



# ANNUAL REPORT 2005



**PRAGATI  
INSURANCE  
LIMITED**

SYMBOL OF SECURITY







## Company Profile

### Incorporation

January 27, 1986

### Commencement

January 30, 1986

### Listing with DSE

April 04, 1996

### Listing with CSE

April 06, 1996







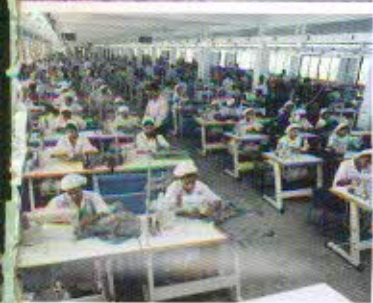
## Vision Statement

- We want to take Pragati to new heights of development
- We want to build sound, dependable/reliable image for Pragati in the society
- We want Pragati to contribute to national growth both in depth & dimension
- We want Pragati to expand its wings beyond national boundaries



## Mission Statement

- ▲ We are conscious of our social obligation
- ▲ We aim to provide prompt and personalized services to our clients
- ▲ We strive hard to produce new ideas for the benefit of society and consumers
- ▲ We work to deliver optimum value to our shareholders, clients, employees and add value to the nation
- ▲ We continuously adjust ourselves to the insurance scenario in & around the world
- ▲ Happy Pragati Family is our aim



## Insurance Services:

- ▲ Industrial all Risks Policies
- ▲ Property and Marine Insurance
- ▲ Personal Accident including Group Personal Accident
- ▲ Motor Insurance
- ▲ Flood & Cyclone Insurance
- ▲ Tsunami and Earthquake Insurance
- ▲ CAR Insurance
- ▲ Business Interruption and Machinery Break-down Insurance
- ▲ Health Insurance including Overseas Mediclaim Insurance



## Financial Services:

- Underwriting & Bridge Financing
- Trusteeship

## Re-Insurers:

- Sadharan Bima Corporation of Bangladesh
- General Insurance Corporation of India

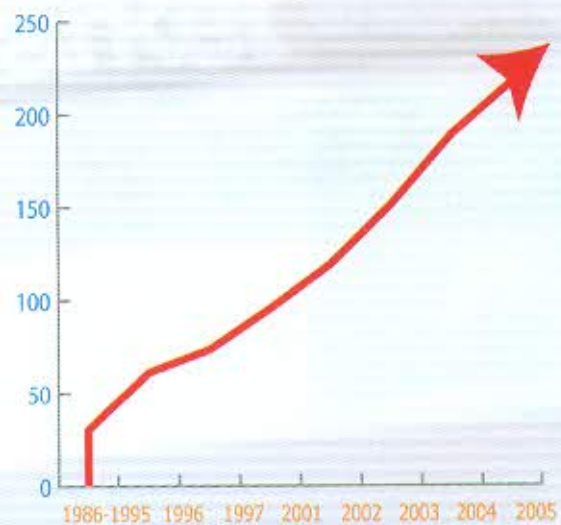






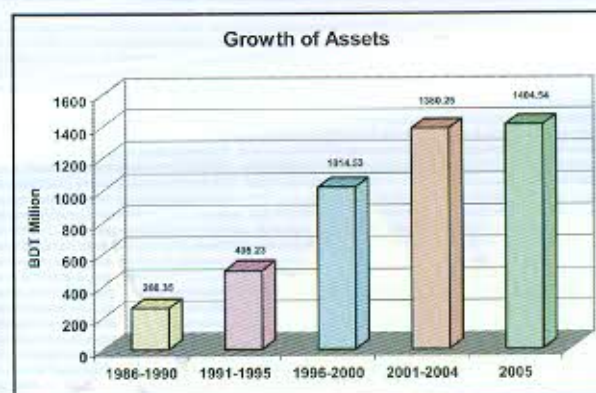
## Growth of Capital (BDT Million)

1986-1995	Sponsors' capital	30.00
1996	IPO of Tk.31 million	61.00
1997	20% stock dividend	73.20
2001	30% stock dividend	95.16
2002	25% stock dividend	118.95
2003	27% stock dividend	151.07
2004	25% stock dividend	188.84
2005	15% stock dividend	217.16



## Growth of Asset (BDT Million)

1986-1990	260.35
1991-1995	495.23
1996-2000	1014.53
2001-2004	1380.25
2005	1404.54





প্রগতি  
ইস্যুরেন্স  
লিমিটেড

# Pragati Insurance Limited

HEAD OFFICE : PRAGATI-RPR CENTRE, 20-21, KAWRAN BAZAR (14TH, 15TH & 16TH FLOOR) DHAKA-1215  
PHONE: PABX : 9133680-2 DIRECT : 9118303, 8118268, 9135779, 9134337, 8123075, 8117996, 9131279  
E-mail: pilbma@bangla.net TLX: 671168 PGI BJ FAX: 880-2-8122980 P.O. BOX: 3721 WEB: www.pilbma.com

## Notice of the Twentieth Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of Pragati Insurance Limited will be held on Wednesday, the 28th June, 2006 at 11:00 am at the Bashundara Convention Centre, Bashundara R.A., Baridhara, Dhaka-1212 to transact the following business:

1. To receive, consider and adopt the Directors' Report for the year ended 31st December, 2005.
2. To receive, consider and adopt the Audited Accounts of the company and the Auditors' Report thereon for the year ended 31st December 2005.
3. To declare Dividend for the year 2005 as recommended by the Board of Directors.
4. To elect Directors in place of retiring Directors from Group- "A" Shareholders and from Group "B" Shareholders.
5. To appoint Auditors for the year 2006 and fix their remuneration.

By order of the Board of Directors

(HR Chowdhury)  
Company Secretary

Dated: Dhaka 22nd May, 2006

### Notes:

- (a) The record date: 8th June, 2006
- (b) Members of the company whose names appear in the Register of Members upto record date will be entitled to dividend for the year 2005 to be approved by the Shareholders in the Annual General Meeting.
- (c) A member wishing to appoint a Proxy, must deposit the Proxy Form duly stamped to the Company's Registered Office at least 72 hours before the meeting.
- (d) Only the Shareholders or their appointed proxies can attend the meeting. A proxy must be a member of the company.
- (e) Entry to the Annual General Meeting is reserved only for the Shareholders or his/her proxy.

**No guest and children shall be allowed entrance in the meeting.**



# Board of Directors



Al Haj Khalilur Rahman  
**Chairman**



A.S.M Mainuddin Monem  
**Vice Chairman**



Zakaria Taher  
**Vice Chairman**



A.K.M Rafiqul Islam, FCA  
**Managing Director**

## Directors



Engr. A. Latif



Abdul Monem



Abdul Awal Mintoo



Mohammed A. Awwal



Moazzam Hossain



Syed M. Altaf Hussain



Khan Mohd Ameer



Md Syedur Rahman Mintoo



Capt. Imam Anwar Hossain



Md. Sarwar Kamal



Mohammed A. Malek



Prof. Jahangir Chowdhury



Md. Mushfiqur Rahman



Tabith Mohd Awal



Razia Sultana Shimul



A.N.M Yeahea



Md Mahbubur Rahman



Nigar Jahan Chowdhury



A.J.M Enamul Islam



A.S.M Mohiuddin Monem



Ahmecul Hogue



Tahsina Rahman



Mahbub Anam



Akbar Hossain



Moazzem Hossain



Tafsir Mohd Awal



# Executives

**Managing Director:**

A.K.M. Rafiqul Islam, FCA

**Additional Managing Director:**

A.B.M. Mir Hossain

**Deputy Managing Director:**

Shaikh Shahjahan Uddin

**Asst. Managing Director:**

Md. Shahabuddin  
Mohammad Ali Khan

**Company Secretary:**

Hafizur Rahman Chowdhury

**Sr. Executive Vice President:**

Mahboob Uddin Ahmed

**Executive Vice President:**

Sharif Mustaba  
M.A. Hasan  
Md. Sirajul Mustafa  
Md. Fazlul Karim Alamgir

**Senior Vice President:**

Zabed Ali Mridha, FCA  
Md. Shafiqul Islam  
SMB Shameem  
Abdul Momen  
S.M. Murshed  
Md. Nazrul Islam  
Md. Jamal Uddin Haider

**Vice President:**

Khondaker Zafor Sadque  
Monjurul Hoque  
Abdus Salam

**Deputy Vice President:**

Kabir Ahmed  
Farid Ahmed  
Md. Golam Farooque

**Asst. Vice President:**

Delwar Hossain  
Abdur Razzaque Sarder  
Ali Fathker Kollol  
Bikash Chandra Pal  
Md. Habibur Rahman  
Md. Murad Ahmed

**Auditor:**

A. Wahab & Co.  
Chartered Accountants







## চেয়ারম্যানের বাণী

প্রিয় শেয়ারহোল্ডারবৃন্দ,  
আসসালামু আলাইকুম

প্রগতি ইন্স্যুরেন্স লিমিটেড এর বোর্ড অব ডাইরেক্টরস এর পক্ষ থেকে আমি কোম্পানীর ২০তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানাচ্ছি।

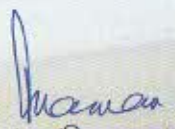
জুন মাসের এই প্রখর খরতাপ সত্ত্বেও, এই সভায় আপনাদের উপস্থিতি দেখে আমরা উৎসাহিত বোধ করছি। আপনাদেরকে ধন্যবাদ।

আপনারা নিশ্চয়ই ইতিমধ্যে অবহিত হয়েছেন যে নানান প্রতিকূলতা সত্ত্বেও প্রগতি ইন্স্যুরেন্স লিমিটেড সদ্য সমাপ্ত বছরে অর্থাৎ ২০০৫ সালে ৬০২.০৯ মিলিয়ন টাকা গ্রস প্রিমিয়াম আয় করেছে যা ২০০৪ সালের তুলনায় ২৪.৫০% অধিক। এ ছাড়া অন্যান্য খাতেও কোম্পানীর আয় পূর্ববর্তী বছরের তুলনায় ভাল হয়েছে। এটা সম্ভব হয়েছে আপনাদের পৃষ্ঠপোষকতা, সক্রিয় সহযোগিতায় এবং কোম্পানীর সকল স্তরের কর্মকর্তা, কর্মচারীদের অক্লান্ত পরিশ্রমে। সাধারণ বীমা ক্ষেত্রে ৪৩টি কোম্পানীর সাথে প্রতিযোগিতায় বাংলাদেশের মত সীমিত বাজারে কোম্পানীর অগ্রগতি অব্যাহত রাখা একটি বিরাট চ্যালেঞ্জ স্বরূপ। ভবিষ্যতে প্রতিযোগিতা আরও কঠিন হবে তা নিঃসন্দেহে বলা যেতে পারে। মুক্ত বাজার অর্থনীতিতে সম্মানজনক অবস্থান অব্যাহত রাখতে হলে প্রয়োজন সঠিক দিক নির্দেশনা, নীতি নির্ধারণ, মার্কেট স্ট্রাটেজি নিরূপণ এবং তা অনুসরণ, বাংলাদেশের অর্থনৈতিক উন্নয়ন কৌশলের সংগে সংগতিপূর্ণ নতুন নতুন প্রডাক্ট উদ্ভাবন এবং গ্রাহক সেবা প্রদান ইত্যাদি। ভবিষ্যত সমস্যা সম্পর্কে আমরা সচেতন এবং সজাগ দৃষ্টি রাখছি। দেশের অর্থনৈতিক উন্নয়ন নিশ্চিত হলে এবং দেশের রাজনৈতিক পরিস্থিতির উন্নতি হলে, আমাদের অগ্রগতিও নিশ্চিত হবে। সব কিছু নির্ভর করছে দেশের পরিস্থিতির উপর। তবে ইনশাআল্লাহ আমরা আশাবাদী শীঘ্রই আবহাওয়া অনুকূল হবে এবং আমরাও আমাদের কাঙ্ক্ষিত লক্ষ্যে পৌঁছতে পারব।

প্রিয় শেয়ারহোল্ডারবৃন্দ, কোম্পানীর ২০০৫ সালের বার্ষিক প্রতিবেদন আপনাদের নিকট আমরা উপস্থাপন করেছি। এ থেকে আপনারা কোম্পানীর কার্যক্রম, অগ্রগতি, সাফল্য ও ব্যর্থতা সম্পর্কে অবহিত হয়েছেন। কোম্পানীর সাফল্যে আমরা আনন্দিত। তবুও এতে আত্মতুষ্টির কোন অবকাশ নেই। নির্ধারিত লক্ষ্যের দিকে এগিয়ে যাওয়া এবং বর্তমান অগ্রগতি অক্ষুণ্ণ রাখাই আমাদের লক্ষ্য। আগামী দিনে দেশে-বিদেশে আমাদের অবস্থান ও পরিচিতি আরও বাড়ানোর কার্যক্রম আমরা ইতিমধ্যে গ্রহণ করেছি। আশা করি আমরা কোম্পানীর অগ্রগতি অব্যাহত এবং সুনাম অক্ষুণ্ণ রাখতে সক্ষম হব, ইনশাআল্লাহ। আপনাদের সহযোগিতা এবং গঠনমূলক পরামর্শ আমাদের ভবিষ্যত কার্যক্রমে সহায়ক হবে।

পরিশেষে আমি আজকের সভায় আপনাদের উপস্থিতি, সহযোগিতা এবং মূল্যবান সময় ও পরামর্শের জন্য পুনরায় ধন্যবাদ জানাচ্ছি।

আল্লাহ হাফেজ।

  
আলহাজ্ব খলিলুর রহমান  
চেয়ারম্যান



## Company's Performance

5 years at a glance

Taka in Million

Particulars	2001	2002	2003	2004	2005
<b>Financial Performance</b>					
Gross Premium	337.45	350.39	468.74	507.70	632.09
Net Premium	169.35	176.47	225.95	234.15	274.98
Net Claim	65.58	67.50	41.56	47.82	56.33
Underwriting Profit	30.17	40.99	41.56	47.82	54.03
Investment Income	26.99	24.51	25.07	26.99	37.51
Income from financial service/Capital gain	9.77	5.06	7.27	21.29	27.22
Net Profit before tax	53.29	56.39	58.42	75.71	98.35
Net Profit after tax	43.79	45.89	46.42	54.96	78.35
<b>Share Capital and Reserve:</b>					
Paid-up-capital	73.20	95.16	118.95	151.09	188.83
Shareholders equity	566.64	595.07	584.92	766.99	780.51
Total Reserve	616.94	627.83	721.54	779.29	784.92
<b>Assets:</b>					
Investment in shares and Securities	94.40	90.12	111.99	167.55	163.35
Cash, FDR and Bank Balance	291.82	260.98	301.37	380.93	344.67
Land	340.95	348.07	413.24	418.89	420.56
Total Assets	1050.97	1093.17	1253.24	1380.25	1,404.54
<b>Ratios:</b>					
Dividend in percent ( cash + Stock)	30+30	20+25	20+27	20+25	15+15
EPS	59.81	48.22	39.02	36.40	41.49
P/E ( Time)	6.72	10.96	16.54	19.29	9.45
Solvency Surplus	713.12	717.71	830.43	830.80	863.64





## Directors' Report 2005

### Dear Shareholders

Assalamu Alaikum,

It is with great pleasure we welcome the esteemed shareholders to the 20th Annual General Meeting of Pragati Insurance Limited. Board is pleased to present before you the Annual Report together with the audited Balance Sheet, Revenue Account of Fire, Marine and Miscellaneous Departments, Profit and Loss Account and Appropriation and other Financial Statements relating to the year 2005 and Auditors' Certification with notes on the Accounts Operation of the company.

Board is pleased to report to the shareholders that your company continued to maintain its growth momentum in keeping with the objectives; thus contributing to the national economy with high quality service to the valued clients.

### Economy:

Economy of Bangladesh is passing through the phase of transformation from predominantly agricultural to moderately expanding industrial scenario. Contribution of industry to GDP increased from 17.08% in 1979-80 to 28.44% in the Fiscal 2004-5 while contribution of agriculture reduced to 21.91% from 33.21% in 1979-80. Service sector's contribution maintained a constant rate of 49.72% in 1979-80 and 49.65% in fiscal 2004-05.

Year 2005 started with uncertainty with the phasing out of MFA on Textile quotas. Fear of closure of Garment and related textile industry following phase out of quota regime on the 31st December, 2004 and ultimate of WTO negotiation haunted the economy as well the related industries in Bangladesh. Fear of wide-spread job loss was visualized by World Bank and other Donor Agencies. However, resilience of Bangladesh economy was evident from growth of export by 13.8% in the year 2005 and increase of remittances by 14.1% expelled all doubts and apprehension. Credit goes to the Bangladesh entrepreneurs in facing the adversity very boldly.

## পরিচালকমন্ডলীর প্রতিবেদন ২০০৫

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম,

প্রগতি ইন্স্যুরেন্স লিঃ-এর ২০তম বার্ষিক সাধারণ সভায় আমরা আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দকে সানন্দ স্বাগত জানাচ্ছি। একই সঙ্গে কোম্পানীর পরিচালনা পর্ষদ আপনাদের সমীপে ২০০৫ সালের বার্ষিক হিসাব সহ কোম্পানীর বার্ষিক প্রতিবেদন এবং হিসাবের উপর নিরীক্ষকদের প্রতিবেদন পেশ করতে পেরে আনন্দিত।

এতদ্ব্যতীত কোম্পানীর অব্যাহত অগ্রগতি, জাতীয় অর্থনীতিতে কোম্পানীর অবদান এবং সম্মানিত গ্রাহকবৃন্দকে অধিকতর সেবা প্রদান ইত্যাদি ক্ষেত্রেও কোম্পানীর সাফল্যের প্রতিবেদন আপনাদের সমীপে উপস্থাপন করতে পেরে পরিচালনা পর্ষদ আনন্দিত।

### বাংলাদেশের অর্থনীতি :

বাংলাদেশের অর্থনীতি বর্তমানে মূলত: কৃষি ভিত্তিক অর্থনীতি থেকে শিল্প ভিত্তিক অর্থনীতির পথে এগুচ্ছে। জাতীয় জিডিপিতে ২০০৪-২০০৫ সালে শিল্প খাতের অবদান ২৮.৪৪%, যা ১৯৭৯-৮০ সালে ছিল ১৭.০৮%। অপর দিকে ১৯৭৯-৮০ সালে কৃষি খাতের অবদান ছিল ৩৩.২১% যা ২০০৪-২০০৫ সালে কমে দাড়িয়েছে ২১.৯১%। সেবা খাতের অবদান মোটামুটি একই পর্যায়ে রয়েছে। ১৯৭৯-৮০ সালে সেবা খাতের অবদান ছিল ৪৯.৭২% এবং ২০০৪-০৫ সালেও তা রয়েছে ৪৯.৬৫% শতাংশে।

আপনারা জানেন যে ২০০৫ সাল শুরু হয়েছিল অনিশ্চয়তার মাঝে। ৩১শে ডিসেম্বর ২০০৪ সালে বঙ্গশিল্পে এমএফএ ব্যবস্থা প্রত্যাহার এবং ডব্লিওটিও আলোচনার পরিনতি সম্পর্কে বাংলাদেশের পোষাক শিল্প সহ সংশ্লিষ্ট খাতে ভীতির সঞ্চার করে। এমনকি বিশ্ব ব্যাংক সহ অন্যান্য দাতাগণ বাংলাদেশে বিরাট বেকারত্বের আভাস দেন। কিন্তু বাংলাদেশের অর্থনীতি এই বিপর্যয় থেকে নিজেকে সামলে নিতে সক্ষম হয় এবং ২০০৫ সালে পোষাক শিল্প খাতে রপ্তানী ১৩.৮% বৃদ্ধি পায়। একই বৎসরে প্রবাসীদের প্রেরিত রেমিটেন্স ১৪.১% বৃদ্ধি পায়। বাংলাদেশের ব্যবসায়ী/শিল্পপতিদের অত্যন্ত সাহসী পদক্ষেপ এই বিপর্যয় থেকে বাংলাদেশকে উত্তরনে সহায়তা করে।



## Company's Growth

Premium Income	2005	2004	% change
(i) Fire	243.97	189.20	+28.95%
(ii) Marine (Cargo)	256.40	203.96	+25.71%
(iii) Marine (Hull)	12.69	7.75	+63.74%
(iv) Motor	71.01	66.94	+6.06%
(v) Misc.	48.02	39.85	+20.50%
Total:	632.09	507.70	+24.50%

Underwriting Profit:	54.03	47.81	+13.00%
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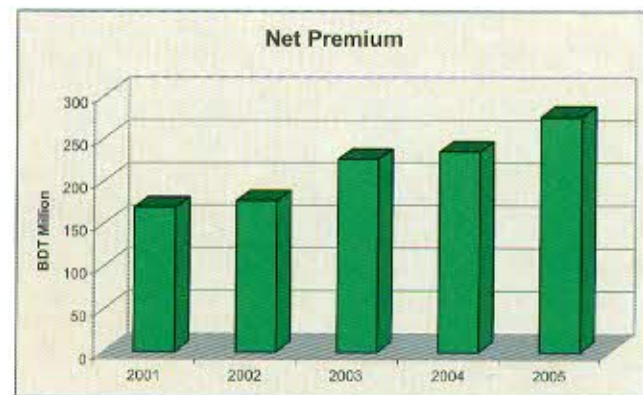
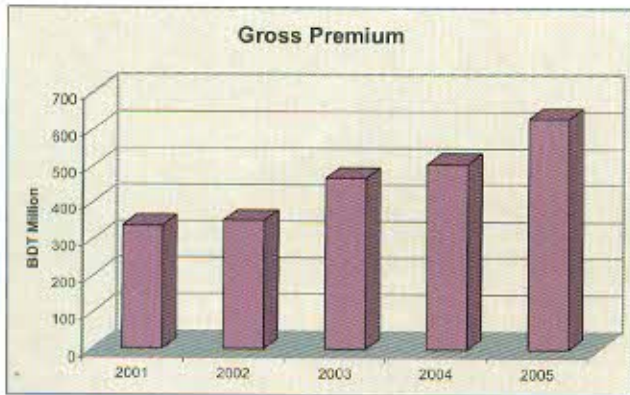
The company has progressed well in all the departments and the annual growth of 24.50% is considered satisfactory.

## ২০০৫ সালে কোম্পানীর অগ্রগতি :

প্রিমিয়াম আয়:	২০০৫	২০০৪	% পরিবর্তন
১) অগ্নি	২৪৩.৯৭	১৮৯.২০	+২৮.৯৫%
২) মেরিন (কার্গো)	২৫৬.৪০	২০৩.৯৬	+২৫.৭১%
৩) মেরিন (হাল)	১২.৬৯	৭.৭৫	+৬৩.৭৪%
৪) মোটর	৭১.০১	৬৬.৯৪	+৬.০৬%
৫) বিবিধ	৪৮.০২	৩৯.৮৫	+২০.৫০%
	৬৩২.০৯	৫০৭.৭০	+২৪.৫০%

অবলেনন মুনাফা	৫৪.০৩	৪৭.৮১	+১৩.০০%
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উপরোক্ত হিসাব হতে প্রতীয়মান হবে যে, সকল বিভাগে অগ্রগতি সাধিত হয়েছে। ২৪.৫০% বার্ষিক অগ্রগতি সন্তোষজনক বলে বিবেচিত হতে পারে।



## Income from sources other than insurance:

	2005	2004	
Interest & Dividend	32.15	23.65	+36.00%
Profit on sale of Investment	25.61	20.78	+23.24%
Building Rent	5.37	3.35	+60.30%
Others	1.60	0.50	+220.00%

## বীমা ব্যতীত অন্যান্য খাত থেকে আয় :

সুদ ও লভ্যাংশ	৩২.১৫	২৩.৬৫	+৩৬.০০%
বিনিয়োগ বিক্রয় থেকে মুনাফা	২৫.৬১	২০.৭৮	+২৩.২৪%
বিল্ডিং ভাড়া	৫.৩৭	৩.৩৫	+৬০.৩০%
অন্যান্য	১.৬০	০.৫০	+২২০.০০%

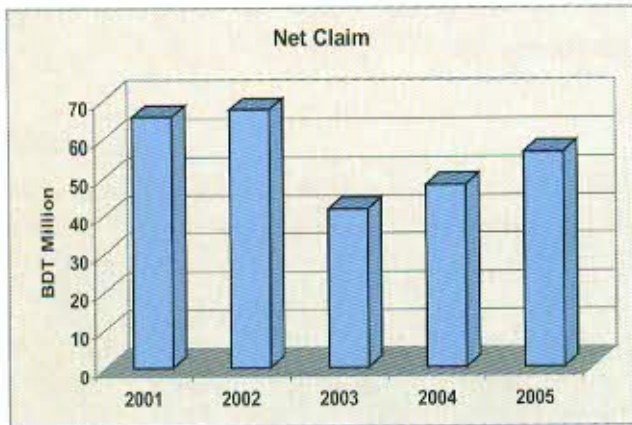




## Claims paid ( Net of Re-insurance)

	2005	2004
Fire	8.64	31.42
Marine(cargo)	1.18	27.42
Marine (Hull)	0.38	0.30
Motor	26.04	23.58
Misc.	20.09	12.16
	56.33	94.88
		(-) 40.64%

The company has settled the single largest claim of Abul Khair Group of Industry amounting to Tk.335.88 million partly in 2005 and the final in 2006.



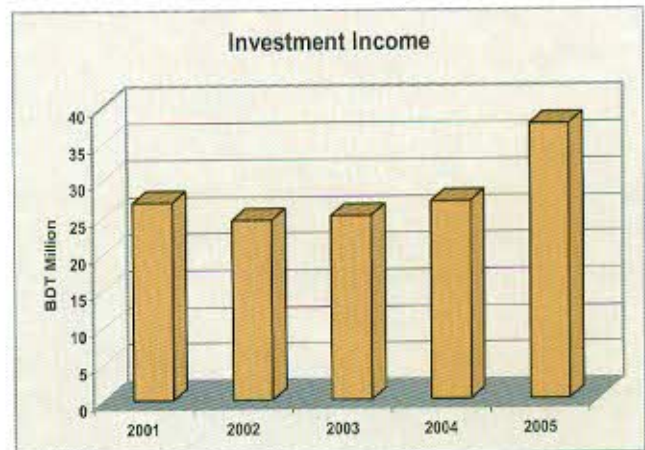
i) Expenses of Management:	125.47	137.75*	(-) 8.91%
ii) Commission	76.56*		

\* Upto middle of 2005, payment of commission remained suspended by the order of the Chief Controller of Insurance. Thereafter, appointment of agents have been allowed. During the intervening period, development cost for procurement of business was charged to management expenses. Thereafter, commission paid to agents has been shown under the head of "Commission".

## বীমা দাবী পরিশোধ :

	২০০৫	২০০৪
অগ্নি	৮.৬৪	৩১.৪২
মেরিন (কার্গো)	১.১৮	২৭.৪২
মেরিন (হাল)	০.৩৮	০.৩০
মোটর	২৬.০৪	২৩.৫৮
বিবিধ	২০.০৯	১২.১৬
	৫৬.৩৩	৯৪.৮৮
		(-) ৪০.৬৪%

মেসার্স আবুল খায়ের গ্রুপ অব ইন্ডাস্ট্রিজের এ যাবত কালের সর্ববৃহৎ একক বীমা দাবী ৩৩৫.৮৮ মিলিয়ন টাকা ২০০৫ সালে কিয়দংশ এবং ২০০৬ সালে সম্পূর্ণ পরিশোধ করা হয়েছে।



১) প্রশাসনিক ব্যয়	১২৫.৪৭	১৩৭.৭৫*	(-) ৮.৯১%
২) কমিশন	৭৬.৫৬*		

\*চীফ কন্ট্রোলার অব ইন্স্যুরেন্সের নির্দেশ অনুযায়ী ২০০৫ সালের মাঝামাঝি সময় পর্যন্ত কমিশন প্রদান বন্ধ ছিল। তৎপরবর্তীকালে এজেন্ট নিয়োগ অনুমোদন করা হয়। মধ্যবর্তী সময়কালে ব্যবসা আহরন ব্যয় প্রশাসনিক ব্যয়ের অন্তর্ভুক্ত করা হয়েছে। তৎপর হতে এজেন্টদেরকে প্রদত্ত কমিশন "কমিশন" খাতে দেখানো হয়েছে।





## Appropriation of Profit:

Company earned pre-tax profit of Tk. 98,346,070 in 2005 against Tk.75,705,984 in 2004 a rise of 29.90% over the previous year. After providing for exceptional losses reserve of Tk.27.50 million against Tk.23.41 in 2004, corporate tax and General Reserve, an amount of Tk.29,969,418 is available for appropriation. Board recommends cash dividend of 15% to the shareholders whose name appear on the record date of 8th June, 2006 leaving a balance of Tk.16,44,468 to be carried forward. Board also recommends 15% Stock dividend to the shareholders whose name appear on the record date from out of the share premium account and General Reserve as shown below:

	Balance 31-12-05	Adjustment	Balance
i) Share premium A/c	7,352,272.00	7,352,272.00	NIL
(ii) General Reserve A/c	22,264,728.00	20,972,678.00	12,92,050.00
	29,617,000.00	28,324,950.00	12,92,050.00

## মুনাফা বন্টন :

২০০৫ সালের কোম্পানী ৯৮,৩৪৬,০৭০ টাকা উৎসর্গ মুনাফা অর্জন করে যা ২০০৪ সালের তুলনায় ২৯.৯০% বেশী। ২০০৪ সালে এর পরিমাণ ছিল ৭৫,৭০৫,৯৮৪ টাকা। অস্বাভাবিক ক্ষতির জন্য সংরক্ষিত তহবিলে ২৭.৫০ মিলিয়ন টাকা, কর্পোরেট ট্যাক্স এবং সাধারণ সঞ্চিতি তহবিল ইত্যাদি খাতে বরাদ্দের পর বিতরণযোগ্য টাকার পরিমাণ হচ্ছে ২৯,৯৬৯,৪১৮ টাকা। উপরোল্লিখিত ব্যাখ্যার আলোকে পরিচালনা পর্ষদ ২০০৫ সালের জন্য ৮ই জুন, ২০০৬ রেকর্ড তারিখ পর্যন্ত যে সকল শেয়ারহোল্ডারদের নাম রেজিস্ট্রিভুক্ত হবে তাদের জন্য ১৫% ক্যাশ ডিভিডেন্ড প্রদানের প্রস্তাব বিবেচনার জন্য সুপারিশ করেছেন। এর পরে উদ্ধৃত ১৬,৪৪,৪৬৮ টাকা বন্টনকৃত ব্যালেন্স নীটে স্থানান্তর করা হয়েছে।

এছাড়া পরিচালনা পর্ষদ ক্যাশ ডিভিডেন্ড প্রদানের পাশাপাশি শেয়ার প্রিমিয়াম একাউন্ট এবং সাধারণ সঞ্চিতি তহবিল হতে পরিশোধিত মূলধন খাতে স্থানান্তরের মাধ্যমে ১৫% স্টক ডিভিডেন্ড প্রদানেরও সুপারিশ করেছেন।

	স্থিতি ৩১-১২-০৫	সম্মতকরণ	উদ্ধৃত
১) শেয়ার প্রিমিয়াম হিসাব	৭,৩৫২,২৭২.০০	৭,৩৫২,২৭২.০০	-
২) সাধারণ সঞ্চিতি হিসাব	২২,২৬৪,৭২৮.০০	২০,৯৭২,৬৭৮.০০	১২,৯২,০৫০.০০
মোট:	২৯,৬১৭,০০০.০০	২৮,৩২৪,৯৫০.০০	১২,৯২,০৫০.০০



The company has been following a consistent policy of gradual increase of its paid-up capital commensurate with increase in its retention capacities as well as increase in gross premium underwritten. The paid up capital after approval would be Tk.217,157,950 against the existing paid-up capital of Tk.188,833,000

আপনারা লক্ষ্য করে থাকবেন যে কোম্পানীর অধিকতর বৃদ্ধি গ্রহণের ক্ষমতা এবং গ্রস প্রিমিয়াম অবলেন্সন ক্ষমতা বৃদ্ধির লক্ষ্যে প্রগতি ইন্স্যুরেন্স লি: ইতিমধ্যেই কয়েকবার পর্যায়ক্রমে মূলধন বৃদ্ধির পদক্ষেপ গ্রহণ করেছে। প্রস্তাবিত মূলধন বৃদ্ধি অনুমোদিত হলে প্রগতি ইন্স্যুরেন্স লি: এর পরিশোধিত মূলধন ১৮৮,৮৩৩,০০০ টাকার স্থলে ২১৭,১৫৭,৯৫০ টাকায় উন্নীত হবে।



## Revaluation of Investments and land:

In accordance with the International Accounting Standard (IAS), the value of the investments in shares and debentures have been shown at the market value on 31-12-2005. Increase and /or diminution in the value has been shown in the "Revaluation Reserve " accounts separately.

Land and Building have not been re-valued this year. Value has been shown as per the last revaluation carried out by independent valuer. However, there is substantial increase in the price of urban land.

## সম্পদের পুনঃ মূল্যায়ন :

অন্তর্জাতিক গ্র্যাকউন্টিং স্ট্যান্ডার্ড অনুযায়ী শেয়ার এবং ডিভেঞ্চারে বিনিয়োগকৃত সম্পদের মূল্য ৩১-১২-০৫ তারিখের বাজারদর অনুযায়ী মূল্যায়ন করা হয়েছে। শেয়ার/ডিভেঞ্চার মূল্যের বৃদ্ধি/হ্রাস ভিন্নভাবে "রি-ভ্যালুয়েশন রিজার্ভ" হিসাবে দেখানো হয়েছে।

এ বছর জমির মূল্য পুনঃমূল্যায়ন করা হয়নি। বিগত বছরের হিসাবই প্রতিবেদনে দেখানো হয়েছে যদিও নগরীতে জমির মূল্য যথেষ্ট বৃদ্ধি পেয়েছে।



## Re-insurance:

Re-insurance arrangement has been concluded for the year 2006. Across the board, we have increased our own retention over the previous year in keeping with increase in capital and reserve. Business has been placed as before with SBC (50%) and GIC (50%). 50% placed with SBC is a matter of legal requirement and the remaining 50% has been placed outside Bangladesh under the leadership of GIC, a Government of India undertaking. In spite of the impact of single largest fire loss recorded at the fag end of 2004 whose affect could not be wiped out in just one year; terms and conditions for 2006 are more or less akin to the expiring terms and conditions. Limits have been adjusted with new increased retention. Overseas Re-insurance market is slowly returning to its normal position and hopefully, if there is no major catastrophe, market is likely to ease out further.

## রি-ইন্স্যুরেন্স :

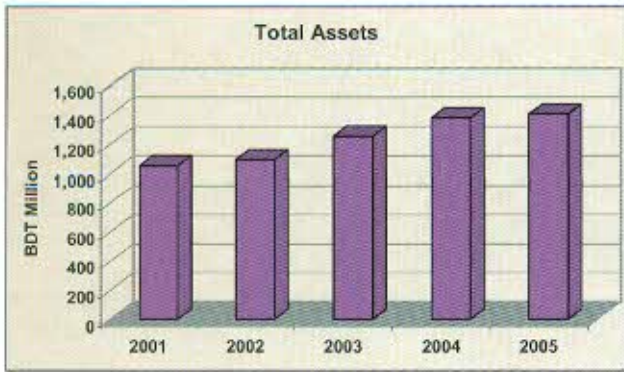
২০০৬ সালের জন্য রি-ইন্স্যুরেন্স চুক্তি সম্পাদন করা হয়েছে। কোম্পানীর মূলধন এবং রিজার্ভ বৃদ্ধির বিবেচনায় আলোচনার মাধ্যমে বিগত বছরের তুলনায় আমরা আমাদের ধারণ ক্ষমতা (retention) বৃদ্ধি করেছি। গত বছরের ন্যায় এবারও ৫০% সাধারণ বীমা কর্পোরেশন এবং অবশিষ্ট ৫০% জেনারেল ইন্স্যুরেন্স কর্পোরেশন অব ইন্ডিয়ায় নেতৃত্বে বহির্বিদেশে ন্যস্ত করা হয়েছে। ২০০৪ সালের শেষভাগে বিরাট অগ্নি দৃঘটনা ক্ষতি সত্ত্বেও রি-ইন্স্যুরেন্স চুক্তির শর্তাবলী গত বছরের কাছাকাছি রয়েছে। রি-ইন্স্যুরেন্স মার্কেট ক্রমান্বয়ে স্বাভাবিক পর্যায়ে ফিরে আসছে। কোন প্রকার বৃহত্তর অঘটন না ঘটলে রিইন্স্যুরেন্স মার্কেট আরও স্বাভাবিক পর্যায়ে ফিরে আসবে বলে আশা করা যাচ্ছে।



## Stock Market:

Stock market was quite vibrant in 2005 and we were an active player in the secondary market. We earned capital gain through market operation amounting to Tk. 25.61 million which reflects our continuous engagement.

Market however, has manifested significant downward trend after the crunch in the money market and rise in bank interest rate substantially. We are hopeful that with the cheering corporate announcements, market would pick-up soon.



## Board of Directors:

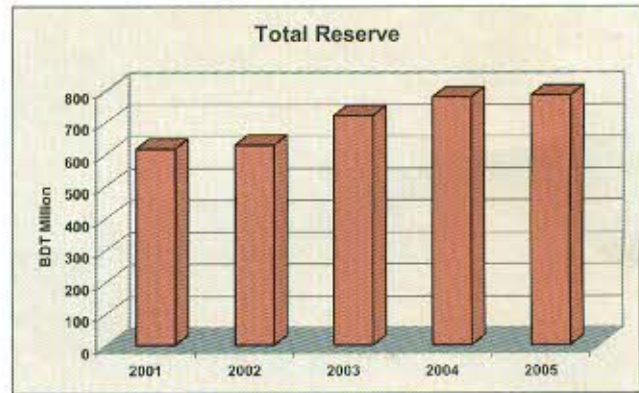
In accordance with the Articles 105 and 107 of the company's Articles of Association, the undernoted Directors from Group -A shareholders retire from office by rotation. Being eligible, they offer themselves for re-election.

01. Mr. Abdul Monem
02. Mr. Khan Mohammad Ameer
03. Mr. Syedur Rahman Mintoo
04. Prof. Jahangir Chowdhury
05. Mr. Md. Sarwar Kamal
06. Ms. Razia Sultana Shimul
07. Mr. Md. Mushfiqur Rahman

## পুঁজি বাজার :

২০০৫ সালে পুঁজি বাজার তেজী ছিল এবং আমরাও সেকেন্ডারী মার্কেটে সক্রিয়ভাবে অংশগ্রহণ করেছি এবং আলোচ্য বছরে ২৫.৬১ মিলিয়ন টাকা মূলধন মুনাফা অর্জন করেছি।

অর্থবাজার সংকোচন এবং ব্যাংক সুদের হার বৃদ্ধির প্রেক্ষিতে পুঁজি বাজারে যথেষ্ট নিম্নগতি পরিলক্ষিত হচ্ছে। তবে অদূর ভবিষ্যতে বিভিন্ন সংস্থার বাৎসরিক ফলাফল ও লভ্যাংশ ঘোষিত হলে পুঁজি বাজার গতিশীল হয়ে উঠবে বলে আশা করা যাচ্ছে।



## পরিচালকমন্ডলী :

কোম্পানীর আর্টিকেলস অব এসোসিয়েশনের ১০৫ এবং ১০৭ ধারা অনুযায়ী “এ” গ্রুপের নিম্নলিখিত উদ্যোক্তা পরিচালকগণ অবসর গ্রহণ করবেন এবং যোগ্য বিধায় প্রত্যেকেই পুনঃনির্বাচনের ইচ্ছা প্রকাশ করেছেন :

- ১) জনাব আব্দুল মোনেম।
- ২) জনাব খান মোহাম্মদ আমীর।
- ৩) জনাব সাঈদুর রহমান মিন্টু।
- ৪) প্রফেসর জাহাঙ্গীর চৌধুরী।
- ৫) জনাব মোঃ সারোয়ার কামাল।
- ৬) জনাব রাজিয়া সুলতানা শিমুল।
- ৭) জনাব মোঃ মুশফিকুর রহমান।





Besides, following 3(three) directors from Group-B shareholding retire today at the 20th AGM of the company.

Being eligible, all three have offered themselves for re-election:

01. Mr. Mahbub Anam
02. Mr. A.S.M. Mohiuddin Monem
03. Mr. Moazzem Hossain

এতদ্ব্যতীত “বি” গ্রুপ শেয়ারহোল্ডারদের মধ্য থেকে নিম্নবর্ণিত ৩ জন পরিচালক ২০তম এজিএম-এ অবসর গ্রহণ করবেন। প্রত্যেকেই যোগ্য বিধায় তাঁরা পুনঃনির্বাচন করার ইচ্ছা প্রকাশ করেছেন :

- ১) জনাব মাহবুব আনাম।
- ২) জনাব এ.এস.এম. মহিউদ্দিন মোনেম।
- ৩) জনাব মোয়াজ্জেম হোসেন।



### Auditors:

In compliance with the Article 149 of the Articles of Association of the company, the Auditor M/s. A. Wahab & Co., Chartered Accountants is to retire as Auditor of the Company. M/s. A. Wahab & Co., have indicated their willingness in writing for appointment as auditors. Accordingly, we have written to the SEC for permission to appoint M/s. A. Wahab & co., as the Auditor of the company for the year 2006. Subject to the approval of the SEC, it is recommended that M/s. A. Wahab & Co., be appointed as the Auditor of the company for the year 2006 and fix their remuneration.

### নিরীক্ষক :

আর্টিকেল অব এসোসিয়েশনের ১৪৯ ধারা অনুযায়ী কোম্পানীর নিরীক্ষক মেসার্স এ. ওহাব এন্ড কোং অবসর গ্রহণ করবেন। তারা প্রগতি ইন্স্যুরেন্স লিমিটেড-এ অডিটর হিসাবে পুনঃনিযুক্তির আগ্রহ প্রকাশ করে পত্র দিয়েছে। আমরা মেসার্স এ. ওহাব এন্ড কোং কে ২০০৬ সালের জন্য কোম্পানীর অডিটর নিয়োগের জন্য সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের অনুমতি প্রার্থনা করে পত্র দিয়েছি। সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন-এর অনুমতি সাপেক্ষে আমরা ২০০৬ সালের জন্য মেসার্স এ. ওহাব এন্ড কোং কে কোম্পানীর অডিটর নিয়োগের এবং তাদের পারিতোষিক নির্ধারণের সুপারিশ জানাচ্ছি।





## **Directors' Report to the Shareholders (Under section 184 of the Companies Act, 1994)**

### **We report that:**

- (i) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (ii) Proper books of account of the company have been maintained.
- (iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- (iv) International Accounting standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- (v) The system of internal control is sound in design and has been effectively implemented and monitored.
- (vi) There are no significant doubts upon the company's ability to continue as a going concern.
- (vii) There are no significant deviations from last year in operating result of the company.
- (viii) The key operating and financial data of preceeding five years have been included in the report.
- (ix) During the year ended December 31, 2005, the Board of Directors held 6(six) meetings and the Directors serving on the Board attended in aggregate 62.22% of the total number of meetings.
- (x) At December 31, 2005, the pattern of shareholding are given below:-
  - a) Shareholdings of Parent/ Subsidiary/Associate companies and other related parties. Nil.
  - b) Shareholdings of Directors, CEO, Company Secretary, CFO and Head of Internal Audit and their spouses and minor Children.





Sl. No.	Name of Directors , Company Secretary & CFO	No. of Shares	Spouse	Total	%
1	Al-Haj Khalilur Rahman	73,433	-	73,433	3.889
2	Engr. A. Latif	17,768	-	17,768	0.941
3	Mohd. A. Awwal	48,395	17,487	65,882	3.489
4	Mr. Abdul Monem	49,725	-	49,725	2.633
5	Abdul Awal Mintoo	15,478	33,567	49,045	2.597
6	Moazzam Hossain	29,615	20,637	50,252	2.661
7	Nigar Jahan Chowdhury	46,434	-	46,434	2.459
8	Khan Mohd. Ameer	46,435	-	46,435	2.459
9	Md. Syedur Rahman Mintoo	34,847	6,614	41,461	2.196
10	Capt. Imam Anwar Hossain	48,082	-	48,082	2.546
11	Syed M. Altaf Hussain	66,382	7,198	73,580	3.897
12	Prof. Jahangir Chowdhury	46,435	-	46,435	2.459
13	Md. Sarwar Kamal	34,052	16,248	50,300	2.664
14	Mohd. A. Malek	32,186	20,331	52,517	2.781
15	Razia Sultana Shimul	38,695	-	38,695	2.049
16	Engr. Mushfiqur Rahman	6,300	-	6,300	0.334
17	Tabith Mohd. Awal	12,444	-	12,444	0.659
18	A.N.M Yeahea	7,163	-	7,163	0.379
19	Md. Mahbubur Rahman	30,956	15,477	46,433	2.459
20	Tafsir Mohd. Awal (On behalf of Security Management)	58,972	-	58,972	3.123
21	Ahmedul Hoque	1,546	-	1,546	0.082
22	Tahsina Rahman ( On behalf of KIY Steel Mill)	3,094	-	3,094	0.164
23	A.S.M. Mohiuddin Monem	4,686	-	4,686	0.248
24	A.S.M. Mainuddin Monem	3,836	-	3,836	0.203
25	Moazzem Hossain ( On behalf of A. Monem Ltd)	105,571	-	105,571	5.591
26	Mahbub Anam	1,920	-	1,920	0.102
27	Akbar Hossain ( On behalf of Security Management)	17,479	-	17,479	0.926
28	Zakaria Taher	6,764	-	6,764	0.358
29	AJM Enamul Islam	2,408	2,448	4,856	0.257
30	A.K.M. Rafiqul Islam, Managing Director	15,695	1,237	16,932	0.897
31	Company Secretary	462	-	462	0.024
32	CFO	328	-	328	0.017
			-		
1.4(K)(iii)	Executives		-		
1	ABM Mir Hossain	248	832	1,080	0.057
2	Md.Shahabuddin	1,437	-	1,437	0.076



## Corporate Governance:

Most of the provisions of the SEC 's Notification dated 20th February, 2006 are already in practice in the Company. However, a compliance report as per SEC Check list is given below:-

Concition No.	Title	Compliance Status		Explanation for Noncompliance /comments
		Complied	Not complied	
1.1	Board's size		✓	Under process
1.2(i)	Number of Independent Director		✓	Under process
1.2(ii)	Appointment of Independent Director		✓	Under process
1.3	Chairman of the Board & CEO	✓		
1.4(a)	FS present fairly its state of affairs, results of its operation, cash flows and changes in equity	✓		
1.4(b)	Proper books of accounts maintained	✓		
1.4(c)	Appropriate accounting policies consistently applied in FS preparation and accounting estimates are based on reasonable and prudent judgment	✓		
1.4(d)	IAS, as applicable in Bangladesh, followed in FS preparation & departure adequately disclosed	✓		
1.4(e)	The system of internal control sound in designed and effectively implemented & monitored	✓		
1.4(f)	No significant doubt upon its ability to continue as a going concern.	✓		
1.4(g)	Significant deviations from last year in operating results	✓		
1.4(h)	Key operating & financial data of at least preceeding three years	✓		
1.4(i)	If the company has not declared dividend, reasons thereof	✓		
1.4 (j)	Number of Board Meeting held & attendance	✓		6 meetings with average 62.22% attendance
1.4(k)	Pattern of shareholding	✓		
2.1	Appointment of CFO, Head of Internal Audit & Company Secretary	✓		
2.2	Requirement to attend Board meetings	✓		
3.0	Audit Committee		✓	Under process
3.1(i)	Composition of Audit Committee			
3.1(ii)	Appointment of Audit Committee			
3.1(iii)	Service & tenure of Audit Committee			
3.2(i)	Selection of the Chairman of Audit Committee			
3.2(ii)	Qualification of the Chairman of Audit Committee			
3.3.1.(i)	Reporting of Audit Committee			
3.3.1(ii)(a)	Report on conflicts of interest			
3.3.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			
3.3.1(ii)(c)	Suspected infringement of laws			
3.3.1(ii)(d)	Any other matter			
3.3.2	Reporting of the Authorities			
3.4	Reporting to the Shareholders & General Investors			
4.00(i)	Appraisal or valuation service or fairness opinion	✓		
4.00(ii)	Financial information systems design and implementation	✓		
4.00 (iii)	Book Keeping or other services related to accounting records or financial statements	✓		
4.00(iv)	Broker-dealer service	✓		
4.00(v)	Actuarial service	✓		
4.00(vi)	Internal audit services	✓		
4.00(vii)	Any other services	✓		
5.00	Reporting the compliance in the Directors Report	✓		





## Conclusion:

In the end, the Board express its grateful thanks and deep appreciation for the assistance, help and much needed support received by the company from various Banks both in the private as well as in the nationalized sector, DFIs and all private sector enterprises who have helped us in building a sound footing for the company. We are specially grateful to the management of Square Group, Beximco Group, KDS Group, Monem Group, Hosaf Group, Multimode Group, Abdul Khair Group, Monno Group, KAFCO, Grameen Phone, Aktel, City Cell, Novarties Bangladesh, Organon Bangladesh, BOC, Haque Group, Hop Lum, Holcim Cement, Heidelberg Cement, Lafarge Cement, Larson and Turbo, Emirate Cement, Glaxo Smithkline, Prostar Group, Chowdhury Apparels, McDonald (BD) Ltd., Gonoshashtya Group, DHL Worldwide, Group - 4, NTV, ETV, RTV, American School, UAE Embassy, Olympic Industries, NASA Group, Youngone Group, Pacific Jeans, HKD Group, Alita Group, Apex Weaving, Prime Textile, Anlima Dying, Tharmax Group, Dhaka Dying, Dhakaria, MGH Group, Westmont Power, Khulna Power, Jayson Group for reposing their confidence in the company. We have also been favoured by PHP group by placing a substantial portion of the group's business with Pragati.

We also record our gratefulness to the Government of the People's Republic of Bangladesh, Chief Controller of Insurance, Securities and Exchange Commission, Sadharan Bima Corporation for their support and assistance.

The Directors also put on record their thanks to the Managing Director and have conveyed their appreciation through the Managing Director to all the Executives, Officers and staff of the company for their excellent work. With their sincere, dedicated, whole hearted devotion and committed efforts to the challenging duty and responsibility, we may look forward to achieving better results in the coming days. The Directors have been pleased to reward its staff including the Executives, Officers and Employees with 3(three) Bonus.

The company remains fully committed to its deep determination and ideology of personalized client service, their satisfaction and their financial security.

On behalf of the Board of Directors

**Al-Haj Khalilur Rahman**  
Chairman

## উপসংহার :

পরিশেষে পরিচালকমন্ডলী কোম্পানীর কার্যক্রমে সহায়তা এবং সহযোগিতা প্রদানের জন্য সরকারী ও বেসরকারী ব্যাংক সমূহ, বিভিন্ন আর্থিক প্রতিষ্ঠান এবং ব্যক্তি মালিকানাধীন ব্যবসায়িক প্রতিষ্ঠানসমূহের প্রতি কৃতজ্ঞতা প্রকাশ করেছেন। কোম্পানীকে বর্তমান মর্যাদায় উন্নীতকরনে তাদের অবদান অপরিমিত। বিশেষভাবে স্কয়ার গ্রুপ, বেক্সিমকো গ্রুপ, কেডিএস গ্রুপ, মোনেম গ্রুপ, হোসাফ গ্রুপ, মাল্টিমোড গ্রুপ, আবুল খায়ের গ্রুপ, মুন্স গ্রুপ, কাফকো, গ্রামীন ফোন, একটেল, সিটি সেল, নোভারটিস বাংলাদেশ, অর্গানন বাংলাদেশ, বিওসি, হক গ্রুপ, হোপ লোম, হেলসিম সিমেন্ট, হেইডেলবার্গ সিমেন্ট, লার্ফার্জ সিমেন্ট, লার্সন এন্ড টার্বো, এমিরাট সিমেন্ট, গ্রাক্সো স্মিথক্লাইন, প্রোস্টার গ্রুপ, চৌধুরী এ্যাপারেলস, ম্যাকডোনাল্ড (বাংলাদেশ) লি., গণস্বাস্থ্য গ্রুপ, ডিএইচএল ওয়ার্ল্ড-ওয়াইড, গ্রুপ-৪, এনটিভি, ইটিভি, আরটিভি, আমেরিকান স্কুল, ইউএই এ্যাসাসি, অলিম্পিক ইন্ডাস্ট্রিজ, নাসা গ্রুপ, ইয়াং ওয়ান গ্রুপ, প্যাসিফিক জিন্স, এইচকেভি গ্রুপ, আলিটা গ্রুপ, এ্যাপেক্স উইভিং, প্রাইম টেক্সটাইলস, আনলিমা ডাইয়িং, থার্মাক্স গ্রুপ, ঢাকা ডাইয়িং, চাকারিয়া, এমজিএইচ গ্রুপ, ওয়েস্টমন্ট পাওয়ার, খুলনা পাওয়ার, জ্যাসন গ্রুপ প্রগতি ইন্স্যুরেন্সের উপর যে আস্থা প্রদর্শন করেছেন তার জন্য পরিচালকমন্ডলী তাদের নিকট গভীরভাবে কৃতজ্ঞ। এছাড়াও পিএইচপি গ্রুপের ইন্স্যুরেন্স ব্যবসাও আমরা ইতিমধ্যে অর্জনে সক্ষম হয়েছি।

আমরা গণপ্রজাতন্ত্রী বাংলাদেশ সরকার, প্রধান বীমা নিয়ন্ত্রক, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, সাধারণ বীমা কর্পোরেশন এর নিকট সর্বধরনের সাহায্য সহযোগিতা পাওয়ার জন্য তাদের প্রতি আমাদের আন্তরিক কৃতজ্ঞতা জানাচ্ছি। এতদ্ব্যতীত কোম্পানীর সম্মানিত গ্রাহকবৃন্দ, শুভানুধ্যায়ী এবং পৃষ্ঠপোষকবৃন্দ কোম্পানীর কার্যক্রমে যে সক্রিয় সাহায্য, সহমর্মিতা এবং আস্থা প্রদর্শন করেছেন তৎজন্য পরিচালকমন্ডলী তাদের জানাচ্ছেন স্বশ্রদ্ধ ধন্যবাদ ও কৃতজ্ঞতা।

পরিচালকমন্ডলী ব্যবস্থাপনা পরিচালক মহোদয়কে ধন্যবাদ জ্ঞাপন করছেন এবং তার মাধ্যমে কোম্পানীর সকল শ্রেণীর কর্মকর্তা ও কর্মচারীর আন্তরিক কর্মনিষ্ঠা, অকাত্ত পরিশ্রম, নিবেদিত সেবার প্রশংসা করছেন এবং আশা প্রকাশ করছেন যে ভবিষ্যতেও তারা একইভাবে তাদের প্রচেষ্টা সমুন্নত রাখবেন এবং কোম্পানীকে উত্তরোত্তর সমৃদ্ধির পথে এগিয়ে নিতে অগ্রণী ভূমিকা পালন করবেন। পরিচালকমন্ডলী তাদের আন্তরিক এবং প্রশংসনীয় কর্মোদ্যমের জন্য সকল শ্রেণীর কর্মকর্তা ও কর্মচারীবৃন্দকে ৩টি উৎসাহ বোনাস প্রদানের সিদ্ধান্ত নিয়েছেন।

উপসংহারে পরিচালকমন্ডলী সম্মানিত গ্রাহক, পৃষ্ঠপোষক, শুভানুধ্যায়ীদের এইমর্মে আশ্বাস প্রদান করছেন যে ভবিষ্যতেও প্রগতি ইন্স্যুরেন্স লি: গ্রাহক সেবা এবং তাদের আর্থিক নিরাপত্তার ব্যাপারে অধিকতর সচেতনতা এবং নিরলস প্রচেষ্টা অব্যাহত রাখবে।

পরিচালকমন্ডলীর পক্ষে

**আলহাজ্ব খলিলুর রহমান**  
চেয়ারম্যান।





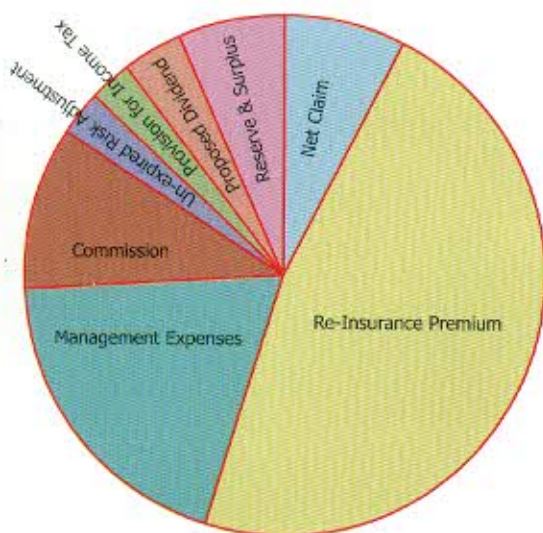
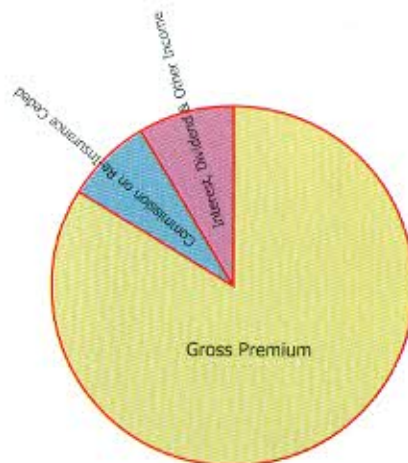
## Value Added Statement:

For the year ended 31st December, 2005

### Value Added

### BDT Million

Gross Premium	632.09
Commission on Re-Insurance Ceded	58.49
Interest, Dividend & Other Income	64.73
Total Tk.	<u>755.31</u>



### Application

### BDT Million

Net Claim	56.33
Re-Insurance Premium	357.11
Management Expenses	145.90
Commission	76.57
Un-expired Risk Adjustment	21.06
Provision for Income Tax	20.00
Proposed Dividend	28.32
Reserve & Surplus	50.02
Total Tk.	<u>755.31</u>







## **PRAGATI INSURANCE LIMITED**

AUDIT REPORT AND STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2005







## AUDITORS' REPORT TO THE SHAREHOLDERS OF PRAGATI INSURANCE LIMITED

We have audited the accompanying Balance Sheet of Pragati Insurance Limited as of December 31, 2005 and the Related Profit and Loss Account and Statement of Cash Flows for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of December 31, 2005 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act, 1994, Insurance Act 1938 and Insurance Rules 1958, the Securities Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

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

Dated: Dhaka, May 22, 2006



(A. WAHAB & CO.)  
CHARTERED ACCOUNTANTS





# BALANCE SHEET

As at December 31, 2005

CAPITAL & LIABILITIES		Notes	2005	2004
<b>Authorized Capital:</b>				
2,500,000 Ordinary shares of Tk. 100 each.			250,000,000	250,000,000
<b>Issued, Subscribed &amp; Paid-up capital:</b>				
1,888,330 Ordinary shares of Tk. 100 each	15		188,833,000	151,066,500
<b>Share Premium</b>			7,352,272	45,118,772
<b>Reserve or Contingency account:</b>			<b>642,633,496</b>	<b>617,909,055</b>
Reserve for Exceptional Losses			240,022,686	212,524,799
Contingency Reserve for Insurance Guarantees and Tail ended Insurance Business	16		105,869,651	105,869,651
Revaluation Reserve	17		187,043,461	215,320,830
General Reserve	18		22,264,728	1,264,728
Dividend Equalization Reserve			37,500,000	37,500,000
Depreciation Fund	19		48,288,502	45,307,812
Balance of Profit & Loss Appropriation Account			1,644,468	121,235
<b>Balance of Fund &amp; Account:</b>			<b>139,122,477</b>	<b>118,065,758</b>
Fire Insurance Business			22,520,162	20,845,624
Marine Insurance Business			69,731,106	54,833,749
Misc. Insurance Business			46,871,209	42,386,385
<b>Premium Deposit</b>	20		5,967,447	7,499,186
<b>Liabilities &amp; Provision:</b>			<b>270,808,017</b>	<b>278,699,012</b>
Estimated Liabilities in respect of outstanding Claims whether due or Intimated	21		170,032,269	160,401,084
Amount due to other persons or bodies carrying on Insurance Business	22		100,775,748	118,297,928
			<b>53,310,336</b>	<b>82,870,027</b>
<b>Loan from Bank for Building Project (Secured)</b>	23		53,310,336	46,091,895
<b>Loan from Bank for Gulshan Land (Secured)</b>	23.01		-	36,778,132
<b>Sundry Creditors</b>	24		31,340,099	30,447,774
<b>Provision for Income Tax</b>	25		36,848,669	18,359,333
<b>Proposed Cash Dividend</b>	26		28,324,950	30,213,300
<b>Taka:</b>			<b>1,404,540,763</b>	<b>1,380,248,717</b>

**Notes:**

- i) Contingent Liabilities (Note-34)
- ii) Figures have been rounded off to the nearest Taka.
- iii) Approved by the Board on May 21, 2006 and signed on its behalf by.



**A.K.M Rafiqul Islam**  
Managing Director



**Engr. A. Latif**  
Director



**Syed M. Altaf Hussain**  
Director

Dated: Dhaka, May 22, 2006





## AUDITORS' REPORT TO THE SHAREHOLDERS OF PRAGATI INSURANCE LIMITED

We have audited the accompanying Balance Sheet of Pragati Insurance Limited as of December 31, 2005 and the Related Profit and Loss Account and Statement of Cash Flows for the year then ended. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of December 31, 2005 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act, 1994, Insurance Act 1938 and Insurance Rules 1958, the Securities Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

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

Dated: Dhaka, May 22, 2006



(A. WAHAB & CO.)  
CHARTERED ACCOUNTANTS





## BALANCE SHEET

As at December 31, 2005

PROPERTY & ASSETS	Notes	2005	2004
<b>Investment</b>		<b>163,354,314</b>	<b>169,350,581</b>
National Investment Bond	1	4,500,000	4,500,000
Shares & Debentures (Shares at market value)	2	158,854,314	164,850,581
<b>Outstanding Premium</b>	3	<b>36,217,939</b>	<b>11,479,916</b>
<b>Amount due from other persons or bodies carrying on insurance business</b>	4	<b>128,853,950</b>	<b>116,742,182</b>
<b>Interest, Dividend &amp; Rent Outstanding</b>	5	<b>7,578,213</b>	<b>7,578,213</b>
<b>Sundry Debtors</b> (including Advance Deposit & Prepayments)	6	<b>38,525,089</b>	<b>25,214,900</b>
<b>Advance Payment of Tax</b>	7	<b>15,422,981</b>	<b>2,981,112</b>
<b>Cash and Bank Balances</b>		<b>344,668,476</b>	<b>380,931,546</b>
Fixed Deposit Accounts	8	286,707,632	278,502,632
STD & Current Accounts	9	51,802,956	96,112,700
Cash & Stamp in Hand	10	6,157,888	6,316,214
<b>Other Accounts</b>		<b>669,919,801</b>	<b>665,970,267</b>
Land (freehold)	11	356,626,207	356,098,311
Land at Gulshan	12	63,935,754	62,796,636
Fixed Assets (at cost)	13	73,769,047	71,538,527
Joint Venture Building Project	14	175,294,893	175,294,893
Stock of Printing Materials		293,900	241,900
<b>Taka:</b>		<b>1,404,540,763</b>	<b>1,380,248,717</b>

Subject to our separate report of even date.

  
**Al-Haj Khalilur Rahman**  
 Chairman

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



## PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2005

	Note	2005	2004
<b>Expenses of Management:</b> (not applicable to any fund or account)			
Advertisement & Publicity		4,520,381	4,650,171
Directors Fee		631,415	1,158,440
Bonus		7,500,000	6,500,000
Registration renewal fee	31	1,765,856	1,636,539
Donation		-	1,000,000
Audit Fees (including fee for special audit)	32	508,000	500,000
Legal expenses		171,523	350,000
Depreciation		5,322,305	4,593,651
Profit for the year transferred to Profit & Loss Appropriation Account		98,346,070	75,705,984
<b>Taka:</b>		<b>118,765,550</b>	<b>96,094,785</b>

## PROFIT AND LOSS APPROPRIATION ACCOUNT

For the year ended December 31, 2005

Reserve for Exceptional Losses		27,497,887	23,415,003
Provision for Income Tax		20,000,000	20,721,330
General Reserve		21,000,000	1,000,000
Dividend Equalization Reserves		-	1,000,000
Proposed Cash Dividend		28,324,950	30,213,300
Balance Transferred to Balance Sheet	33	1,644,468	121,235
<b>Taka:</b>		<b>98,467,305</b>	<b>76,470,868</b>

Approved by the Board on May 21, 2006 and signed on its behalf by.



A.K.M Rafiqul Islam  
Managing Director



Engr. A. Latif  
Director



Syed M. Altaf Hussain  
Director

Dated: Dhaka, May 22, 2006



## PROFIT AND LOSS ACCOUNT

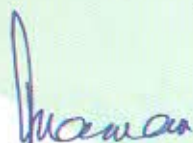
For the year ended December 31, 2005

	Note	2005	2004
<b>Interest, Dividend and Rent</b> (Not applicable to any fund or account)		<b>37,515,303</b>	<b>26,989,593</b>
Interest received & accrued	28	26,162,932	20,246,953
Dividend and Debenture interest	29	5,984,973	3,396,092
Building Rent	30	5,367,398	3,346,548
<b>Profit transferred from :</b>	27	<b>54,030,606</b>	<b>47,816,305</b>
Fire revenue account		23,558,402	19,271,385
Marine revenue account		25,721,791	21,834,538
Misc. revenue account		4,750,413	6,710,382
<b>Other income :</b>		<b>27,219,641</b>	<b>21,288,887</b>
Misc. receipt		1,604,821	501,406
Profit on Sale of Investment (Shares)		25,614,820	20,787,481
<b>Taka:</b>		<b>118,765,550</b>	<b>96,094,785</b>

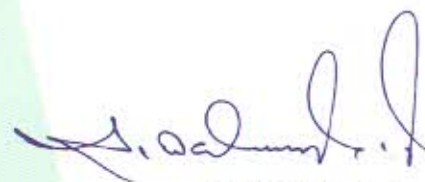
## PROFIT AND LOSS APPROPRIATION ACCOUNT

For the year ended December 31, 2005

Balance brought forward from previous period	121,235	764,884
Net profit for the years transferred from Profit and Loss Account	98,346,070	75,705,984
<b>Taka:</b>	<b>98,467,305</b>	<b>76,470,868</b>



**Al-Haj Khalilur Rahman**  
Chairman



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






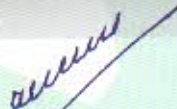
## FIRE INSURANCE REVENUE ACCOUNT

For the year ended December 31, 2005

	2005	2004
Claims under policies		
Less : Re-insurance :		
Paid during the year	11,278,880	6,492,317
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	59,638,120	62,278,951
	70,917,000	68,771,268
Less : Outstanding claims at the end of the previous year	62,278,951	37,345,167
	8,638,049	31,426,101
Commission on Re-insurance accepted	-	760,533
Expenses of management	24,376,864	36,770,107
Commission Expenses	31,185,599	-
Profit transferred to Profit & Loss Account	23,558,402	19,271,385
Balance of account at the end of the year as shown in Balance Sheet :		
Reserve for unexpired risks, being 50% of the fire premium income of the year	22,520,162	20,845,624
<b>Taka:</b>	<b>110,279,076</b>	<b>109,073,750</b>



**A.K.M Rafiqul Islam**  
Managing Director



**Engr. A. Latif**  
Director



**Syed M. Altaf Hussain**  
Director

Dated: Dhaka, May 22, 2006



For the year ended December 31, 2005

Taka:	110,279,076	109,073,750
-------	-------------	-------------

(A. Wahab & Co.)  
Chartered Accountants



## MARINE INSURANCE REVENUE ACCOUNT

For the year ended December 31, 2005

Claims under Policies  
Less : Re-Insurance:  
Paid during the year

Total estimated liability in  
respect of Outstanding Claims  
at the end of the year whether  
due or intimated

Less : Outstanding Claims at  
the end of the previous year

Expenses of Management

Commission Expenses

Profit transferred to  
Profit & Loss Account

Balance of Account at the end of the  
year as shown in Balance Sheet :  
Reserve for unexpired risks being  
50% of the Marine Cargo Premium  
income 100% of the Marine Hull  
Premium Income of the year

Taka: **195,572,908**    **7,091,665**    **202,664,573**    **166,138,908**

CARGO	HULL	2005	2004
7,727,287	146,585	7,873,872	6,524,863
52,200,940	311,958	52,512,898	58,824,232
59,928,227	458,543	60,386,770	65,349,095
58,749,216	75,016	58,824,232	37,628,369
1,179,011	383,527	1,562,538	27,720,726
72,125,373	1,469,737	73,595,110	61,749,895
30,880,502	1,173,526	32,054,028	-
24,923,000	798,791	25,721,791	21,834,538
66,465,022	3,266,084	69,731,106	54,833,749
<b>195,572,908</b>	<b>7,091,665</b>	<b>202,664,573</b>	<b>166,138,908</b>

*A.K.M. Rafiqul Islam*

**A.K.M Rafiqul Islam**  
Managing Director

*Engr. A. Latif*

**Engr. A. Latif**  
Director

*Syed M. Altaf Hussain*

**Syed M. Altaf Hussain**  
Director

Dated: Dhaka, May 22, 2006



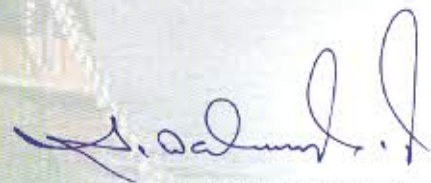
## MARINE INSURANCE REVENUE ACCOUNT

For the year ended December 31, 2005

	CARGO	HULL	2005	2004
Balance of Account at the beginning of the year :				
Reserve for unexpired risk	52,852,271	1,981,478	54,833,749	49,411,832
Premium Less : Re-Insurance	132,930,045	3,266,084	136,196,129	107,686,020
Commission on Re-Insurance Ceded	9,790,592	1,844,103	11,634,695	9,041,056
<b>Taka:</b>	<b>195,572,908</b>	<b>7,091,665</b>	<b>202,664,573</b>	<b>166,138,908</b>



**Al-Haj Khalilur Rahman**  
Chairman



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





## MISCELLANEOUS INSURANCE REVENUE ACCOUNT

For the year ended December 31, 2005

	MOTOR	MISC.	2005	2004
Claims under policies less : Re-insurance paid during the year	23,339,225	4,213,271	27,552,496	34,238,894
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	27,578,968	30,302,285	57,881,253	39,297,901
	50,918,193	34,515,556	85,433,749	73,536,795
Less : Outstanding claims at the end of the previous year	24,873,607	14,424,294	39,297,901	37,782,379
	26,044,586	20,091,262	46,135,848	35,754,416
Commission on Re-insurance accepted	-	-	-	44122
Expenses of management	26,198,013	1,306,039	27,504,052	39,228,354
Commission Expenses	11,513,256	1,815,427	13,328,683	-
Profit & Loss Account	3,522,724	1,227,689	4,750,413	6,710,382
Balance of account at the end of the year as shown in Balance Sheet : Reserve for unexpired risks being 50% of the motor and misc. premium income of the year	34,664,456	12,206,753	46,871,209	42,386,385
<b>Taka:</b>	<b>101,943,035</b>	<b>36,647,170</b>	<b>138,590,205</b>	<b>124,123,659</b>

*A.K.M. Rafiqul Islam*

**A.K.M Rafiqul Islam**  
Managing Director

*Engr. A. Latif*

**Engr. A. Latif**  
Director

*Syed M. Altaf Hussain*

**Syed M. Altaf Hussain**  
Director

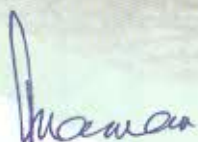
Dated: Dhaka, May 22, 2006



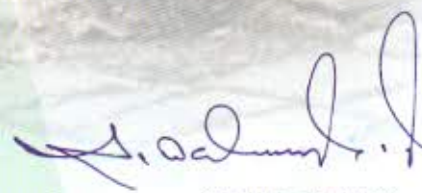
## MISCELLANEOUS INSURANCE REVENUE ACCOUNT

For the year ended December 31, 2005

	MOTOR	MISC.	2005	2004
Balance of account at the beginning of the year :				
Reserve for unexpired risks	32,614,124	9,772,261	42,386,385	34,350,928
Premium less Re-insurance	69,328,911	24,413,505	93,742,416	84,772,771
Commission on Re-insurance ceded	-	2,461,404	2,461,404	4,999,960
<b>Taka:</b>	<b>101,943,035</b>	<b>36,647,170</b>	<b>138,590,205</b>	<b>124,123,659</b>



**Al-Haj Khalilur Rahman**  
Chairman



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





## STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2005

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	Revaluation Reserve	General Reserve	Dividend Equalization Reserve	Income Tax Provision	Proposed Dividend	Retained Earnings	Total
Opening Balance as on 01-01-2005	151,066,500	45,118,772	212,524,799	215,320,830	1,264,728	37,500,000	18,359,333	30,213,300	121,235	711,489,497
Dividend Paid (For 2004)	-	-	-	-	-	-	-	(28,826,200)	-	(28,826,200)
Transfer to unpaid dividend	-	-	-	-	-	-	-	(1,387,100)	-	(1,387,100)
Increase share capital during the year	37,766,500	-	-	-	-	-	-	-	-	37,766,500
Adjustment of Share Premium	-	(37,766,500)	-	-	-	-	-	-	-	(37,766,500)
Revaluation Reserve during the year	-	-	-	(28,277,369)	-	-	-	-	-	(28,277,369)
General Reserve during the year	-	-	-	-	21,000,000	-	-	-	(21,000,000)	-
Dividend Equalization Reserve	-	-	-	-	-	-	-	-	-	-
Net Profit for the year 2005	-	-	-	-	-	-	-	-	98,346,070	98,346,070
Reserve for Exceptional losses	-	-	27,497,887	-	-	-	-	-	(27,497,887)	-
Provision for Income Tax	-	-	-	-	-	-	20,000,000	-	(20,000,000)	-
Proposed Dividend (2005)	-	-	-	-	-	-	-	28,324,950	(28,324,950)	-
Tax adjustment during the year	-	-	-	-	-	-	(1,510,664)	-	-	(1,510,664)
<b>December 31, 2005 Taka:</b>	<b>188,833,000</b>	<b>7,352,272</b>	<b>240,022,686</b>	<b>187,043,461</b>	<b>22,264,728</b>	<b>37,500,000</b>	<b>36,848,669</b>	<b>28,324,950</b>	<b>1,644,468</b>	<b>749,834,234</b>

See accompanying notes.

Approved by the board on May 21, 2006 and signed on its behalf by:

Dated: Dhaka, May 22, 2006

  
A.K.M Rafiqul Islam  
Managing Director

  
Engr. A. Latif  
Director

  
Syed M. Altaf Hussain  
Director

  
Al-Haj Khalilur Rahman  
Chairman

  
(A. Wahab & Co.)  
Chartered Accountants



## STATEMENT OF CASH FLOW

For the year ended December 31, 2005

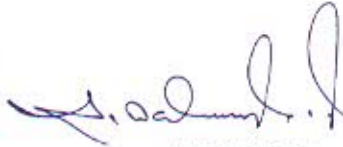
	2005	2004
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit after Tax	78,346,070	58,005,984
Adjustment to reconcile net profit to net cash provided by Operating Activities :		
Depreciation	2,980,690	3,033,651
Reserve for Unexpired Risk	21,056,719	4,766,492
Decrease in Stock of Printing	(52,000)	27,500
Increase in Advance Payment of Tax	(12,441,868)	7,514,674
Increase in Sundry Debtors	(13,310,189)	(1,935,651)
Decrease in Interest, Dividend & Rent outstanding	-	580,566
Increase in Amount due from Other Person or Bodies carrying on Insurance Business	(12,111,768)	15,408,486
Increase in outstanding premium	(24,738,023)	688,518
Increase/Decrease in Income Tax Payable	(1,510,664)	(6,151,021)
Decrease in S. Creditors (Excluding unpaid Dividend)	(448,115)	3,082,005
Increase in Estimated Liability in respect of outstanding claim whether due or intimated	9,631,185	47,645,169
Increase in amount due to other person or bodies carrying on insurance business	(17,522,280)	56,479,451
Increase/Decrease in Premium Deposit	(1,531,739)	(40,233,418)
<b>Net Cash Flow from Operating Activities</b>	<b>28,348,018</b>	<b>148,912,406</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets (Including Land)	(5,250,234)	(15,544,779)
Disposal of Investment & Other Assets	48,491,177	17,618,937
Investment made during the year	(49,425,040)	(13,718,295)
<b>Net Cash Flow from Investing Activities</b>	<b>(6,184,097)</b>	<b>(11,644,137)</b>
<b>C. Cash Flow from Financing Activities :</b>		
Loan Received from Bank	7,218,441	12,658,581
Loan Repayment to Bank	(36,778,132)	(46,710,208)
Dividend Paid	(28,867,300)	(23,657,620)
<b>Net Cash Flow from Financing Activities</b>	<b>(58,426,991)</b>	<b>(57,709,247)</b>
<b>Decrease in Cash and Bank Balance (A+B+C)</b>	<b>(36,263,070)</b>	<b>79,559,022</b>
<b>Cash and Bank Balance at Opening</b>	<b>380,931,546</b>	<b>301,372,524</b>
<b>Cash and Bank Balance at Closing</b>	<b>344,668,476</b>	<b>380,931,546</b>

  
A.K.M Rafiqul Islam  
Managing Director

  
Engr. A. Latif  
Director

  
Syed M. Altaf Hussain  
Director

  
Al-Haj Khalilur Rahman  
Chairman

  
(A. Wahab & Co.)  
Chartered Accountants

Dated: Dhaka, May 22, 2006







## NOTES ON ACCOUNTS

*For The Year Ended December 31, 2005*

### A. GENERAL:

#### **Incorporation and Legal Form of the Company:**

The company was incorporated as a public limited company on January 27, 1986, under the companies Act 1913. It commenced its commercial operation as on January 30, 1986.

The Company is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a Publicly traded company.

#### **Nature of Business:**

The primary objectives of the company are to carry on all kinds of insurance, guarantee and indemnity business other than life insurance business.

### B. SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION:

i) The Company has adopted relevant International Accounting Standards as were adopted in Bangladesh under the title Bangladesh Accounting Standards (BAS) with reference to disclosures of accounting policies, valuation of investment such as long term and current investments.

#### **ii) Basis of Accounting:**

The accounts have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention.

#### **iii) Basis of Presentation:**

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

#### **iv) Premium Income:**

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

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

Interest accrued on statutory investment of Tk. 45.00 lacs lying with Bangladesh Bank in the form of N.I.B has not been accounted for. But interest received during the year on maturity of NIB and interest received from banks on STD accounts and FDR Accounts have been duly credited to the Profit and Loss Account after adjusting interest on OD A/C.

#### **vi) Loss or Gain on Sale of Shares and Debentures:**

Loss or Gain on sale of shares and dividend income earned during the year have been shown in the Profit and Loss Account and the tax relief as well as the concession rate of tax as availed under the existing income tax law, have been given effect in the accounts.





**vii) Management Expenses:**

Management expenses as charged to Revenue Accounts and amounting to Tk. 125,476,026 is approximately 19.85% of gross premium of Tk. 632,085,785. The expenses have been apportioned @19.43% to Fire 58.65% to Marine and 21.92% to Miscellaneous business as per Management decision.

**viii) Provision for Unexpired Risks :**

Before arriving at the surplus of each class of business necessary provision for un-expired risk have been created at the rate of 50% on all business except on Marine Hull business for which the provision was made @ 100% of the total premium for the year 2005.

**ix) Reserve for Exceptional Loss:**

Reserve for Exceptional Losses as appropriated out of current year's profit before tax amounts to Tk. 27,497,887 being 10% of the net premium earned during the year.

**x) Depreciation on Fixed Assets:**

Depreciation on Fixed Assets has been charged on cost for full year as per Straight Line Method at the following rates:

Category of Assets	Rate of Depreciation
Furniture and Fixtures	10% to 15%
Motor Vehicles	20%
Office & Electrical Equipment	15%
Miscellaneous Items	20%

No depreciation has been charged on Joint Venture Building Project of the Company.

**xi) Outstanding Premium:**

The outstanding premium appearing in the accounts represents only the amount which was realized subsequently till January, 2006.

**xii) Contingency Reserve:**

The company has credited Contingency Reserve for Insurance Guarantees and tail ended insurance business against which there exists no re-insurance arrangement although there remain risk till the expiry of the Guarantee.

**xiii) Use of Estimate:**

Preparation of financial statements in conformity with international Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities if any at the date of the financial statements, and revenues and expenses during the year reported. Actual result could differ from those estimates. Estimates are used in accounting for certain items such as depreciation, outstanding claims, taxes, reserves etc.

**xiv) Issue of Bonus Share:**

The company has transferred an amount of Tk. 37,766,500 (bonus share @ 25% of total paid up capital of Tk. 151,066,500) from share premium account to share capital account.







#### xv) Others:

- a) Provision for Income Tax has been made in accordance with the best estimate of the management based on the prevailing Income Tax Law without considering the admissible and in-admissible expenses.
- b) Provision for deferred tax has not been made during the year.
- c) During the year interest on investments in NIB and Dividend on shares have been accounted for as income on declaration basis.
- d) Figures have been rounded off the nearest Taka and previous year's figures have been re-arranged for the purpose of comparison, whether felt necessary.

### C. OPERATION:

During the year 2005, the company earned gross premium of Tk. 632,085,785 which includes public sector business of Tk. 20,676,001. After ceding for re-insurance, the net premium stood at Tk. 274,978,870. Underwriting Profit of Tk. 54,030,606 as against Tk. 47,816,305 in the previous year, worked out to be 19.65% of the net premium.

#### Public Sector business:

Public Sector business for four quarters up to June 2005 has been accounted for on the basis of statements received from SBC.

### D. TAX ASSESSMENT POSITION:

Income Tax Assessment of the Company has been completed during the year up to Assessment year 2004-2005 (A/cs 31-12-2003) as per Assessment Order. Assessment for the year 2005-2006 (A/c 31-12-2004) is under process.

### BALANCE SHEET:

#### 1.0 National Investment Bond: Tk. 4,500,000

The amount represents 3-year National Investment Bond with a face value of Tk. 45.00 lacs held with Bangladesh Bank as Statutory Deposit under Insurance Act, 1938.

Interest accrued on the investment has been accounted for.

#### 2.0 Shares and Debentures: Tk. 158,854,314

The movement of the balance is shown below:

#### Particulars:

	2005	2004
Opening Balance	164,850,581	108,496,991
Add: Purchased during the year	49,425,040	13,718,295
	214,275,621	122,215,286
Less: Sales/Redemption during the year	41,619,466	15,458,937
	172,656,155	106,756,349
Add: Difference between Market Price & Cost Price	-	58,094,232
	172,656,155	164,850,581
Less: Difference between Market Price & Cost Price (Adjusted through Revaluation Reserve Account)	13,801,841	-
<b>Closing Balance at Market value</b>	<b>158,854,314</b>	<b>164,850,581</b>

Taka :



The company wise break-up of the above balance is as under:

i) Shares: Tk. 139,835,170

Share in Public Limited Company	No. of Shares	Book Value	Market Value as on 31-12-2005
Rupali Bank Ltd.	325	223,519	177,775
National Bank Ltd.	1,310	528,861	977,260
Dhaka Bank Ltd.	3,500	1,791,631	1,641,500
IFIC Bank Ltd.	93	37,851	53,243
Prime Bank Ltd.	5,810	2,418,102	3,959,514
Southeast Bank Ltd	7,050	4,246,730	3,948,000
One Bank Ltd.	6,666	2,183,249	1,946,472
Standard Bank Ltd.	508	157,604	173,355
Al-Arafa Bank Ltd.	727	2,043,393	2,226,074
Mutual Trust Bank	31,745	15,277,430	14,023,354
NCCBL	3,510	1,651,728	1,097,753
Bank Asia	2,500	1,220,176	1,219,375
Exim Bank Ltd.	6,120	3,136,838	3,121,200
1st ICB Mutul Fund	155	426,250	405,325
5th ICB Mutul Fund	160	59,920	53,280
6th ICB Mutul Fund	600	125,400	109,200
7th ICB Mutul Fund	700	146,825	129,500
Green Delta Insurance Co. Ltd.	414	267,161	239,603
Pioner Insurance	300	83,850	69,075
Reliance Insurance Ltd.	2,527	1,425,000	960,260
United Insurance Ltd.	440	319,220	283,910
Delta Life Insurance	140	429,883	417,340
National Life Insurance	621	1,016,248	772,835
Eastland Insurance Co. Ltd.	270	111,825	65,542
AMCL (Pran)	200	118,300	80,150
Ashraf Textile Mills Ltd.	2,500	15,000	10,000
Atlas Bangladesh	200	72,216	47,900
Bata shoe	1,000	151,328	148,900
Beximco Pharma Ltd.	70,694	5,800,793	4,225,931
Bangladeah Online Ltd	30,500	1,889,841	1,561,600
BOC Bangladesh Ltd.	100	14,470	10,930
Central Depository Bangladesh Ltd.	2	2,000,000	2,000,000
Daffodials Computers Ltd.	100,000	1,440,000	1,440,000
Eastern Housing Ltd.	4,580	582,805	396,170
Estern Cables	700	179,637	145,250
Grameen Mutual fund One	60,000	600,000	954,000
Hedelbere Cement Bangladesh Ltd.	9,796	10,042,178	5,229,455
Ind. & Infrastructure Dev. Finance Co. Ltd.	138,000	11,500,000	11,500,000
Keya Cosmetics Ltd.	24,500	684,600	855,050
Keya Detergent Ltd.	89,000	1,411,201	1,450,700
Lafarge Surma Cement Ltd.	87,549	38,320,913	36,420,384
Monno Fabrics Ltd.	147,550	10,918,700	8,779,225
National Housing Ltd.	200,000	20,000,000	20,000,000
National Tubes Ltd.	210	457,095	313,110
Padma Textile Ltd.	99,625	2,763,291	2,181,787
Reneta	140	427,780	420,000
Shinepukur Holding Ltd.	400	17,900	11,400
Square Pharmaceuticals Ltd.	878	2,820,905	2,146,930
Square Textile Ltd.	3,979	446,650	326,278
Tallu Spinning Mills Ltd.	50	4,154	5,313
Tripti Industries Ltd.	21,120	995,808	554,400
United Leasing Co. Ltd.	632	622,915	544,151
Usmania Glass Sheet Ltd.	5	9,835	5,411
<b>Total Taka (i)</b>		<b>153,637,011</b>	<b>139,835,170</b>





ii) **Debentures: Tk. 19,019,144**

**Name of the Company**

Bangladesh Export Import Company Ltd.  
Beximco Fisheries Ltd.  
Beximco Textile Ltd.  
Beximco Denims Ltd.  
Bangladesh Luggage Industries Ltd.

**Total Taka (ii)**

**Grand Total Taka (i+ii)**

**At Cost Less:  
Redemption**

1,660,000  
1,161,194  
2,091,750  
9,606,200  
4,500,000

**19,019,144**

**158,854,314**

3.00 **Outstanding Premium: Tk. 36,217,939**

The balance represents outstanding premium on direct account, which have been realized subsequently till January, 2006. The business wise break-up of the outstanding premium shown above is given below:

**Particulars**

Fire  
Marine  
Motor  
Misc.

**2005**

21,022,624  
11,735,311  
2,138,553  
1,321,451

**2004**

3,234,498  
5,007,204  
2,574,026  
664,188

**Taka:**

**36,217,939**

**11,479,916**



4.00 **Amount due from other persons or bodies carrying on Insurance business: Tk. 128,853,950**

The amount is made up as follows:

Particulars	2005	2004
Co-Insurance Premium receivable (including refund premium)	51,106,796	54,770,364
Amount due from SBC	38,371,672	38,797,306
Overses Re-insurance	15,878,228	-
Co-insurance Claim receivable from different Insurance companies :		
Fire	4,486,173	4,348,398
Marine	15,125,278	15,068,976
Motor	1,049,372	989,406
Misc.	2,836,431	2,767,732
<b>Taka:</b>	<b>128,853,950</b>	<b>116,742,182</b>

5.00 **Interest, Dividend & Rent outstanding: Tk. 7,578,213**

The balance is made up as follows:

Particulars	2005	2004
Dividend (i)	51,426	51,426
Debenture Interest (ii)	7,526,787	7,526,787
<b>Taka:</b>	<b>7,578,213</b>	<b>7,578,213</b>

i) **Dividend: Tk. 51,426**

The balance is made up as follows:

Name of Company	Amount
Metro Spinning Ltd.	510
Beximco Fisheries Ltd.	50,916
<b>Taka:</b>	<b>51,426</b>

ii) **Debenture Interest: Tk. 7,526,787**

The balance is made up as follows:

Name of Company	2005	2004
Bangladesh Export Import Co. Ltd.	421,610	421,610
Beximco Textile Ltd.	1,069,612	1,069,612
Beximco Denims Ltd.	4,912,110	4,912,110
Beximco Fisheries Ltd.	598,455	598,455
Bangladesh Luggage Ltd.	525,000	525,000
<b>Taka:</b>	<b>7,526,787</b>	<b>7,526,787</b>

No provision for accrued interest is made during the year since there has been no recovery for several years. All of the above balance is old since long and an amount of Tk. 84,306 and Tk. 387,170 only has been received from Beximco Textile and Beximco Denims Ltd. respectively over the years.





6.00 **Sundry Debtors (including Advance, Deposit and Prepayments): Tk. 38,525,089**

The balance is made up as follows:

Particulars	2005	2004
Advance against expenses	-	653,694
Advance against rent (i)	3,296,705	4,260,953
Advance against salary	161,397	74,409
Advance against investment (ii)	2,000,000	2,000,000
House Building Loan	8,263,007	6,325,227
Receivable against Building Maintenance from Rhone Polence	3,395,898	3,744,573
Security Deposit	653,887	499,080
Group Insurance Premium (Due from employees)	925,277	429,686
Jamuna Resort Limited (iii)	19,828,918	7,227,278
<b>Taka:</b>	<b>38,525,089</b>	<b>25,214,900</b>

i) **Advance against Rent: Tk. 3,296,705**

Advance against rent relates to advance paid for office rent of branch offices in different locations of the country. The balance is made up as follows:

Particulars	2005	2004
Opening Balance as on 01-01-2005	4,260,953	5,028,717
Add: Advance paid during the year	981,600	1,894,880
	5,242,553	6,923,597
Less: Adjusted during the year	1,945,848	2,662,644
<b>Closing Balance</b>	<b>3,296,705</b>	<b>4,260,953</b>

ii) **Advance Against Investment: Tk. 2,000,000**

The balance is made up as follows:

Particulars	2005	2004
Opening Balance as on 01-01-2005	2,000,000	2,097,500
Less: Adjusted during the year	-	97,500
<b>Taka:</b>	<b>2,000,000</b>	<b>2,000,000</b>

This is an old balance carried forward from previous years.

iii) **Jamuna Resort Ltd.: Tk. 19,828,918**

The balance is made up as follows:

Particulars	2005	2004
Opening Balance	7,227,278	6,727,278
Add: Addition during the year	12,601,640	500,000
<b>Taka:</b>	<b>19,828,918</b>	<b>7,227,278</b>

The amount spent for Bangabandhu Bridge Tourism Development Project is on account of preparatory action taken in connection with meeting the expenses relating to financial bids for the work of the project and miscellaneous development work undertaken subsequently. When fully paid the amount will be adjusted against equity participation in the capital of the company.



7.00 **Advance Payment of Tax : Tk. 15,422,981**

This is made up as follows:

Particulars	Note	2005	2004
Opening Balance as on 01-01-2005		2,981,112	10,495,786
Add: Addition during the year	7.01	12,441,869	16,366,195
		15,422,981	26,861,981
Less: Adjustment		-	23,880,869
<b>Taka:</b>		<b>15,422,981</b>	<b>2,981,112</b>

7.01 The balance is made up as follows:

AIT Deducted on Account of	2005
Deducted at Source from FDR Interest	2,284,045
Deducted at Source from STD Interest	241,378
Deducted at Source from Dividend Income	532,249
Deducted at Source from Office Rent	1,003,338
Advance Tax Paid	8,151,359
National Investment Bond	229,500
<b>Taka:</b>	<b>12,441,869</b>

The entire amount is eligible for adjustment towards the settlement of Tax liability on finalization of assessments. The provision for income tax has been made during the year for Tk. 20,000,000.

8.00 **Fixed Deposit Account (FDR) : Tk. 286,707,632**

The balance is made up as follows:

Particulars	2005	2004
Opening Balance as on 01-01-2005	278,502,632	254,302,632
Add : Addition during the year	39,150,000	24,200,000
	317,652,632	278,502,632
Less : Encashment during the year	30,945,000	-
<b>Closing Balance</b>	<b>286,707,632</b>	<b>278,502,632</b>

9.00 **STD & Current Account: Tk. 51,802,956**

The balance has been arrived at as follows:

Particulars	2005	2004
STD Account	46,157,914	98,660,305
Current Account (OD)	(4,441,932)	(4,633,516)
Current Account	1,521,180	292,569
Foreign Currency Account	8,565,794	1,793,342
<b>Taka:</b>	<b>51,802,956</b>	<b>96,112,700</b>





10.00 **Cash and Stamp in hand: Tk. 6,157,888**

The balance is made up as follows:

Particulars	2005	2004
Petty Cash Account at Head Office	1,554,856	1,110,597
Petty Cash Account with Branches	4,269,252	4,779,577
Stamp in Hand	333,780	426,040
<b>Taka:</b>	<b>6,157,888</b>	<b>6,316,214</b>

Physical count of cash and stamp at Head Office have been done as on December 31, 2005. The management has furnished certificate confirming the position of Tk. 4,269,252 as cash lying with different branches located throughout the country.

11.00 **Land: Tk. 356,626,207**

The balance is made up as follows:

Particulars	2005	2004
Opening balance as on 01-01-2005	356,098,311	356,038,311
Add: Expenses at Panthapath Land, Kawran Bazar, Dhaka, for Construction of boundary wall	527,896	-
Paid to G. K. Adjusters Ltd. For valuation of Panthapath Land.	-	60,000
<b>Closing Balance</b>	<b>356,626,207</b>	<b>356,098,311</b>

12.00 **Land at Gulshan: Tk. 63,935,754**

The balance is made up as follows:

Particulars	2005	2004
Opening Balance as on 01-01-2005	62,796,636	57,197,623
Add: Interest on Loan for Procurement of the Land Charged during the year	939,118	5,599,013
Expenses for Gulshan Land (Registration)	200,000	-
<b>Closing Balance</b>	<b>63,935,754</b>	<b>62,796,636</b>

The details of the land purchased is as under:

A total of 22.93 Katha Land at Plot No. NW(H)7, Holding No. 7, Road No. 51/54, Gulshan R/A-2, Dhaka.

The land has been purchased with loan from National Credit & Commerce Bank Ltd., Motijheel Main Br., Dhaka as shown under Note 23.01.



13.00 **Fixed Assets at cost: Tk. 73,769,047**

Details break-up of Fixed Assets is given below:

Particulars	Furniture and Fixture	Office and Electrical Equipment	Motor Vehicles	Other Assets	Total
As at 1st January, 2005	25,861,314	16,107,107	28,550,862	1,019,244	71,538,527
Addition during the year 2005	1,385,668	2,363,676	881,500	64,495	4,695,339
Disposal of Fixed Assets	-	-	(2,464,819)	-	(2,464,819)
<b>Cost as at December 31, 2005</b>	<b>27,246,982</b>	<b>18,470,783</b>	<b>26,967,543</b>	<b>1,083,739</b>	<b>73,769,047</b>
<b>Depreciation :</b>					
As at 1st January, 2005	13,794,472	13,358,553	17,267,227	887,560	45,307,812
Charged for the year 2005	1,717,400	1,293,576	2,134,445	176,884	5,322,305
Depreciation adjustment for disposal of Fixed Assets	-	-	(2,341,615)	-	(2,341,615)
<b>Depreciation as at 31-12-2005</b>	<b>15,511,872</b>	<b>14,652,129</b>	<b>17,060,057</b>	<b>1,064,444</b>	<b>48,288,502</b>
<b>Written down value as at 31-12-2005</b>	<b>11,735,110</b>	<b>3,818,654</b>	<b>9,907,486</b>	<b>19,295</b>	<b>25,480,545</b>

14.00 **Joint Venture Building Project: Tk. 175,294,893**

The balance is as per last year account.

Joint Venture Building is yet to be registered in the name of the Company and hence no depreciation has been charged.

15.00 **Issued, Subscribed & Paid up Capital: Tk. 188,833,000**

The balance represents:

Particulars	2005	2004
610,000 ordinary shares of Tk. 100 each fully paid up in cash	61,000,000	61,000,000
122,000 Ordinary Shares of Tk. 100 each fully paid up as Bonus share (5:1) allotted during 1997	12,200,000	12,200,000
219,600 Ordinary shares of Tk. 100 each fully paid up as Bonus share (10:3) allotted during 2002 (Out of General Reserve Balance at 31-12-2001)	21,960,000	21,960,000
237,900 Ordinary shares of Tk. 100 each fully paid up as Bonus share (4:1) allotted during 2003 (Out of Share Premium Balance at 31-12-2002)	23,790,000	23,790,000
321,165 Ordinary Share of Tk. 100 each fully paid up as Bonus share (4:1) allotted during 2004 (Out of Share Premium)	32,116,500	32,116,500
377,665 Ordinary Share of Tk. 100 each fully paid up as Bonus share (4:1) allotted during 2005 (Out of Share Premium)	37,766,500	-
<b>Taka:</b>	<b>188,833,000</b>	<b>151,066,500</b>

All the shares of the company are in the dematerialized form (DEMAT) with effect from May 16,2004 under CDBL. The proportion of public and sponsor holdings are given below:

Category A (Sponsor)	50%
Category B (Public )	50%
	100%





16.00 **Contingency Reserve for Insurance Guarantees and Tail ended Insurance Business: Tk. 105,869,651**

The balance is made up as follows:

**Particulars**

Reserve against unexpired Guarantees  
Reserve against Tail ended Insurance Business

**Taka:**

2005	2004
87,080,441	87,080,441
18,789,210	18,789,210
<b>105,869,651</b>	<b>105,869,651</b>

The balance is as per last account.

17.00 **Revaluation Reserve: Tk. 187,043,461**

The balance is made up as follows:

**Particulars**

Opening Balance as on 01-01-2005  
Add: Appreciated Value of Shares (145,831,437-87,737,205)

Less: Adjusted against Market value of shares

**Taka:**

2005	2004
215,320,830	157,226,598
-	58,094,232
215,320,830	215,320,830
28,277,369	-
<b>187,043,461</b>	<b>215,320,830</b>

The amount includes accretion in value of Assets like land, investment in shares.

18.00 **General Reserve: Tk. 22,264,728**

The balance is made up as follows:

**Particulars**

Opening Balance as on 01-01-2005  
Add: Addition during the year

**Taka:**

2005	2004
1,264,728	264,728
21,000,000	1,000,000
<b>22,264,728</b>	<b>1,264,728</b>

19.00 **Depreciation Fund: Tk. 48,288,502**

The balance is made up as follows:

**Particulars**

Opening Balance as on 01-01-2005  
Add: Addition during the year

Less: Adjustment during the year (Motor Vehicle)

**Taka:**

2005	2004
45,307,812	42,274,161
5,322,305	4,593,651
50,630,117	46,867,812
2,341,615	1,560,000
<b>48,288,502</b>	<b>45,307,812</b>

20.00 **Premium Deposit: Tk. 5,967,447**

The amount represents the adjusted balance of premium as received against Cover Notes over the years for which policies have not been issued within 31st December, 2005. The balance is made up as follows:

**Particulars**

Deposit Premium on Marine Cover note  
Stamp Duty & VAT

**Taka:**

2005	2004
4,730,138	5,780,055
1,237,309	1,719,131
<b>5,967,447</b>	<b>7,499,186</b>

21.00 **Estimated Liabilities in respect of outstanding claims whether due or intimated: Tk. 170,032,269**

The balance is made up as follows:

**Particulars**

Fire  
Marine  
Motor  
Misc.

**Taka:**

2005	2004
59,638,119	62,278,951
52,512,897	58,824,232
27,578,968	24,873,607
30,302,285	14,424,294
<b>170,032,269</b>	<b>160,401,084</b>



**22.00 Amount due to other persons or bodies carrying on**

**Insurance Business: Tk. 100,775,748**

The balance is made up as follows:

Particulars	2005	2004
Payable against Co-Insurance Premium	70,074,053	55,808,094
Payable against Co-Insurance Claim-Fire	4,305,591	-
Payable against Co-Insurance Claim-Marine	26,396,104	-
Overseas Re-Insurer	-	22,511,508
Co-Insurance Claim	-	39,978,326
<b>Taka:</b>	<b>100,775,748</b>	<b>118,297,928</b>

**23.00 Loan from Bank for Building Project (Secured): Tk. 53,310,336**

The balance is made up as follows:

Particulars	2005	2004
Opening Balance	46,091,895	68,350,836
Loan Taken during the year	70,050,000	-
Interest charges upto December, 2005	4,007,170	7,054,567
Bank charges and Excise Duty	11,826	5,000
	120,160,891	75,410,403
Less : Adjusted/Payment during the year	66,850,555	29,318,508
<b>Closing Balance</b>	<b>53,310,336</b>	<b>46,091,895</b>

**23.01 Loan from Bank for Gulshan land (Secured): Tk. Nil**

The balance is made up as follows:

This is on account of Loan from National Credit and Commerce Bank Ltd., Motijheel Main Branch, Dhaka under the Account SOD-01403893 (Land) for procurement of land in Gulshan, Dhaka, which has been fully liquidated during the year.

Particulars	2005	2004
Opening Balance	36,778,132	48,570,818
Add: Interest charged upto December, 2004	939,118	5,594,014
Bank charge and Excise Duty	-	5,000
	37,717,250	54,169,832
Less: Payment during the year	37,717,250	17,391,700
<b>Closing Balance</b>	<b>-</b>	<b>36,778,132</b>

**24.00 Sundry Creditors: Tk. 31,340,099**

The balance is made up as follows:

Particulars	2005	2004
Payable against Expenses (i)	15,435,992	17,026,228
Provident Fund	143,807	69,126
Income Tax deduction (ii)	1,831,243	1,807,820
VAT payable (iii)	6,139,023	7,554,551
Unpaid dividend (iv)	2,005,778	665,338
Received against Security	4,230,000	90,000
Tax deduction against Rent	-	10,000
Vat deduction against Bills	98,415	80,880
Advance Rent received (v)	1,181,485	2,970,550
Provident Fund Loan Deduction	151,708	108,458
Tax deduction against bills	52,443	50,490
Share Application	14,000	14,000
Hospitalization Insurance Claim	56,205	333
<b>Taka:</b>	<b>31,340,099</b>	<b>30,447,774</b>





i) **Payable Against Expenses: Tk. 15,435,992**

The balance is made up as follows:

**Particulars**

Company's Contribution to PF  
Incentive Bonus  
Honorarium  
Audit Fee (including special audit fee)  
Rhone Poulance (House Rent)  
Payable against Rent to NBL  
Payable against Advertisement

**Taka:**

	2005	2004
	255,097	259,880
	8,111,551	7,275,199
	2,185,000	2,185,000
	1,000,000	700,000
	1,884,344	4,625,208
	-	71,250
	2,000,000	1,909,691
	<b>15,435,992</b>	<b>17,026,228</b>

ii) **Income Tax deduction: Tk. 1,831,243**

Income Tax deduction at source amounting to Tk. 1,831,243 includes income tax deducted from salary and other bills paid during the year and yet to be deposited to Bangladesh Bank.

iii) **VAT Payable: Tk. 6,139,023**

VAT payable in the amount of Tk. 6,139,023 represents VAT for the month of December 2005 which has been deposited into Bangladesh Bank subsequently on 21-01-2006.

iv) **Unpaid Dividend: Tk. 2,005,778**

This represents balance of unpaid dividend from year to year.

v) **Advance Rent Received: Tk. 1,181,485**

This balance will be adjusted over the period of lease from the tenants as stated below:

**Name of Tenants**

Premier Bank Ltd.  
Southeast Bank Ltd.  
Mr. Emdad-ul-haq

**Taka:**

	2005
	121,600
	576,550
	483,335
	<b>1,181,485</b>

25.00 **Provision For Income Tax: Tk. 36,848,669**

The amount includes Tk. 20,000,000 being Income Tax provision made for the accounting year ended on December 31, 2005 (Assessment year 2006-2007) in accordance with the best estimate of the management on a lump sum basis but without considering the admissible and non-admissible expenses.

The make-up of the balance of provision is noted below:

**Particulars**

Opening balance as on 01-01-2005  
Less : Paid/Adjusted during the year for Asstt. yr. 2004-05  
  
Less: Paid against the Asstt. year 2002-2003  
  
Less: Paid against the Asstt. year 2003-2004  
  
Less: Dividend distribution tax -2004

Add: Provision, including Dividend Distribution Tax, made for the year 2005 (Asstt. year 2006-07)

**Closing Balance**

	2005	2004
	18,359,333	21,489,024
	-	10,495,786
	18,359,333	10,993,238
	-	876,259
	18,359,333	10,116,979
	-	10,099,976
	18,359,333	17,003
	1,510,664	2,379,000
	16,848,669	(2,361,997)
	20,000,000	20,721,330
	<b>36,848,669</b>	<b>18,359,333</b>

26.00 **Proposed Cash Dividend: Tk. 28,324,950**

The amount has been appropriated out of surplus available for distribution @ 15% on paid-up capital of Tk. 188,833,000 as on 31-12-2005 as per recommendation of the Board.

The Board of Directors in addition recommended a stock dividend of 15% payable to the existing shareholders, out of Share Premium and General Reserve Account which will be given effect in due course.



## PROFIT AND LOSS ACCOUNT

### 27.00 Revenue Account: Tk. 54,030,606

i) The summarized position of net underwriting profit earned during the year 2005 is as follows :

Particulars	Fire	Marine	Motor & Misc.	2005	2004
<b>Premium Income :</b>					
* A) Gross Premium	243,969,292	269,090,365	119,026,130	632,085,787	507,698,731
B) Re-Insurance premium Ceded	198,928,968	132,894,235	25,283,714	357,106,917	273,548,692
C) Net Premium (A-B)	45,040,324	136,196,130	93,742,416	274,978,870	234,150,039
<b>Direct Expenses :</b>					
D) Commission {(Net of Re-Insurance Accepted and Ceded (Net) Note-25 (ii)}	(13,207,528)	20,419,333	10,867,279	18,079,084	(51,082,357)
E) Claim settled & provided {(Net) (Note-25 (iii)}	8,638,048	1,562,539	46,135,848	56,336,435	94,901,243
* * F) Management Expenses	24,376,864	73,595,110	27,504,052	125,476,026	137,748,356
G) Allocation of Management Expenses	19.43%	58.65%	21.92%	100%	100%
H) Total Direct expenses (D+E+F)	19,807,384	95,576,982	84,507,179	199,891,545	181,567,242
I) Adjusted Fund balance for unexpired risk (Opening Balance Less closing balance)	(1,674,538)	(14,897,357)	(4,484,824)	(21,056,719)	(4,766,492)
Net underwriting profit (C-H+I) Taka:	23,558,402	25,721,791	4,750,413	54,030,606	47,816,305

### ii) Commission (Net): Tk. 18,079,084

Particulars	Fire	Marine	Motor & Misc.	2005	2004
* * * Commission paid on Direct Business	31,185,599	32,054,028	13,328,683	76,568,310	-
Commission paid on Re-Insurance Accepted	-	-	-	-	804,655
Less : Commission earned on Re-insurance ceded	44,393,127	11,634,695	2,461,404	58,489,226	51,887,012
Net Commission Taka:	(13,207,528)	20,419,333	10,867,279	18,079,084	(51,082,357)

### iii) Claim settled (Net): Tk. 56,336,435

Particulars	Fire	Marine	Motor & Misc.	2005	2004
Gross Claim	129,079,463	16,689,435	37,457,920	183,226,818	126,387,710
Less : Salvage Received	-	-	-	-	-
Less : Re-Ins. Claim Recovery during the year	117,800,583	8,815,561	9,905,424	136,521,568	79,131,636
Add : Outstanding Claim at the end of the year whether due or intimated (Company's Share)	11,278,880	7,873,874	27,552,496	46,705,250	47,256,074
Less : Outstanding claim at the end of the previous year	70,916,999	60,386,771	85,433,749	216,737,519	207,657,158
Net Claim Taka:	8,638,048	1,562,539	46,135,848	56,336,435	94,901,243

### 28.00 Interest Received and Accrued: Tk. 26,162,932

The balance is made up as follows:

Particulars	2005	2004
Interest on FDR	22,840,468	18,890,980
Interest on STD Accounts	2,429,897	1,745,146
Interest on National Investment Bond	1,147,500	-
Less : Interest adjusted on OD Account	26,417,865	20,636,126
Taka:	26,162,932	20,246,953

### 29.00 Dividend and Debenture Interest: Tk. 5,984,973

The balance is made up as follows:

Particulars	2005	2004
Dividend Income	5,984,973	3,391,556
Debenture Interest	-	4,536
Taka:	5,984,973	3,396,092





30.00 **Building Rent: Tk. 5,367,398**

The position has been arrived at after adjusting the Interest on loan amounting to Tk. 4,007,170 and maintenance expenses including Municipal Tax amounting to Tk. 2,973,624.

31.00 **Registration Renewal Fee: Tk. 1,765,856**

The balance represents the amount deposited to Bangladesh Bank against renewal of registration for doing Fire, Marine and Miscellaneous insurance business as per Section-3A of Insurance Act, 1938.

32.00 **Audit Fee: Tk. 508,000**

The balance is made up as follows:

Particulars	2005	2004
Statutory Audit (provision during the year)	208,000	200,000
Special Audit (provision during the year)	300,000	300,000
<b>Taka:</b>	<b>508,000</b>	<b>500,000</b>

33.00 **Balance of Profit and Loss Appropriation Account: Tk. 1,644,468**

The balance is made up as follows:

Particulars	2005	2004
Underwriting Profit as per Revenue Accounts	54,030,606	47,816,305
Interest Income & Dividend	37,515,303	23,643,045
Other Income (including profit on sales of shares)	27,219,641	24,635,435
	<u>118,765,550</u>	<u>96,094,785</u>
Less : Expenses of management (not related to any fund or account)	<u>20,419,480</u>	<u>20,388,801</u>
Net profit for the year	<u>98,346,070</u>	<u>75,705,984</u>
Less : Reserve for Exceptional Loss (10% of Net Premium)	<u>27,497,887</u>	<u>23,415,003</u>
	<u>70,848,182</u>	<u>52,290,981</u>
Add : Surplus brought forward	<u>121,235</u>	<u>764,884</u>
	<u>70,969,418</u>	<u>53,055,865</u>
Less :		
i) Tax provision for Assessment year (2006-2007) A/C 31-12-2005	20,000,000	20,721,330
ii) Dividend Equalization Reserve	-	1,000,000
iii) General Reserve	21,000,000	1,000,000
iv) Balance available for distribution	29,969,418	30,334,535
iv) Cash Dividend Recommended	28,324,950	30,213,300
<b>Surplus Available</b>	<b>Taka: 1,644,468</b>	<b>121,235</b>



34.00 **Contingent Liability:**

- a) As on 31-12-2005 financial Guarantees amounted to Tk. 85 million (app), which has been expired on different dates during 2005. No new Guarantee has been issued during the year 2005.
- b) Money suits for Tk. 62,260,550 was pending as on 31-12-2005 for Marine Insurance (Cargo) claims which the company disputed but accounted for.

35.00 **Post Balance Sheet Events:**

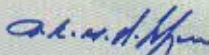
- i) **Cash Dividend:**  
Recommendation of Dividend by Board of Directors in its meeting held on May 21, 2006 was made at the rate of Tk. 15 per share of Tk. 100 each.
- ii) **Stock Dividend:**  
In addition the Board of Directors in its meeting held on May 21, 2006 recommended a stock Dividend @ 15% out of Share Premium and General Reserve, which will be given effect in due course.

36.00 **General:**

- i) **Earning per share (EPS):**  
The earning per share of the company is as follows:


	2005	2004
Before Tax	52.08	50.11
After Tax	41.49	36.40

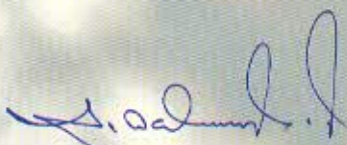
- ii) As at December 31, 2005 the company had 29 Board members. Board of Directors held six (6) Board Meetings, Administration Committee one (1), Meeting, Technical and Claim Committee four (4) Meeting and Audit Committee (Finance and Development Committee) eight (8) Meetings were held during the year 2005.

  
A.K.M Rafiqul Islam  
Managing Director

  
Engr. A. Latif  
Director

  
Syed M. Altaf Hussain  
Director

  
Al-Haj Khalilur Rahman  
Chairman

  
(A. Wahab & Co.)  
Chartered Accountants

Dated: Dhaka, May 22, 2006





# FORM-AA

## CLASSIFIED SUMMARY OF ASSETS AS AT DECEMBER 31, 2005


Class of Assets	Book Value
National Investment Bond (Tk. 45,00,000 is held with BD Bank)	4,500,000
Shares (at market value)	139,835,170
Debentures (at cost)	19,019,144
Cash on Fixed Deposit, STD and Current A/c with banks	338,510,588
Cash & Stamps in hand	6,157,888
Outstanding Premium and other dues	165,071,889
Interest accrued but not received	7,578,213
Sundry Debtors, advance & Deposits	53,948,070
Stock of Printing Materials in hand (at cost)	293,900
Land	420,561,961
Fixed Assets (at cost)	73,769,047
Joint Venture Building Project	175,294,893
<b>Taka:</b>	<b>1,404,540,763</b>

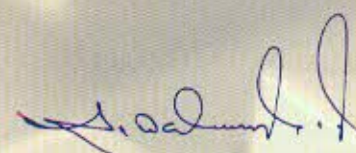
The cost of Fixed Assets is inclusive of Tk. 27,246,982 on account of Furniture & Fixtures. Accumulated depreciation on Fixed Assets amounting to Tk 48,288,502 has been shown under Depreciation Fund Account and not deducted from the cost of fixed assets shown above.

  
A.K.M Rafiqul Islam  
Managing Director

  
Engr. A. Latif  
Director

  
Syed M. Altaf Hussain  
Director

  
Al-Haj Khalilur Rahman  
Chairman

  
(A. Wahab & Co.)  
Chartered Accountants

Dated: Dhaka, May 22, 2006





## DIRECTORS' CERTIFICATE

As per regulations contained in the first schedule in the Insurance Act, 1938 as amended as per Section 40-C of the said Act, we certify that:

The value of investment in shares have been taken at market value and debentures at cost and the quoted value there of mentioned wherever available.

The value of all assets as shown in the Balance Sheet and as classified on form AA annexed have been duly reviewed as at 31st December, 2005 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market values under the several heading as enumerated the annexed form.

All experts of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.

A.K.M Rafiqul Islam  
Managing Director

Engr. A. Latif  
Director

Syed M. Altaf Hussain  
Director

Al-Haj Khalilur Rahman  
Chairman

(A. Wahab & Co.)  
Chartered Accountants

Dated: Dhaka, May 22, 2006





## BRANCH OFFICES

### D h a k a   D i v i s i o n

01	Dilkusha Branch 76, Dilkusha C/A, Dhaka - 1000	<b>Mahboob Uddin Ahmed</b> Sr. Executive Vice President	Tel.: 9567861 Fax : 9551685 Res.: 9338126
02	Imamgonj Branch 31, Mitford Road, Imamgonj, Dhaka - 1000	<b>Nazrul Islam Talukder</b> Branch In-Charge	Tel.: 7319818 Mob: 0189-288291
03	Elephant Road Branch Rajdhani Complex, 237/2, New Elephant Road,	<b>Sharif Mustaba</b> Executive Vice President	Tel.: 966134 Mob: 0189-238198 Fax : 8616023 Res.: 8615028 Tel.: 7115066
04	Motijheel Branch Sena Kalyan Bhaban, Room No. 1306 (13 <sup>th</sup> floor), 195 - Motijheel C/A, Dhaka-1000	<b>Ali Fathker (Kallol)</b> Asstt. Vice President	Mob: 01713-002412 Fax : 9556415 Res.: 8021464
05	VIP Road Branch Oriental Trade Center 69/1 (New) Purana Paltan Lane, Dhaka-1000	<b>Abdul Momen</b> Senior Vice President	Tel.: 8321796 Mob: 01711-696338 Fax : 8316354 Res.: 9123054
06	Sadarghat Branch 32-Ka, Liakat Avenue, Dholaikhal, Dhaka - 1100	<b>Md. Liaquat Ali Khan</b> Branch In-Charge	Tel.: 7113066 Mob: 01711-017464
07	Malibagh Branch Manhattan Tower, 83 - Siddeshwari Circular Road, Malibagh, Dhaka-1217	<b>Md. Golam Faruque</b> Deputy Vice President	Tel.: 8311078 Mob: 01711-566735 Fax : 8311078 Res.: 9870658
08	Tejgaon Branch BSRS Bhaban, 14 <sup>th</sup> Floor, 12 - Kawran Bazar, Dhaka-1215	<b>Md. Abdul Alim Khan</b> Branch In-Charge	Tel.: 8130173 Mob: 01711-696343
09	Hatkola Branch Suvechchha Plaza, 32/1 - Shahid Nazrul Islam Sarak, Hatkola, Dhaka-1203	<b>Fazlul Karim Alamgir</b> Executive Vice President	Tel.: 9559410 Mob: 0189-263708 Fax : 9560214 Res.: 9361749
10	Gulshan Branch House No.55, Road No. 17, Kamal Ataturk Avenue, Banani, Dhaka-1213	<b>Bahauddin Ahmed</b> Branch In-Charge	Tel.: 9886151 Mob: 01711-696341 Res.: 7281321
11	Mirpur Branch Central Plaza 4 <sup>th</sup> Floor, 231 - Sen Para, Parbata, Rokeya Sarani, Mirpur - 10, Dhaka- 1216	<b>Md. Razzaqul Haider Chowdhury</b> Branch In-Charge	Tel.: 8060587 Mob: 01715-013021
12	Bangabandhu Avenue Branch 13, B.B. Avenue, Dhaka-1000	<b>Khandoker Zafor Sadeque</b> Vice President	Tel.: 9566389 Mob: 01711-696343 Res.: 8610299
13	Narayanganj Branch 150, B. B. Sarak, Narayanganj	<b>Farid Ahmed</b> Deputy Vice President	Tel.: 9712646 Mob: 01711-561368



14	Tongi Branch Jalil Market (2 <sup>nd</sup> Floor) Tongi, Gazipur	<b>Ekramul Hoque</b> Branch In-Charge	Tel.: 9802786 Mob: 01199-838694
15	Narsingdi Branch Islam Plaza, Sadar Road, Narsingdi	<b>Md. Jashim Uddin</b> Branch In-Charge	Tel.: 63009 Mob: 01199-071258
16	Faridpur Branch 169, Mujib Sarak, Faridpur	<b>Khandoker Zakir Hossain</b> Branch In-Charge	Tel.: 62691 Mob: 01712-061053 Res.: 62848
17	Mymensingh Branch 10, Durgabari Road, Mymensingh	<b>A.K.M. Kawsar Hossain</b> Branch In-Charge	Tel.: 64062 Mob: 01712-003899

## C h i t t a g o n g   D i v i s i o n

18	Khatunganj Branch 410-411, Khatunganj C/A, Chittagong	<b>Jamal Uddin Haider</b> Senior Vice President	Tel.: 636121, 624316 Mob: 01711-797755 Fax : 637051 Res.: 71 7991 Tel.: 713228
19	Agrabad Branch Ayub Trade Centre , 1269 - Sheikh Mujib Road, Agrabad C/A, Chittagong	<b>M.A. Hassan</b> Executive Vice President	Mob: 0 1 711-749274 Fax : 713227 Res.: 651697
20	Jubilee Road Branch Pedrollo Plaza (3 <sup>rd</sup> Floor) 5, Jubilee Road, Chittagong	<b>Md. Nazrul Islam</b> Senior Vice President	Tel.: 616847 Mob: 01711-749273 Fax : 617844 Res.: 620662
21	Cox's Bazar Branch Ahamadia Mansion, Purba Bazar Ghata, Main Road, Cox's Bazar	<b>Abdul Hannan Chowdhury</b> Branch In-Charge	Tel.: 64101 Res.: 63468
22	Feni Branch Sultan Mansion Trunk Road, Feni		Tel.: 74313
23	Comilla Branch Comilla Co-operative Super Market (2 <sup>nd</sup> Floor), Kandirpar, Main Road, Comilla	<b>M. Muzammel Hoque</b> Branch In-Charge	Tel.: 76977 Res.: 64645
24	Chandpur Branch 136/2, Shahid Muktijudha Sarak, Chandpur	<b>Pradip Kumar Pal</b> Branch In-Charge	Tel.: 63290 Mob: 01711-018087
25	Chowmuhani Branch Poura Super Market, Chowmuhani Bazar, Chowmuhani	<b>Md. Belayet Hossain</b> Branch In-Charge	Tel.: 52030





## Rajshahi Division

26	Rajshahi Branch Shaheb Bazar, Ghoramara, Rajshahi	Abdur Razzaque Sarder Asstt. Vice President	Tel.: 775926
27	Bogra Branch Thana Road, Bogra	Md. Nazrul Islam Branch In-Charge	Tel.: 66189
28	Rangpur Branch Baitus Syed Super Market, Central Road, Rangpur	Md. Reazul Hoque Khandker Branch In-Charge	Tel.: 62933
29	Pabna Branch Aurangajeb Road, Pabna	A.H.M. Raihan Branch In-Charge	Tel.: 66541
30	Dinajpur Branch Northern Plaza, Holding No.74/69, Dinajpur Town, Dinajpur	Farid Hossain Sarker Branch In-Charge	Tel.: 51105 Mob: 01712-138136

## Khulna Division

31	Khulna Branch 25, Sir Iqbal Road, Khulna	S.M. Murshed Senior Vice President	Tel.: 723724 Mob: 01711-321702 Fax : 720056 Res.: 760207
32	Jessore Branch Jess Tower (2nd Floor), M.K. Road, Jessore	G.M. Saidur Rahman Branch In-Charge	Tel.: 72396 Res.: 72379
33	Kushtia Branch Lovely Tower, 6th Floor 55/1, Sirajuddowla Road, Kushtia	Md. Mahbubul Alam Branch In-Charge	Tel.: 62223

## Barisal Division

34	Barisal Branch 18, Hemayet Uddin Road, Barisal	Amjad Hossain Talukder Branch In-Charge	Tel.: 63186
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## Sylhet Division

35	Sylhet Branch Laldighirpar, Sylhet	Ahmed Tazdiquil Mowla Branch In-Charge	Tel.: 715008 Mob: 01711-388586 Res.: 714009
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**PRAGATI  
INSURANCE  
LIMITED**



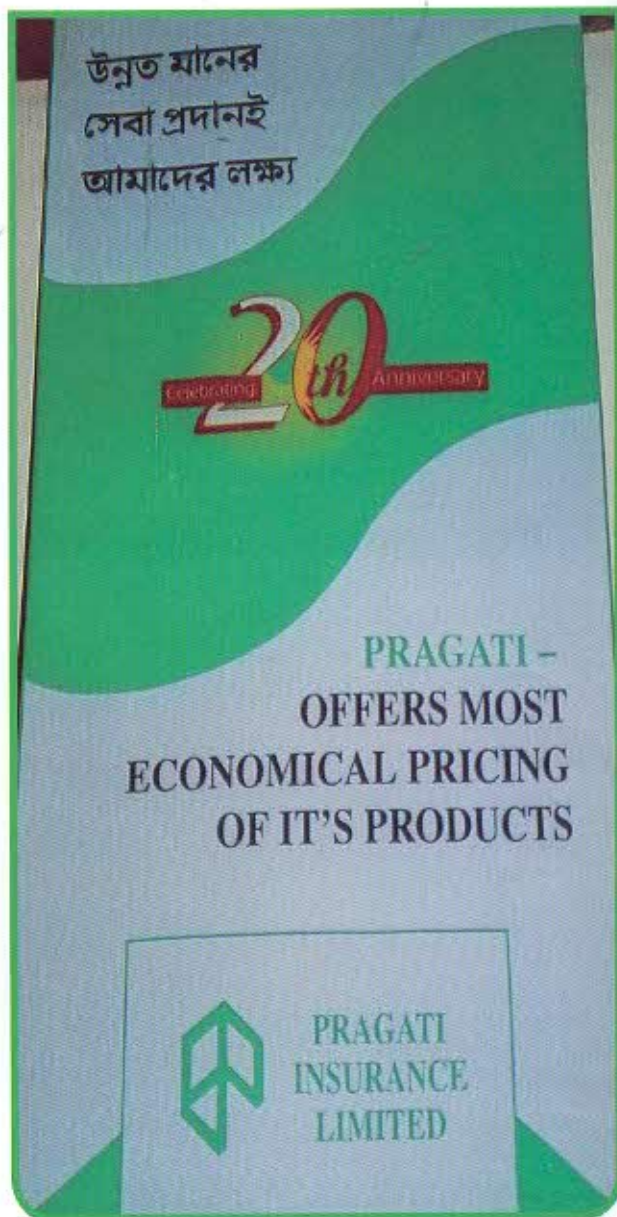
**20th  
ANNIVERSARY  
IN  
PICTURES**







## 20th ANNIVERSARY IN PICTURES







# 20th ANNIVERSARY IN PICTURES











**Pragati Insurance Limited**

Pragati-RPR Centre, 20-21, Karwan Bazar, Dhaka-1215, Bangladesh

## Proxy Form

I/We .....  
of .....  
being a member of Pragati Insurance Ltd. and entitled to vote, hereby appoint Mr./Mrs./Miss ..... of .....  
as my/our Proxy to attend  
and vote for me/us and on my/our behalf of the 20th Annual General Meeting of the Company to be held on  
the 28th June, 2006 or at any adjournment thereof.

Signed this ..... day of ..... 2006

Signature of Proxy

Signature of Member

Folio No./ Bo. No. ....

No. of shares held .....

Revenue Stamp

N.B: A member entitled to attend and vote at the meeting may appoint another member his/her proxy to attend and vote on his/her behalf.

Form of Proxy, duly stamped and signed must be deposited at the Company's Registered office not later than 72 hours before time appointed for the meeting. In default, forms of proxy will not be treated as valid.



**Pragati Insurance Limited**

Pragati RPR Centre, 20-21, Karwan Bazar, Dhaka-1215, Bangladesh

## ATTENDANCE SLIP

I hereby record my attendance at the 20th Annual General Meeting of Pragati Insurance Limited on the 28th June, 2006 at Bashundhara Convention Center, Block-G, Umme Kulsum Road, Bashundhara R. A., Baridhara, Dhaka.

Name of Member/Proxy

Folio No./B.O. No. ....

Signature of Shareholder/Proxy

N.B. Please complete the Attendance Slip and hand it over at the entrance of the meeting hall.