,362 | 1,437,666 | | | | |
| Profit transferred to Profit & Loss Account | | 268,307 | Nil | | | | |
| Total | Taka | 7,337,472 | 9,847,332 | Total | Taka | 7,337,472 | 9,847,332 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March, 2008.

STANDARD INSURANCE LIMITED
Miscellaneous Insurance Revenue Account
For the Year ended 31st December- 2007

| Particulars | Notes | Taka | Taka | Particulars | Notes | Taka | Taka |
|---|-------------|------------------|------------------|---|-------------|------------------|------------------|
| | | 2007 | 2006 | | | 2007 | 2006 |
| Claims under policies less Re-Insurance: | | | | | | | |
| Paid during the year | | 2,216,324 | 2,251,053 | Balance of Account at the beginning of the year | | 485,934 | 788,001 |
| Total Estimated Liabilities in respect - of outstanding claim at the end of the year whether due or intimated | | Nil | 163,000 | Premium - Less- Re-Insurance | | 2,146,263 | 1,214,836 |
| Less: Outstanding claims at the end of the previous year | | 163,000 | Nil | Commission on Re-Insurance Ceded | | 844,289 | 1,155,316 |
| | | 2,053,324 | 2,414,053 | Loss Transferred to Profit and Loss Account | | 3,851,118 | 6,729,683 |
| Commission | | 401,144 | 552,284 | | | | |
| Expenses of Management | 21 | 4,014,631 | 6,435,565 | | | | |
| Balance of Account at the end of the year as shown in the Balance Sheet: | | | | | | | |
| Reserve for unexpired risks being 40% of Premium income of the year | | 858,505 | 485,934 | | | | |
| Total | Taka | 7,327,604 | 9,887,836 | Total | Taka | 7,327,604 | 9,887,836 |

The annexed notes form an integral part of these Financial Statements.

Signed in terms of our report of even date.

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: 12th March, 2008.

STANDARD INSURANCE LIMITED

Statement of Cash Flow
For the Year Ended 31 December- 2007

| | 2007 Taka | 2006 Taka |
|---|----------------|---------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Collection from Premium & Other Income | 11,03,51,385 | 7,06,04,103 |
| Management Expenses | (3,54,43,697) | (3,54,99,960) |
| Claims paid | (4,41,38,447) | (6,08,83,129) |
| Claims recovery | 1,03,66,967 | 5,07,88,030 |
| Commission paid | (2,05,14,029) | (1,38,28,664) |
| Advance Income tax paid | (63,20,458) | (18,64,703) |
| Net Cash provided by operating activities | 1,43,01,721 | 93,15,677 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchases of Fixed Assets (Addition) | (4,77,931) | (16,17,864) |
| Investment In share | (50,00,000) | (51,88,800) |
| Sale of Share | 40,10,800 | Nil |
| Net Cash used by Investment | (14,67,131) | (68,06,664) |
| C. Cash flow from financing activities: | Nil | Nil |
| D. Net Increase in cash & Bank (A+B+C) | 1,28,34,590 | 25,09,013 |
| E. Opening Cash & Cash Equivalent | 9,08,67,630 | 8,83,58,617 |
| F. Closing Cash & Bank Balance (D+E) | 10,37,02,220 | 90,867,630 |

Notes form the integral part of these financial statements.

Signed in terms of our report
of even date annexed

sd/-
K.M Alam & Co.
Chartered Accountants

Sd/-
H.T.M Quader Newaz
Chairman

sd/-
Engr. Md. Atiqur Rahman
Director

sd/-
Husna Ara Begum
Director

sd/-
Md. Mozammel Hossain
Managing Director

Dated, 12th March, 2008

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31st December 2007

| Particulars | Share Capital | Reserve for Exceptional Losses | General Reserve | Proposed Dividend | Retained Earnings | Total |
|---|---------------|--------------------------------|-----------------|-------------------|-------------------|-------------|
| Balance at 1st January 2007 | 60,000,000 | 28,19,648 | Nil | Nil | 14,87,549 | 6,43,07,197 |
| Net Profit during the year (After adjustment of Tax and dividend) | Nil | Nil | Nil | Nil | 1,17,13,321 | 1,17,13,321 |
| Appropriation made during the year | Nil | 97,00,304 | 15,00,000 | Nil | (1,12,00,304) | |
| Balance at 31 st December 2007 | 60,000,000 | 1,25,19,952 | 15,00,000 | Nil | 20,00,566 | 7,60,20,518 |

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31st December 2006

| Particulars | Share Capital | Reserve for Exceptional Losses | General Reserve | Proposed Dividend | Retained Earnings | Total |
|---|---------------|--------------------------------|-----------------|-------------------|-------------------|-------------|
| Balance at 1st January 2006 | 60,000,000 | Nil | Nil | Nil | 14,85,672 | 6,14,85,672 |
| Net Profit during the year (After adjustment of Tax and dividend) | Nil | Nil | Nil | Nil | 60,04,270 | 60,04,270 |
| Tax charge -05-06 | Nil | Nil | Nil | Nil | (15,39,423) | (15,39,423) |
| Income Tax provision for prior year | Nil | Nil | Nil | Nil | (16,43,322) | (16,43,322) |
| Appropriation made during the year | Nil | 28,19,648 | Nil | Nil | (28,19,648) | Nil |
| Balance at 31 st December 2006 | 60,000,000 | 28,19,648 | Nil | Nil | 14,87,549 | 6,43,07,197 |

Sd/-
H.T.M Quader Newaz
Chairman

Sd/-
Engr. Md. Atiqur Rahman
Director

Sd/-
Husna Ara Begum
Director

Sd/-
Md. Mozammel Hossain
Managing Director

Sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: March 12, 2008.

STANDARD INSURANCE LIMITED
Notes to the Accounts for the year ended 31 December, 2007

1. BACKGROUND AND ACTIVITIES:

Standard Insurance Limited was incorporated as Public Limited Company on 3rd November, 1999 under the Companies Act, 1994 having registered office in Bangladesh. SIL obtained permission to commence Insurance business from Chief Controller of Insurance, Directorate of Insurance, and Government of the Peoples Republic of Bangladesh on 23rd December, 1999. The principal place of business of the Company is at Civil Engineers Bhaban (4th floor), 69, Mohakhali, Dhaka - 1212, Bangladesh which is also the registered office of the Company. SIL is engaged in General Insurance business within the meaning of Insurance Act, 1938.

2. SIGNIFICANT ACCOUNTING POLICIES & RELEVANT INFORMATION:

2.01 Basis of Preparation of Financial Statements:

i) The financial statements have been prepared on a going concern basis under historical cost convention and in accordance with the requirements of the schedule to the Securities and Exchange Rules 1987 and Insurance Act, 1938 as amended and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh particularly with regard to disclosure of accounting policies and relevant information in financial statements as well as accounting for property and depreciation thereon and the valuation of investments.

ii) The Insurance Act, 1938 has prescribed formats for presenting accounts, accordingly the Balance Sheet has been prepared in the format [Form - A], set out in part 1 of the First Schedule, the revenue account of each class of business in the format [form - A] given in part II of the Third Schedule, Profit & loss Account and , Profit & loss Appropriation Account as per format [Form - B and C] prescribed in the part - II of the second Schedule , other disclosure requirements are fully followed.

iii) The accounts have been prepared on accrual basis of accounting.

iv) The Cash Flow statement has been prepared under direct method as per requirement of Securities and Exchange rules 1987.

2.02 Last years figures have been rearranged wherever necessary for comparison purposes.

2.03 Public Sector Insurance Business:

Insurance premium relating to the public sector business have been incorporated into Accounts for the 4th quarter 2006 and 1st & 2nd quarter 2007.

2.04 Re Insurance Accounts:

While preparing the Revenue Accounts necessary adjustments in respect of re - insurance ceded in Bangladesh have been duly given.

2.05 Reporting Currency:

The financial statements are presented in Bangladesh currency (Taka) which has been rounded off to the nearest Taka.

2.06 Fixed Assets:

Fixed Assets are state at cost less accumulated depreciation.

Depreciation on fixed assets has been charged on straight line method at the rates varying from 10% to 25% depending on the estimated useful lives of the assets consistent with the past practice. The rates of depreciation are furnished below;

| <u>Category of Assets</u> | <u>Rate of Depreciation</u> |
|---------------------------|-----------------------------|
| Furniture & Fixture | 10% |
| Office Equipments | 15% |
| Electric Installation | 15% |
| Telephone Installation | 15% |
| Vehicles | 20% |

2.07 Investment:

Investment is stated at their acquisition cost and interest accrued at Balance Sheet date have been Accounted for.

2.08 Stock:

Stock of printing materials has been valued at cost or realizable value whichever is lower.

2.09 Classified Summary of Assets:

The value of all assets at December 31, 2007 has been shown in the Balance Sheet and in the classified summary of assets on 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.

2.10 Taxation:

Income Tax assessment of the company has been completed up to assessment year 2006 - 2007 except 2003-2004. The return for the assessment 2007-2008 has been filed in due time. Details break up have been shown in the Annexure - B.

2.10.1 Current Tax :

Provision for current Income Tax has been made @ 45% as prescribed in Finance Ordinance 2007 on the taxable income for the year.

2.10.2 Deferred Tax :

The company accounted for deferred tax as Bangladesh Accounting Standard (BAS) - 12. Deferred Tax is provided using the balance sheet method for temporary timing differences arising between tax base of assets and liabilities and their carrying value for financial reporting purposes. Deferred tax is computed at the prevailing tax rate as Finance Ordinance 2007.

2.11 Earning per share (EPS)

The Company calculates Earnings per Share (EPS) in accordance with the "International Accounting Standard" (IAS - 33). Calculation of EPS is shown below:

| | | | |
|-------|---|-------------------------------|------------------------------|
| EPS = | $\frac{\text{Earning attributable to Ordinary shareholders}}{\text{Number of share during the year}}$ | <u>2007</u> | <u>2006</u> |
| | $\frac{\text{Net Profit After Tax}}{\text{Number of Ordinary Shares outstanding during the year}}$ | $\frac{117,13,321}{6,00,000}$ | $\frac{6,004,270}{6,00,000}$ |
| | | =19.52 | = 10.01 |

2.12 Reserves for Exceptional Losses:

Provision for exceptional losses has been made @ 10% of net premium during the year to cover the liabilities for Insurance claims and other unforeseen losses.

2.13 Revenue Recognition:

Revenue are general from premium income receipts against the insurance policies and by adjusted the deposit premium receipts against cover note.

2.14 Reserve for unexpired risks:

Before arriving at the surplus of each class of business necessary provision for unexpired risks have been created @ 40% on all business of net premium (except for Marine Hull which is currently not applicable) for the year under audit.

2.15 Employees Benefit Plan:

The Company has not introduced any Employees Benefit Plan till the time of our audit period. But the Board has approved "Service Rule" of the Company in its meeting which includes provision for Provident Fund, Gratuity Fund, Leave Encashment, Group Insurance, Hospitalization Insurance etc.

2.16 Employees Details:

During the year under review 345 employees are employed for the full time. Information of the employees is given below:

| | |
|--|-----|
| No of employees received salary more than Tk. 3000/= per month | 324 |
| No of employees received salary less than Tk. 3000/= per month | 21 |

No part time employees are employed in the company.

2.17 Deposit Premium Account:

Premium deposit account represents amount of premium deposited with the company against cover notes for which policies are yet to be issued up to the end of the year.

2.18 Consolidation procedure:

Accounts of all branches have been consolidated at the Central Accounts of the Head Office at Dhaka.

2.19 Cash & Cash Equivalent:

Cash comprises cash in hand, demand deposit, cash equivalents on short term, highly liquid investments that are readily convertible to know amounts of cash and those which are subject to an insignificant risk of changes in value. Cash & cash equivalents are not restricted in use and accordingly cash in hand and bank balances have been considered as cash and cash equivalents.

2.20 Reporting period:

Financial statements of the Company cover one calendar year from 01 January 2007 to December 31, 2007.

Standard Insurance Limited
Notes to the Accounts

| | | |
|---|--------------------|--------------------|
| 3.00 SHARE CAPITAL: | <u>2007</u> | <u>2006</u> |
| 3.01 Authorised Capital: 30,00,000 Ordinary share of Tk.100.00 | <u>300,000,000</u> | <u>300,000,000</u> |
| 3.02 Issued. Subscribed and Paid up Capital Issued. Subscribed and Paid up Capital consist of 600000 Ordinary share of Tk.100/- each fully paid. | <u>60,000,000</u> | <u>60,000,000</u> |

3.03 **Share Holdings.**

The following table shows the shareholdings of the Company.

| <u>Sl.no</u> | <u>Name</u> | <u>Position</u> | <u>Share holdings</u> | <u>Percentage</u> |
|--------------|------------------------------|-----------------|-----------------------|-------------------|
| 1 | H.T.M Quader Newaz | Chairman | 100,000 | 16.67% |
| 2 | Engr. Md. Atiqur Rahman | Director | 50,000 | 8.33% |
| 3 | Engr.A.K.M Mosharraf Hussain | Director | 50,000 | 8.33% |
| 4 | Husna Ara Begum | Director | 50,000 | 8.33% |
| 5 | Mahmuda Begum | Director | 50,000 | 8.33% |
| 6 | Tasmiah Rahman | Director | 100,000 | 16.67% |
| 7 | Hasnat Mosharraf | Director | 100,000 | 16.67% |
| 8 | Hasib Mosharraf | Director | 50,000 | 8.34% |
| 9 | Md.Tofazzal Ali | Shareholder | 50,000 | 8.33% |
| | | | <u>600,000</u> | <u>100.00%</u> |

04. **Reserve for Contingency Account:**

This has been made as follows:

A. Profit & Loss Appropriation Account:

Undistributed profit up to Balance Sheet date.

| | | |
|--|-------------------|------------------|
| | <u>16,020,518</u> | <u>4,307,197</u> |
| | <u>2,000,566</u> | <u>1,487,549</u> |

B. Reserve for Exceptional Loss.

Balance as on January 01.2007

Add. Reserve made during the year @.

10% on Net Premium Income.

| | | |
|--|-------------------|------------------|
| | <u>12,519,952</u> | <u>2,819,648</u> |
| | 2,819,648 | Nil |
| | 9,700,304 | 2,819,648 |
| | <u>15,00,000</u> | <u>Nil</u> |

C. General reserve

| | | Amount Taka 2007 | Amount Taka 2006 |
|-----|---|------------------------|------------------------|
| 05. | Balance of Fund Account. | 38,801,218 | 21,754,782 |
| | This has been made up as under: | | |
| | Marine Cargo Insurance Revenue Account | 28,290,135 | 18,257,622 |
| | Fire Insurance Revenue Account | 7,444,216 | 1,573,560 |
| | Motor Insurance Revenue Account | 2,208,362 | 1,437,666 |
| | Misc. Insurance Revenue Account | 858,505 | 485,934 |
| 06. | Deposit Premium | 54,53,053 | 1,94,91,431 |
| | The amount was received against cover notes over the years for which policies - have not been issued within 31.December. 2007. | | |
| 0.7 | Estimated liabilities in respect of outstanding claim whether due or intimated: | 48,98,000 | 59,26,340 |
| | Marine. | 2,998,000 | 2,000,000 |
| | Fire. | 1,500,000 | 1,800,000 |
| | Motor. | 400,000 | 1,963,340 |
| | Miscellaneous | Nil | 163,000 |
| | | 4,898,000 | 5,926,340 |
| | All the claims of which the management is aware as per intimation up to the year end have been taken into consideration while estimating this net liability in respect of outstanding claim. | | |
| 0.8 | Amount due to other persons or bodies carrying on insurance business: | 6,01,48,701 | 1,20,94,505 |
| | Amount due to SBC | 6,01,48,701 | 1,20,94,505 |
| | This is make up of the balance due to Sadharan Bima Corporation.(SBC) on account of re insurance arrangement At the year end. | | |
| 0.9 | Sundry Creditors: | 2007 | 2006 |
| | This is made up as follows : | | |
| | Salary &allowances | 1,355,605 | 1,575,144 |
| | Audit fees | 70,000 | 20,000 |
| | VAT (December) | 656,648 | 641,684 |
| | Tax at source | Nil | 12,061 |
| | VAT at source | Nil | 13,271 |
| | Employees Income Tax | Nil | 59,300 |
| | Bills Payable | Nil | 1,000,000 |
| | Excess receipts | Nil | 853,159 |
| | Provision for Income Tax(Note-9.01) | 3,683,005 | 4,248,921 |
| | | 5,765,258 | 8,423,540 |

| | | | |
|------|----------------------------------|------------------|------------------|
| 9.01 | Provision for Income Tax: | 3,683,005 | 4,248,921 |
| | This is made up as follows: | | |
| | Opening Balance | 4,248,921 | 1,643,322 |
| | Add: provision for the year | 1,077,406 | 2,605,599 |
| | Total | 5,326,327 | 4,248,921 |
| | Less :Adjusted with AIT(2005) | 16,43,322 | Nil |
| | Total Balance | 36,83,005 | 42,48,921 |

| | | | |
|-------|-----------------------------------|-----------------|------------------|
| 9.1.1 | Provision for Income Tax : | | |
| | Current Year Tax Provision | 1,077,406 | 2,605,599 |
| | Deferred Tax Provision | (6,96,187) | Nil |
| | Total | 3,81,219 | 26,05,599 |

9.1.2 Deferred tax is provided using the balance sheet method for temporary timing differences arising between tax base of assets and liabilities and their carrying value for financial reporting purposes as per Bangladesh Accounting Standard (BAS) -12 during the year under review,an amount of Tk. 6,96,187 has been provided for the year .

| | | | |
|----|---|--------------------|--------------------|
| 10 | Investment (At cost) | 2,32,05,045 | 1,82,05,045 |
| | The above amount has been arrived at as under : | | |
| | 3 Years National Investment bond(Note-10.01) | 90,00,000 | 90,00,000 |
| | In share(Note -10.02) | 1,42,05,045 | 92,05,045 |
| | Total Balance | 2,32,05,045 | 1,82,05,045 |

10.01 This represents the value of National Investment Bond lying with Bangladesh Bank as statutory deposit required under section -7 (1) of Insurance Act-1938.

| | | | |
|-------|---------------------|--|--------------------|
| 10.02 | Investment in Share | | 1,42,05,045 |
|-------|---------------------|--|--------------------|

The above balance is made up as follows;

| <u>Name of the company</u> | <u>Number of share</u> | <u>Cost Price</u> | <u>Market Price</u> |
|----------------------------|------------------------|--------------------|---------------------|
| UCBL | 1000 | 49,06,043 | 42,04,000 |
| EBL | 500 | 5,37,000, | 5,35,500 |
| ULC | 500 | 3,35,000 | 3,17,500, |
| SQUARE TEXTILE | 1000 | 1,21,000 | 1,27,000 |
| PRIME BANK | 1000 | 8,63,300 | 9,23,000 |
| HEIDELERG CEM | 1500 | 17,84,000 | 18,06,000 |
| DESCO | 2000 | 21,80,750 | 21,38,000 |
| DUTCHBANGLA BANK | 50 | 2,55,300 | 3,38,300 |
| SUMMIT POWER | 650 | 10,25,700 | 9,37,300 |
| BRAC BANK | 1000 | 14,78,332 | 16,12,000 |
| PHONIX FIN | 500 | 2,10,000 | 1,98,000 |
| IFIC | 220 | 5,08,620 | 5,08,620 |
| TOTAL BALANCE | | 1,42,05,045 | 1,36,45,220 |

United Commercial Bank Ltd.has declared @ 50 % stock dividend for it share holders on dated 26.12.2007, present value of bonus share of 500 UCBL share as at 31.12.2007 was Tk. 21,02,000 which is not included in above.

| | | | |
|-------|---|----------------------|----------------------|
| 11 | Amount due from other person or bodies carrying on insurance business : | 4,63,56,997 | Nil |
| | The balance is made up as follows : | | |
| | Receivable from SBC | 4,63,56,997 | Nil |
| | Total | 4,63,56,997 | Nil |
| | This represents the amount receivable from Sadharan Bima Corporation on account of Claim | | |
| 12 | Accrued Interest | 41,18,759 | 39,20,758 |
| | Accrued interest of FDR A/c | 3,272,648 | 31,55,758 |
| | Accrued interest of National Investment Bond | 8,46,111 | 7,65,000 |
| | | 4,118,759 | 39,20,758 |
| | The amount represent interest accrued but not received during the year. | | |
| 13 | Outstanding Premium: | Nil | 16,85,519 |
| 14 | Sundry Debtors : | 10,68,900 | 86,19,220 |
| | This is made up as follows : | | |
| | Office Rent (Branches) | 6,93,400 | 8,50,200 |
| | Security deposit | 2,75,500 | 2,75,500 |
| | Advance to share Issue Manager | 1,00,000 | 1,00,000 |
| | Accounts receivables | Nil | 73,93,520 |
| | | 10,68,900 | 86,19,220 |
| 15 | Cash in Hand & Bank balance: | 103,702,220 | 90,867,630 |
| | Cash in Hand | 13,38,334 | 17,04,573 |
| | Cash At Bank STD & CD Account | 8,863,886 | 6,663,057 |
| | At Bank on Fixed Deposit (Note-15.01) | 93,500,000 | 82,500,000 |
| | | 103,702,220 | 90,867,630 |
| | Cash at Bank balance have been confirmed with the respective bank statement and reconciliation statement as applicable. | | |
| | FDR's were physically verified by us and found agreed with the records. | | |
| 15.01 | Fixed Deposit with Bank: | | |
| | <u>Name of the Bank</u> | <u>Amount</u> | <u>Amount</u> |
| | Agrani Bank | 10,00,000 | 10,00,000 |
| | Al Arafa Islami Bank Ltd | 400,000 | 4,00,000 |
| | Arab Bangladesh Bank Ltd. | 30,00,000 | 20,00,000 |
| | Bank Al Falah | 20,00,000 | 20,00,000 |

| | | |
|-----------------------------|--------------------|--------------------|
| Bangladesh Commerce Bank | 10,00,000 | 10,00,000 |
| Bangladesh Krishi Bank | 10,00,000 | 10,00,000 |
| Bank Asia Ltd. | 30,00,000 | 25,00,000, |
| Basic Bank | 2,00,000 | 20,00,000 |
| The City Bank Ltd | 1,00,000 | Nil |
| Dhaka Bank Ltd. | 1,50,000 | 15,00,000 |
| Dutch Bangla Bank Ltd | 5,50,000 | 55,00,000 |
| Eastern Bank Ltd | 1,00,000 | 10,00,000 |
| Exim Bank Ltd. | 5,50,000 | 25,00,000 |
| First Security Bank Ltd. | 500,000 | 5,00,000 |
| Habib Bank | 500,000 | Nil |
| IFIC Bank Ltd | 3,00,000 | 30,00,000 |
| Islami Bank Bangladesh Ltd. | 4,00,000 | 15,00,000 |
| Jamuna Bank Ltd. | 12,80,000 | 1,68,00,000 |
| Janata Bank | 1,00,000 | 10,00,000 |
| Mercantile Bank Ltd. | 2,50,000 | 10,00,000 |
| Mutual Trust Bank Ltd. | 2,00,000 | 10,00,000 |
| National Bank Ltd. | 6,00,000 | 20,00,000 |
| NCCBL | 800,000 | 18,00,000 |
| One Bank Ltd. | 3,00,000 | Nil |
| Premier Bank Ltd. | 3,00,000 | 65,00,000 |
| Prime Bank Ltd | 5,00,000 | 60,00,000 |
| Pubali Bank Ltd. | 1,00,000 | 10,00,000 |
| Raj. Krishi Unna. Bank | 1,00,000 | 10,00,000 |
| Rupali Bank Ltd | 1,00,000 | 10,00,000 |
| Shahjalal Bank Ltd | 3,50,000 | 35,00,000 |
| Social Investment Bank Ltd. | 1,50,000 | 15,00,000 |
| Sonali Bank | 1,00,000 | 10,00,000 |
| Southeast Bank Ltd | 3,00,000 | 20,00,000 |
| State Bank of India | 1,50,000 | Nil |
| Oriental Bank Ltd | 5,00,000 | 50.00.000 |
| UCBL | 1,50,000 | 15.00.000 |
| Uttara bank ltd | 1,50,000 | 15.00.000 |
| ToTal Balance | 9,35,00,000 | 8,25,00,000 |

| | | | |
|----|---------------------------------------|-------------------|-------------------|
| 16 | Fixed Assets: | 24,93,919 | 40,67,579 |
| | Cost | | |
| | Opening balance | 12,493,466 | 10,875,602 |
| | Additional during the year | 477,931 | 1,617,864 |
| | | 12,971,397 | 12,493,466 |
| | Disposal during the year | - | - |
| | | 12,971,397 | 12,493,466 |
| | Less: accumulated depreciation | | |
| | Opening balance | 8,425,887 | 6,426,139 |
| | Charge for the year | 2,051,591 | 1,999,748 |
| | Adjustments for disposal | - | - |
| | Total accumulated depreciation | 10,477,478 | 8,425,887 |
| | Written down value | 2,493,919 | 4,067,579 |

A schedule of fixed assets has been given in Annexure-A

| | | | |
|----|--|-----------------|-----------------|
| 17 | Stock of Printing, Stationery- and Insurance Stamp: | 4,51,698 | 3,16,157 |
| | Printing | 255,621 | 196,427 |
| | Agent Licence stamp | 40,000 | 50 |
| | Insurance stamp | 156,077 | 119,680 |
| | | 451,698 | 316,157 |

| | | | |
|----|---------------------------------|-------------------|------------------|
| 18 | Advance Income Tax : | 89,93,023 | 43,15,887 |
| | Opening Balance. | | |
| | Opening Advance payment. | 4,315,887 | 4,641,167 |
| | Add: Deduction against Interest | 879,458 | 714,143 |
| | Add: Advance Payment -2007 | 5,441,000 | 500,000 |
| | Total Balance | 10,636,345 | 5,855,310 |
| | Less: Adjusted -2006-2007 | 1,643,322 | 1,539,423 |
| | Balance of Advance tax | 8,993,023 | 4,315,887 |

| | |
|-------------------------------|---------------------|
| Break up of advance Tax : | Tk.63,20,458 |
| Deduction against interest | 879,458 |
| Deposited to bangladesh Bank: | |
| Challan No.-b/34 25.01.07 | 1,041,000 |
| Challan No.-1/ 572/ 05.07.07 | 1,000,000 |
| Challan No.-1/998/ 09.08.07 | 900,000 |
| Challan No.-235-30.09.07 | 1,000,000 |
| Challan No.-1/ 142/ 27.12.07 | 1,500,000 |
| | 6,320,458 |

| | | | |
|-------|---|-------------------|-------------------|
| 18.01 | Deferred Tax Assets | 6,96,187 | Nil |
| | Deferred tax is provided using the balance sheet method for temporary timing differences arising between tax base of assets and liabilities and their carrying value for financial reporting purposes as per Bangladesh Accounting Standard (BAS) -12 during the year under review,an amount of Tk. 6,96,187 has been provided for the year . | | |
| 19 | Interest Income: | | |
| | Interest received on: | 91,65,049 | 9,122,541 |
| | FDR Account | 4,873,958 | 4,946,798 |
| | STD Account | 172,332 | 254,985 |
| | National Investment Bond | Nil | Nil |
| | | 5,046,290 | 5,201,783 |
| | Accrued interest on: | | |
| | FDR Account | 3,272,648 | 3,155,758 |
| | STD Account | - | - |
| | National Investment Bond | 846,111 | 765,000 |
| | | 4,118,759 | 3,920,758 |
| | | 9,165,049 | 9,122,541 |
| 20 | Investment Income : | 4,148,715 | 170,278 |
| | Dividend | 137,915 | 116,278 |
| | Sale of share | 4,010,800 | 54,000 |
| | | 4,148,715 | 170,278 |
| 21 | Expenses of Management: | | |
| | Fire | 8,123,390 | 8,613,113 |
| | Marine | 18,685,605 | 20,286,297 |
| | Motor | 1,691,068 | 1,641,921 |
| | Miscellaneous | 4,014,631 | 6,435,565 |
| | | 32,514,694 | 36,976,896 |
| 22 | Schedule of VAT Payment. | | |
| | Opening Balance | 641,684 | 753,286 |
| | Add: Collected during the year, 07 | 9,487,671 | 5,689,552 |
| | Less: Deposited during the year, 07 | 9,472,707 | 5,801,154 |
| | | | |
| | Liability for VAT December, 07 | 656,648 | 641,684 |

Schedule of Management Expenses:

This consists of the following :

| | | |
|-------------------------------------|-------------------|-------------------|
| Salary & Allowance | 20,774,124 | 24,752,841 |
| Bonus (Eid-UI-Fitre & Azha) | 1,224,652 | 2,189,730 |
| Printing | 905,596 | 537,048 |
| Postage & Revenue Stamp | 60,375 | 39,993 |
| Bank Charge | 173,086 | 136,358 |
| Conveyance | 315,096 | 259,413 |
| Entertainment | 323,549 | 316,444 |
| Electrical Expenses | 231,326 | 223,998 |
| Fuel | 623,626 | 526,405 |
| Office Rent | 2,487,300 | 3,130,954 |
| legal Exp. | 48,200 | 43,700 |
| Insurance Premium | 144,364 | 53,840 |
| Car registration | 47,688 | 38,183 |
| Car Maintenance | 614,552 | 422,985 |
| Paper & Periodicals | 40,603 | 38,105 |
| Travelling Expenses | 65,534 | 71,174 |
| Telephone Expenses | 971,549 | 782,816 |
| Service Charge | 4,444 | 42,083 |
| Revenue stamp used | 43,184 | 24,056 |
| Repairs & Maintanance | 72,050 | 41,178 |
| Contingency | 1,594,007 | 810,077 |
| Management Expenses(Govt Business.) | 1,656,355 | 2,410,856 |
| Stamp Used | 93,434 | 84,659 |
| Total | 32,514,694 | 36,976,896 |

| Allocation of Management Expenses | | | | |
|-----------------------------------|------------|------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Class of Business. | % | % | Amount | Amount |
| | | | Tk. | Tk. |
| Fire | 25 | 21 | 8,123,390 | 8,613,113 |
| Marine Cargo | 58 | 56 | 18,685,605 | 20,286,297 |
| Motor | 5 | 5 | 1,691,068 | 1,641,921 |
| Miscellaneous | 12 | 18 | 4,014,631 | 6,435,565 |
| Total | 100 | 100 | 32,514,694 | 36,976,896 |

Penalty for delaying IPO: Contingency Account under Management expenses includes penalty for delaying IPO of Tk. 500,000 out of total penalty Tk. 1,479,000 till 30th June 2007.

23.02 Liability for VAT:

The Company had VAT outstanding Tk. 656,648 only for the month of December 2007 which has subsequently been deposited with Bangladesh Bank in the month of January -2008. VAT is being paid by the company on monthly basis. However ,the VAT authority demanded an amount of T. 41,24,278 as outstanding VAT including interest and penalty, which is not acceptable to the company.In this respect , the company file a case in the Honourable High Court vide petition No.6654/2003 and the Court issued a stay order against the demand . In this respect Mr. M.A. Hanan ,Advocate ,Supreme Court of Bangladesh , the lawyer of Standard Insurance Limited on 03.03.2008 has informed the managing Director of the Company that "This is to certify and confirm that the above named petitioner filed this Writ Petition challenging Demand Notice vide Nathi No. 4/VAT/ Insurance /Standard /225/2003/788 dated 20.01.2003 demanding an amount of Tk. 25,69,177.00 as VATand order No. 125 /Musak /93 dated 13.08.2003passed by the Assistant Commissioner of Customs, Excise & VAT finally demanding an amount of Tk. 41,24,278.00 as VAT, penalty and interest. On being heard this matter Hon'le High Court Division on 17.11.2003 was pleased to issue Rule Nishi and further pleased to pass an order staying operation of the said orders for 3 (three) months and after extention of stay on several occasions lastly on 09.07.2005 the said order of stay was extended till disposal of the Rule and the said order is still in force. This writ petition will be heard in due course."

24.00 Directors Involvement/interest in other Companies (Related party disclosure in accordance with BAS-24):

The follow table shows the details list of Directors and their Involvement and interest in other Companies.

| S.L No. | Name | Designation in SIL | Age (years) | Name of the Organization |
|---------|-------------------------------|--------------------|-------------|--|
| 01. | H T M Quader Newaz | Chairman | 52 | Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Faheem's Fashions Ltd. Kazipur Fashions Ltd. Peak Fashions Ltd. Standard Fashions Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. |
| 02. | Engr. Md. Atiqur Rahman | Director | 62 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Tulagaon Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Limited |
| 03. | Engr. A K M Mosharraf Hussain | Director | 63 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Standard Stitches Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Limited |

| | | | | |
|-----|----------------------|----------|----|---|
| 04. | Mrs. Mahmuda Begum | Director | 55 | Amex Limited Amotex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd. |
| 05 | Mrs. Husna-Ara Begum | Director | 54 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. International Trading Services Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd. |
| 06 | Tasmiah Rahman | Director | 33 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Standard Stitches Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. Wear Mag Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd. |

| | | | | |
|----|------------------|----------|----|---|
| 07 | Hasnat Mosharraf | Director | 33 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Tulagaon Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. The Civil Engineers Ltd. Standard Group Ltd. Jamuna Bank Ltd. |
| 08 | Hasib Mosharraf | Director | 30 | Amex Limited Adhunik Poshak Shilpa Ltd. Burungi Sportswear Ltd. Barura Textile Products Ltd. Crazy Fashions Ltd. Chandla Garments Ltd. Civil Dresses Ltd. Esleep Clothing Export (BD) Pte Ltd. Faheem's Fashions Ltd. Faria's Fashions Ltd. Kazipur Fashions Ltd. Matexport (BD) Ltd. Peak Fashions Ltd. Standard Garments Industries Ltd. Standard Fashions Ltd. Top Bottom Dresses Ltd. Tip Top Fashions Ltd. The Civil Engineers Ltd. International Trading Services Ltd. Standard Group Ltd. Jamuna Bank Ltd. |

During the year under review , the company carried out a number of transactions with related parties in the normal course of business and on an arms length basis. the nature of the transactions and their total value has been setout in accordance with the provisions of IAS -24.

| Name of Parties | Related to | Nature of transaction | Amount of premium |
|-------------------------------------|------------------------------|-----------------------|-------------------|
| Amex Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 1,037,342 |
| Standard Group Ltd. | Engr. A.K.M Moshrraf Hussain | Insurance premium | 1,238,033 |
| Standard Stitches Ltd. | Engr. A.K.M Moshrraf Hussain | Insurance premium | 690,960 |
| Tulagaon Fashions Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 919,174 |
| Matexport (BD) Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 626,599 |
| Amotex Ltd. | Mahmuda Begum | Insurance premium | 761,767 |
| Kazipur Fashions Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 903,206 |
| Tiptop Fashions Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 255,244 |
| The Civil Engineers Ltd. | Engr. A.K.M Moshrraf Hussain | Insurance premium | 386,814 |
| International Trading Services Ltd. | Husna-Ara -Begum | Insurance premium | 11,76,971 |
| Crazy Fashions Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 26,430 |
| Wear Mag Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 58,344 |
| Standard Fashions Ltd. | Engr. A.K.M Moshrraf Hussain | Insurance premium | 66,656 |
| Adhunik poshak silpa Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 19,851 |
| Peak Fashions Ltd. | Engr. Md. Atiqur Rahman | Insurance premium | 23,208 |
| Total | | | 81,90,599 |

STANDARD INSURANCE LIMITED

Schedule of Fixed Assets as on 31.12.07

| Particulars | Cost (Taka) | | | | Rate | Depreciation (Taka) | | | | Written Down Value |
|-----------------------|-----------------------|----------------|------------------|-----------------------|------|-----------------------|------------------|------------------|-----------------------|--------------------|
| | Balance on 01.01.2007 | Addition | Adjustment Sales | Balance on 31.12.2007 | | Balance on 01.01.2007 | Addition | Adjustment Sales | Balance on 31.12.2007 | |
| Furniture & Fixture | 3,534,772 | 396,931 | | 3,931,703 | 10% | 1,546,946 | 393,170 | | 1,940,116 | 1,991,587 |
| Office Equipment | 1,864,976 | | | 1,864,976 | 15% | 1,308,847 | 279,746 | | 1,588,593 | 276,383 |
| Electric Installation | 149,454 | 38,000 | | 187,454 | 15% | 108,535 | 28,118 | | 136,653 | 50,801 |
| Telephone Installati | 894,919 | 43,000 | | 937,919 | 15% | 725,283 | 140,688 | | 865,971 | 71,948 |
| Vehicles | 6,049,345 | | | 6,049,345 | 20% | 4,736,276 | 1,209,869 | | 5,946,145 | 103,200 |
| Total | 12,493,466 | 477,931 | | 12,971,397 | | 8,425,887 | 2,051,591 | | 10,477,478 | 2,493,919 |

Annexure B

Income Tax assessment position (as at 31.12.2007)

| Actg. year | Asst. year | Total income | Assessed tax | Provision for taxation | Tax paid | Adv. payment of taxes (including TDS from Bank interest) | Total tax paid | Refundable tax | Remarks |
|------------|------------|--------------|--------------|------------------------|----------|--|----------------|----------------|--|
| 1999 | 2000-01 | 193,384 | 77,654 | - | 58,815 | 18,839 | 77,654 | - | Assessment completed |
| 2000 | 2001-02 | (134,3367) | - | - | - | 102,866 | - | - | Assessment completed |
| 2001 | 2002-03 | (1,032,282) | - | - | - | 251,014 | - | - | Assessment completed |
| 2002 | 2003-04 | (2,686,026) | - | - | - | 1,759,965 | - | - | Assessment order has not been issued till date |
| 2003 | 2004-05 | 2,957,695 | 261,921 | - | - | 700,736 | 261,921 | - | Assessment completed |
| 2004 | 2005-06 | 2,384,039 | 1,136,779 | - | - | 505,679 | 1,136,779 | 161,595 | Assessment completed & Tax Refundable |
| 2005 | 2006-07 | 3,651,826 | 1,643,322 | 1,643,322 | - | 1,320,907 | 1,643,322 | - | Assessment completed |
| 2006 | 2007-08 | 8,609,869 | - | 2,605,599 | - | 1,214,143 | - | - | Return submitted on dated 12.08.2007 |
| 2007 | 2008-09 | 12,094,540 | - | 3,81,219 | - | 6,320,458 | - | - | Return will be submitted within 15 th July 2008 |

STANDARD INSURANCE LIMITED
FORM -XL

STATEMENT SHOWING DETAILS OF REINSURANCE CEDED AND ACCEPTED BY THE STANDARD INSURANCE LTD DURING THE PERIOD ENDED 31 ST DECEMBER - 2007

| Name of the Business | Premium | | | | Net | Commission | | | | Net | Claim | | | | Net |
|----------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------|------------------|------------------|-------------------|---------------------------------|------------------|------------------|------------------|-------------------|
| | Received on | | Paid on | | | Paid on | | Received on | | | Paid on (including survey fees) | | Received on | | |
| | Direct Business | SEC | Re Insurance | SEC | | Direct Business | SEC | Re Insurance | SEC | | Direct Business | SEC | Re Insurance | SEC | |
| | Business | Ceded | Business | Ceded | | Business | Ceded | Business | Ceded | | Business | Ceded | Business | Ceded | |
| Fire | 32,930,785 | 1,055,786 | 14,710,294 | 705,738 | 18,610,539 | 7,650,239 | | 4,508,659 | 129,318 | 3,012,322 | 11,509,557 | 10,127 | 2,124,350 | 1,511 | 9,338,853 |
| Marine | 73,725,214 | 3,855,131 | 3,546,232 | 3,274,236 | 70,759,817 | 11,194,463 | | 1,020,055 | 634,682 | 9,539,726 | 19,335,999 | 22,042 | 971,957 | 1,314 | 18,384,760 |
| Marine Hull | 136,800 | 374,124 | 228,000 | 317,403 | (34,479) | | | 28,500 | 9,522 | (38,022) | | 1,172,521 | | 860,930 | 311,591 |
| Motor | 6,426,830 | 507,078 | 1,413,002 | | 5,520,906 | 1,288,123 | | 378,900 | | 889,223 | 3,463,420 | 21,761 | 20,229,000 | | 3,464,952 |
| Misc. | 2,005,040 | 10,551,130 | 228,980 | 10,180,917 | 2,146,263 | 401,144 | | 305,117 | 539,172 | (443,145) | 2,401,903 | 6,201,037 | | 6,386,666 | 2,216,324 |
| Total | 115,224,689 | 16,383,249 | 20,126,578 | 14,478,294 | 97,008,046 | 20,514,029 | | 6,241,231 | 1,312,694 | 12,960,104 | 36,710,909 | 7,427,538 | 3,116,546 | 7,250,421 | 33,771,480 |

STANDARD INSURANCE LIMITED

FORM – AA

Classified summary of Assets as at 31st December 2007

| Particulars | 2007 | 2006 | Remarks |
|---|---------------------|---------------------|-----------------------|
| Investment | 2,32,05,045 | 1,82,05,045 | Realizable Value |
| Cash in Hand | 13,38,334 | 17,04,573 | Realizable Value |
| Fixed Deposits with Bank | 9,35,00,000 | 8,25,00,000 | Realizable Value |
| In STD & Current Accounts with Banks | 88,63,886 | 66,63,057 | Realizable Value |
| Stamps in Hand | 1,96,077 | 1,19,730 | Realizable Value |
| Accrued Interest, Dividend & Rent | 41,18,759 | 39,20,758 | Realizable Value |
| Other Assets | 96,89,210 | 60,01,406 | Realizable Value |
| Amount due from other persons or bodies Carrying on Insurance business | 4,63,56,997 | Nil | Realizable Value |
| Printing & Stationery | 2,55,621 | 1,96,427 | At cost |
| Sundry Debtors (Including Advance deposit & Pre- payment) | 10,68,900 | 86,19,220 | All considered Good |
| Fixed Assets (At cost less Depreciation) | 24,93,919 | 40,67,579 | At written down value |
| Total | 19,10,86,748 | 13,19,97,795 | |

Certificates under section 7(a) and (b) of part 1 of the First schedule to the Insurance Act, 1938. Certified that the value of all assets have been reviewed, the said asset have been set forth in the Balance Sheet at amount not exceeding their realizable or market value.

Notes form the integral part of these financial statements

signed in terms of our separate report of even date.

sd/-
K.M Alam & Co.
Chartered Accountants

Sd/-
H.T.M Quader Newaz
Chairman

sd/-
Engr. Md. Atiqur Rahman
Director

sd/-
Husna Ara Begum
Director

sd/-
Md. Mozammel Hossain
Managing Director

Dated: March 12, 2008

AUDIT REPORT IN PURSUANCE OF SECTION 135 (1)
UNDER PARA 24(1) OF PART – 11 OF THE THIRD SCHEDULE
OF THE COMPANIES ACT – 1994

We have examined the financial statement of Standard Insurance Ltd. for the year ended December 31, 2003 to 2007 audited by us in pursuance of section 135(1) under Para 24(1) of part 11 of the third schedule of the Companies Act, 1994 and we report that:

01. The Company was incorporated on 3rd November , 1999 as a public limited company under the Companies Act- 1994 with the object of carrying all kinds of insurance business other than life insurance.
02. The statement of assets and liabilities (Balance Sheet) of the Company for the year ended December 31, 2003 to 2007 is enclosed herewith duly certified by us.
03. The statement of operating result of the Company (Profit & Loss Account) for the year ended December 31, 2003 to 2007 is enclosed herewith duly certified by us.
04. The Cash Flow Statements of the Company for year ended December 31, 2003 to 2007 are also enclosed herewith duly certified by us.
05. The Company has not declared any dividend yet.
06. The Company has no subsidiary.
07. No proceeds or part of proceeds of the issue of shares were applied directly by the Company for the purchase of any other business.

Date: Dhaka, March 12, 2008.

Sd/-
K.M. Alam & Co.
Chartered Accountants

STANDARD INSURANCE LIMITED

Balance Sheet as at 31st December - 2007, 2006, 2005, 2004, 2003

| | <u>2007</u> <u>(Taka)</u> | <u>2006</u> <u>(Taka)</u> | <u>2005</u> <u>(Taka)</u> | <u>2004</u> <u>(Taka)</u> | <u>2003</u> <u>(Taka)</u> | | <u>2007</u> <u>(Taka)</u> | <u>2006</u> <u>(Taka)</u> | <u>2005</u> <u>(Taka)</u> | <u>2004</u> <u>(Taka)</u> | <u>2003</u> <u>(Taka)</u> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <u>CAPITAL AND LIABILITIES</u> | | | | | | <u>PROPERTIES AND ASSETS</u> | | | | | |
| <u>Share Capital</u> | | | | | | | | | | | |
| Share Capital Authorised: | | | | | | | | | | | |
| <u>Authorized</u> | | | | | | | | | | | |
| 30,00,000 Ordinary Shares of Tk. 100 each | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 | Investment | 23,205,045 | 8,205,045 | 13,016,245 | 9,356,100 | 9,160,000 |
| <u>Issued, Subscribed and Paid up:</u> | | | | | | | | | | | |
| 6,00,000 Ordinary Shares of Tk. 100 each | 60,000,000 | 60,000,000.00 | 60,000,000.00 | 60,000,000.00 | 60,000,000.00 | <u>Outstanding Premium:</u> | NIL | 1,685,519 | 1,807,208 | 5,013,363 | 4,493,482 |
| | | | | | | <u>Interest, Dividend & Rents:</u> | | | | | |
| | | | | | | <u>Outstanding:</u> | | | | | |
| | | | | | | Interest accrued but not due | | | | | |
| | | | | | | <u>Amount due from other persons or bodies carrying on Insurance Business:</u> | | | | | |
| | | | | | | <u>Sundry Debtors</u> | | | | | |
| | | | | | | (Including Advance & Deposits) | | | | | |
| Reserve for exceptional Losses | 12,519,952 | 2,819,648.00 | Nil | Nil | Nil | 1,068,900 | 8,619,220 | 10,774,618 | 8,570,334 | 7,498,293 | |
| General Reserve | 1,500,000 | Nil | Nil | Nil | Nil | | | | | | |
| Profit & Loss Appropriation Account | 2,000,566 | 1,487,549.00 | 1,485,672.00 | (2,166,154.00) | (5,556,525.00) | | | | | | |
| <u>Balance of Funds and Accounts:</u> | | | | | | <u>Cash in Hand & at Bank:</u> | | | | | |
| Fire Insurance Business | 7,444,216 | 1,573,560.00 | 7,657,525.00 | 4,673,594.00 | 3,733,986.00 | Fixed Deposits with Banks | 93,500,000 | 82,500,000 | 79,000,000 | 71,000,000 | 60,036,684 |
| Marine Insurance Business | 28,290,135 | 8,257,622.00 | 13,589,952.00 | 7,899,678.00 | 6,162,824.00 | Currents & STD Account with Banks | 8,863,886 | 6,663,057 | 8,621,261 | 5,299,614 | 5,664,808 |
| Motor Insurance Business | 2,208,362 | 1,437,666.00 | 1,384,095.00 | 1,130,196.00 | 1,098,628.00 | Cash & Collection in Hand | 1,338,334 | 1,704,573 | 737,356 | 249,639 | 310,565 |
| Misc. Insurance Business | 858,505 | 4,859,344.00 | 788,000.00 | 850,823.00 | 689,745.00 | Stamp in Hand | | | | | |
| | | | | | | <u>Other Accounts:</u> | | | | | |
| | | | | | | Fixed assets (at cost less Depreciation) | | | | | |
| | | | | | | Stock of Printing Materials at cost | | | | | |
| | | | | | | Advance Income Tax | | | | | |
| | | | | | | Deferred Tax Assets | | | | | |
| <u>Premium Deposit:</u> | 5,453,053 | 19,491,431.00 | 22,432,406.00 | 23,330,773.00 | 16,996,540.00 | 2,493,919 | 4,067,579 | 4,449,463 | 4,255,722 | 3,456,079 | |
| <u>Liabilities & Provision:</u> | 4,898,000 | 5,926,340.00 | 3,100,000.00 | Nil | 566,827.00 | 451,698 | 316,157 | 455,112 | 362,210 | 167,239 | |
| Estimated Liabilities in Respect of Outstanding Claims whether due or Intimated | | | | | | | | | | | |
| <u>Amount due to other persons or bodies carrying on insurance business:</u> | | | | | | | | | | | |
| <u>Sundry Creditors:</u> | | | | | | | | | | | |
| (Including provision for expenses & Taxes) | 5,765,258 | 8,423,540.00 | 2,242,704.00 | 1,925,978.00 | 1,626,172.00 | | | | | | |
| | 191,086,748 | 131,997,795 | 125,763,734 | 110,343,772 | 99,259,333 | | 191,086,748 | 131,997,795 | 125,763,734 | 110,343,772 | 99,259,333 |

sd/-
K.M. Alam & Co.
Chartered Accountants

Date : March 12, 2008

STANDARD INSURANCE LIMITED

Profit And Loss Appropriation Account for the year ended 31st December - 2007, 2006, 2005, 2004, 2003

| Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) | Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) |
|--------------------------------------|-------------------|-------------------|------------------|--------------------|--------------------|--|-------------------|-------------------|------------------|--------------------|--------------------|
| Reserve for Exceptional Losses | 9,700,304 | 2,819,648 | | | | Balance brought forward from last year | 1,487,549 | 1,485,672 | (2,166,154) | (5,556,525) | (6,419,155) |
| General Reserve | 1,500,000 | | | | | | | | | | |
| Income Tax | | 1,539,423 | | | | | | | | | |
| Provision for Income Tax - 06-07 | Nil | 1,643,322 | | | | | | | | | |
| Provision for Income Tax - 08-09 | 381,219 | | | | | | | | | | |
| Provision for the Income Tax | Nil | 2,605,599 | | | | Net Profit for the Year Brought down | 12,094,540 | 8,609,869 | 3,651,826 | 3,390,371 | 862,630 |
| Balance transferred to Balance Sheet | 2,000,566 | 1,487,549.00 | 1,485,672.00 | (2,166,154) | (5,556,525) | | | | | | |
| | 13,582,089 | 10,095,541 | 1,485,672 | (2,166,154) | (5,556,525) | | 13,582,089 | 10,095,541 | 1,485,672 | (2,166,154) | (5,556,525) |

Dated: March 12, 2008

sd/-
K.M. Alam & Co.
Chartered Accountants

STANDARD INSURANCE LIMITED

Profit And Loss Account for the year ended 31st December - 2007, 2006, 2005, 2004, 2003

| Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) | Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) |
|---|-------------------|------------------|------------------|------------------|------------------|---|-------------------|------------------|------------------|------------------|------------------|
| Expenses of Management : (Not applicable any particular fund or Account): | | | | | | Interest, Dividend & Rates: | | | | | |
| | | | | | | Interest Received & Accrued | 9,165,049 | 9,122,541 | 8,171,199 | 4,331,337 | 7,246,016 |
| Directors sitting Fees | 67,000 | Nil | Nil | Nil | 11,250 | Dividend Income | 137,915 | 116,278 | 76,102 | 39,751 | Nil |
| Audit Fees | 172,000 | 19,400 | 70,000 | 70,000 | 69,000 | Other Income | 4,011,800 | 54,000 | Nil | Nil | Nil |
| Depreciation | 2,051,591 | 1,999,748 | 1,690,648 | 1,345,142 | 1,109,034 | Balance brought down from Revenue Account | | | | | |
| Advertisement & Publicity | 7,000 | 25,250 | 32,870 | 49,075 | 44,000 | Fire | (7,489,682) | | | | |
| Subscription & Donation | 195,000 | 54,000 | 253,465 | 285,000 | 70,200 | Marine | 12,811,165 | | | | |
| Registration & Renewal fees | 465,305 | 383,299 | 525,561 | 50,087 | 77,475 | Motor | 268,307 | | | | |
| Balance brought down from Revenue Account | | | | | | Misc. | (3,851,118) | | | | |
| Fire | | 813,698 | 2,545,263 | (661,459) | 1,569,065 | | | | | | |
| Marine | | (13,936,369) | (4,352,547) | (3,316,933) | 299,450 | | | | | | |
| Motor | | 4,594,241 | 1,082,812 | (762,336) | (315,429) | | | | | | |
| Misc. | | 6,729,683 | 2,747,403 | 3,922,111 | 3,449,341 | | | | | | |
| Net Profit transferred to Profit & Loss Appropriation A/c | 12,094,540.00 | 8,609,869 | 3,651,826 | 3,390,371 | 862,630 | | | | | | |
| | 15,052,436 | 9,292,819 | 8,247,301 | 4,371,088 | 7,246,016 | | 15,052,436 | 9,292,819 | 8,247,301 | 4,371,088 | 7,246,016 |

Dated: March 12, 2008

sd/-
K.M. Alam & Co.
Chartered Accountants

STANDARD INSURANCE LIMITED

Consolidated Revenue Account for the year ended 31st December - 2007, 2006, 2005, 2004, 2003

| Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) | Particulars | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| Claims under policies less reinsurance: | | | | | | Balance of Account at the beginning of the year | 21754,782 | 23,419,573 | 14,554,291 | 11,685,183 | 9,073,983 |
| Paid during the year | 33,771,480 | 10,955,099 | 9,015,065 | 2,043,995 | 463,555 | | | 54,386,954 | 58,548,931 | | |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | 4,898,000 | 5,926,340 | 3,100,000 | Nil | 566,827 | Premium less re-insurance | 97,003,046 | | | 36,385,728 | 29,212,959 |
| | | | | | | Commission on re-insurance ceded | 7,553,925 | 9,474,001 | 6,945,261 | 7,522,423 | 5,130,198 |
| Less: Outstanding at the end of previous year | (5,926,340) | (3,100,000) | Nil | (566,827) | (2,253,345) | Profit/Loss transferred to Profit and Loss Account | (1738,672.00) | (1798,747) | 2,022,931 | (88,587) | 5,002,427 |
| Agency Commission | 205,11,029 | 13,828,664 | 12,040,720 | Nil | 624,007 | | | | | | |
| Expenses of Management (Note 2) | 32,511,694 | 36,976,896 | 34,498,056 | 38,743,288 | 37,333,340 | | | | | | |
| Balance of Account at the end of the year as shown in the Balance sheet | | | | | | | | | | | |
| Reserve for unexpired risks being 40% of premium income of the year (Note 4) | 38,801,218 | 21,754,782 | 23,419,573.00 | 14,554,291 | 11,685,183 | | | | | | |
| | 124,573,081 | 85,481,781 | 82,071,414 | 54,774,747 | 48,419,567 | | 124,573,081 | 85,481,781 | 82,071,414 | 54,774,747 | 48,419,567 |

Dated: March 12, 2008

sd/-
K.M Alam & Co.
Chartered Accountants

STANDARD INSURANCE LIMITED

Statement of Cash Flow

For the year ended 31st December - 2007, 2006, 2005, 2004, 2003

| | | 2007 (Taka) | 2006 (Taka) | 2005 (Taka) | 2004 (Taka) | 2003 (Taka) |
|-----------|--|-----------------------|-----------------------|-----------------------|--------------------|--------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| | Collection from Premium & other Income | 110,351,385.00 | 70,604,103.00 | 76,704,507.00 | 56,834,663 | 42,245,165 |
| | Payment for Management Exp. Re- Insurance | (89,729,206.00) | (59,423,723.00) | (58,029,702.00) | (43,450,903) | (35,321,893) |
| | Income Tax | (6,320,458.00) | (1,864,703.00) | (1,320,907.00) | (505,679) | (700,736) |
| | Net cash provided by from operating activities | 14,301,721.00 | 9,315,677.00 | 17,353,898.00 | 12,878,081 | 6,222,536 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| | Purchases of Fixed Assets (Addition) | (477,931.00) | (1,617,864.00) | (1,884,389.00) | (2,144,785) | (1,030,370) |
| | Investment In Shares | (989,200.00) | (5,188,800.00) | (3,660,145.00) | (196,100) | (160,000) |
| | Net cash used by Investment | (1,467,131.00) | (6,806,664.00) | (5,544,534.00) | (2,340,885) | (1,190,370) |
| C. | Cash flow from financing activites | | | | | |
| D. | Net Increase in cash & Bank (A+B+C) | 12,834,590.00 | 2,509,013 | 11,809,364 | 10,537,196 | 5,032,166 |
| E. | Opening Cash & Cash Equivatent | 90,867,630.00 | 88,358,617 | 76,549,253 | 66,012,057 | 60,979,891 |
| F. | Closing Cash & Bank Balance (D+E) | 103,702,220.00 | 90,867,630 | 88,358,617 | 76,549,253 | 66,012,057 |

Dated: March 12, 2008

sd/-

K.M. Alam & Co.

Chartered Accountants

STANDARD INSURANCE LIMITED
Statement of Ratio Analysis - 2007,2006,2005,2004,2003

| | Profitability | | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---------------------------------|---|-------------|-------------|-------------|-------------|-------------|
| 1 | Gross margin Ratio (%) | (Gross Profit/Sales)x100 | 1.32% | 1.77% | 2.44% | 1.22% | -8.71% |
| 2 | Net Income Ratio (%) | (Operating Net profit /Sales) x100 | 9.18% | 8.48% | 4.41% | 5.07% | 1.50% |
| 3 | Return on Equity Ratio (%) | (Net profit before Tax / Capital Employed) x100 | 15.90% | 13.39% | 5.94% | 5.86% | 1.58% |
| 4 | Return on Investment | (Net profit afterTax/ owners Equity) x 100 | 15.41% | 9.34% | 5.94% | 5.86% | 1.58% |
| 5 | Earning per Share (EPS) | Net profit afterTax/ No.of Shares outstanding | 19.52 | 10.01 | 3.34 | 3.11 | 0.79 |
| | | | | | | | |
| | Efficiency | | | | | | |
| 1 | Turn Over to Capital Employeed | Sales / Capital Employed | 1.74 | 1.58 | 1.35 | 1.16 | 1.05 |
| 2 | Turn Over to Working Capital | Sales / Working Capital | 1.48 | 1.59 | 1.23 | 1.51 | 1.37 |
| 3 | Turn Over to Working Growth | Current Year Net Sales/ Previous Year Net Sales | 1.78 | 0.93 | 1.61 | 1.25 | 1.35 |
| | | | | | | | |
| | Short Term Solvency | | | | | | |
| 1 | Current ratio | Current Assets / Current Liability | 2.17 | 2.39 | 2.65 | 1.84 | 1.93 |
| 2 | Quick ratio | (C.A - Inventories)/ C.L | 2.17 | 2.38 | 2.64 | 1.84 | 1.93 |
| | | | | | | | |
| | Capital Structure | | | | | | |
| 1 | Fixed Asset to Capital Employed | Fixed Assets/ Capital employed | 0.03 | 0.06 | 0.07 | 0.07 | 0.06 |
| 2 | Proprietary Ratio | Shareholders Fund/ Total Assets | 0.39 | 0.49 | 0.49 | 0.52 | 0.55 |
| | | | | | | | |

sd/-
K.M. Alam & Co.
Chartered Accountants

Dated: March 12, 2008

Additional Information

1 The Company has been complied with the section 3C of Insurance Act.1938 as applicable.

2 Insurance Act.1938 (Sec-27)

The Section under the Insurance Act-1938 is not applicable for the general Insurance Company.

Insurance Act.1938 (Sec-27-A)

3 Optimum investment of the Company for the year ended December 31.2007 are as follows:

| Particulars | | Amount (Tk.) |
|---------------------------------------|---|--------------------|
| Liabilities as per Section .02 | | |
| A | Net Claim outstanding. | 4,898,000 |
| B | 40% of Net Premium (Fire.Marine Cargo.Motor. Misce) | 38,801,218 |
| C | Amount due to other person or bodies caring on Insurance Busin | (13,791,704) |
| D | Reserve for Taxation. | 381,219 |
| F | Sundry Creditors. (Excluding Share Capital. General reserve.Res | 5,765,258 |
| | for exceptional loss & Depreciation fund) | |
| | Total Liabilities. A-C | 36,053,991 |
| | Or. 10% of the Net Prem | 9,700,304 |
| | Higher one is optimum investment as per section 27A - (a | 36,053,991 |
| | of the insurance Act.1938 | |
| | Actual Investmen t as at December31.2007 as per section 27A - | |
| | National Investment Bond | 9,000,000 |
| | Fixed Deposit | 93,500,000 |
| | Share | 14,205,045 |
| | Total Actual Investment. (b) | 116,705,045 |
| | Excess Investment (a-b) | 80,651,054 |

4 Insurance Act.1938 (Sec-27-B)

There is no Investment of the Company in or hold any shares or debentures of any company ,Farms or other business concern in which any of its Directors or any members of the family of such directors has any interest as Propriitor,Partner, Director, Manager & Managing Agent.

5 Related party. Insurance Act.1938 (Sec-27-B)

We are not aware of any related party having control and influence over the admintrative and financial matters of the 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 sponsor/Directors. The Company however has business relationship with the enterprises owned by the sponsor/Directors on commercial terms without allowing extra benefits to them other then the prevailing market practice.

6 Insurance Act.1938 (Sec-29)

The Company has no investment against any loan to any Director or any member of the family, Banking company, Subsidiary Company And auditor,any loan or temporary advance either and hypothecation property or personal security .

7. Allocation of Management expenses in regards to compliance with the section (40)-cof the Insurance Act -1938and Rule -40of the Insurance Rule 1958 is given below:

| Class | Level of Premium | Rate | Allowable Exp | Actual | Variance | Remarks |
|--------|------------------|---|-------------------------|--------|-------------|---------|
| 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 | | | |
| Next | 1,00,00,000 | 13% | 13,00,000 | | | |
| Next | 1,00,00,000 | 13% | 13,00,000 | | | |
| Next | 1,00,00,000 | 13% | 13,00,000 | | | |
| Next | 1,00,00,000 | 13% | 13,00,000 | | | |
| Next | 80,91,269 | 13% | 10,51,865 | | | |
| | 7,80,91,269 | | 1,10,51,865-1,86,85,605 | | (76,33,740) | Adverse |
| Non | | | | | | |
| Marine | | | | | | |
| 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 | 35,16,649 | 22% | 7,73,663 | | | |
| | 5,35,16,649 | | 1,33,73,663-1,38,29,089 | | (4,55,426) | Adverse |
| Total | | | | | | |
| Gross | 13,16,07,918 | | 2,44,25,528-3,25,14,694 | | (80,89,166) | Adverse |
| Add | | 2.5% of gross premium as per Rules 40-2-111 | 32,90,198- Nil | | Nil | |
| | | | 2,77,15,726-3,25,14,694 | | (47,98,968) | Adverse |

8 Reserve for exceptional loss has been made as per 4th schedule of the Income Tax Ordinance.

Date : March,12,2008

sd/-

K.M.Alam & Co.

Chartered Accountants

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.

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 don't mention your valid BO (Beneficiary Owner) Account, your application will be treated 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 "Standard Insurance 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 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.**
10. **An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**
11. 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.
12. 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, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
13. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
14. 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.
15. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
16. 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
17. **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 there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you don not mention your valid BO (Beneficiary Owner) Account, your application will be treated 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 "**Standard Insurance Limited**" and crossed "**ACCOUNT PAYEE ONLY**".
5. Application shall be sent by the applicant directly to the Company within 11-09-2008 so as to reach the Company within 20-09-2008 No Application sent after 11-09-2008 or received by the Company after 20-09-2008 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. 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, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. 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.
13. 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.
14. Spot buying rate (TT Clean) in US Dollars 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.
15. **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.**
16. 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-15 above.
17. **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.**
18. **An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**
19. **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.

Additional disclosure by the auditor

Based on the Auditor's Report and Financial Statements of **Standard Insurance Limited** for the year ended 31st December, 2007 we provide the following clarification to Securities and Exchange Commission as per letter no. SEC/CI/IPO – 67/2005/252 dated May 21, 2008 to Standard Insurance Limited.

1. Break up of Reserve for Exceptional Losses Tk. 97,00,304.00.

| <u>Sl.No.</u> | <u>Particulars</u> | <u>Reserve Amount</u> |
|---------------|---------------------------|-----------------------|
| 1) | Fire Insurance Business | 18,61,054.00 |
| 2) | Marine Insurance Business | 70,72,534.00 |
| 3) | Motor Insurance Business | 5,52,090.00 |
| 4) | Misc. Insurance Business | 2,14,626.00 |
| | Total | 97,00,304.00 |

2. Investments of Standard Insurance Limited as shown in its Balance Sheet as at 31st December – 2007 (Note 10.02) are made in accordance with BAS – 25 para 19(b) considering stock dividend of United Commercial Bank Ltd..

3. The Company operating its Head office and Elephant Road Branch as lease rental agreement with the following Directors – BAS – 24.

| <u>Sl.No.</u> | <u>Lessor</u> | <u>Name of Director</u> | <u>Nature of Transactions</u> | <u>Rent Per month</u> |
|---------------|--------------------------|--|--|-----------------------|
| 1) | The Civil Engineers Ltd. | Engr. Md. Atiqur Rahman Engr. A.K.M. Mosharraf Hussain Mrs. Mahmuda Begum Mrs. Husna Ara Begum Tasmiah Rahman Hasnat Mosharraf Hasib Mosharraf | Head Office 4 th floor, 69, Mohakhali C/A, Dhaka – 1212. | Tk. 72,904.00 |
| 2) | Standard Fashions Ltd. | H.T.M Quader Newaz Engr. Md. Atiqur Rahman Engr. A.K.M. Mosharraf Hussain Mrs. Mahmuda Begum Mrs. Husna Ara Begum Tasmiah Rahman Hasnat Mosharraf Hasib Mosharraf | Elephant Road Branch 53/1, New Elephant Road Dhaka – 1205. | Tk. 11,000.00 |

4. The office rent has been paid for Head Office for 1st January, 2005 to 31st December, 2006 Tk.69,432 per month and 1st January -2007 to 31st December, 2007 Tk.72,904 per month respectively. For Elephant Road Br. Office rent has been paid Tk. 11,000 per month for two years and seven months which Directors and such BAS – 24 is involved in the payments.

Dated: June 8, 2008

Sd/-
K.M.Alam & Co.
Chartered Accountants

Auditor's Certificate Regarding Income Tax Status of Standard Insurance Limited

| Actg. year | Asst. year | Total income | Assessed tax | Provision for taxation | Tax paid | Adv. payment of taxes (including TDS from Bank interest) | Total tax paid | Refundable tax | Remarks |
|------------|------------|--------------|--------------|------------------------|----------|--|----------------|----------------|--|
| 1999 | 2000-01 | 193,384 | 77,654 | - | 58,815 | 18,839 | 77,654 | - | Assessment completed. |
| 2000 | 2001-02 | (1,343,367) | - | - | - | 102,866 | - | 102,866 | Assessment completed. |
| 2001 | 2002-03 | (1,032,282) | - | - | - | 251,014 | - | 251,014 | Assessment completed. |
| 2002 | 2003-04 | (2,686,026) | - | - | - | 1,759,965 | - | - | Assessment order has not been issued till date. |
| 2003 | 2004-05 | 2,957,695 | 261,921 | - | - | 700,736 | 261,921 | 140,723 | Assessment completed. |
| 2004 | 2005-06 | 2,384,039 | 1,136,779 | - | - | 505,679 | 1,136,779 | - | Assessment completed. |
| 2005 | 2006-07 | 3,651,826 | 1,643,322 | 1,643,322 | - | 1,820,907 | 1,643,322 | - | Assessment completed. |
| 2006 | 2007-08 | 8,609,869 | - | 2,605,599 | - | 1,214,143 | - | - | Return submitted on dated 12.08.2007. Assessment is under process. |

Dated: June 8, 2008

Sd/-
K.M.Alam & Co.
Chartered Accountants