

SEC/Enforcement/265/2004/154

April 5, 2005

By Special Messenger

By Courier Service

1. Prime Insurance Company Limited
63, Dilkusha C/A, Dhaka-1000.
2. The Managing Director
Prime Insurance Company Limited
63, Dilkusha C/A, Dhaka-1000.
3. The Company Secretary
Prime Insurance Company Limited
63, Dilkusha C/A, Dhaka-1000.

Subject: Non-compliance of securities laws in connection with furnishing of the half yearly financial statements for half year ended June 30, 2004-WARNING.

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Prime Insurance Company Limited is an issuer (herein after referred to as "issuer").

As per rule 13 of the Securities and Exchange Rules, 1987, as amended through the Notification No. SEC/LSD/SER-1987/149 dated 4th January 2000, gazetted on 16 February 2000, the issuer is required, within one month of close of the first half year, to transmit to the stock exchange in which its securities are listed, to the security holders and to the Commission the half yearly financial statements which shall be prepared in the same manner and form as the annual financial statements which the issuer (Prime Insurance Company Limited) failed to comply with by not submitting the half yearly financial statements for half year ended on June 30, 2004 within the stipulated period.

A letter dated 21/8/2004 was issued to the issuer to furnish explanation for the delay in submitting the half yearly financial statements within 25/8/2004. The issuer replied that they would submit the said accounts by 31/8/2004. But the issuer again failed to submit the same within 31/8/2004. Instead, it stated to the Commission vide letter dated 18/9/2004 stated about lot of discrepancies, unsecured advance to various parties which causing a barrier to prepare the said accounts.

The above reasons were not acceptable. Therefore, the Chairman of the issuer was called for hearing on 01/01/2005. Mr. Qamrul Munir, Senior Vice President and Mr. ASM Ibrahim Reza, Company Secretary, the authorized representatives of the Chairman, attended the said hearing and mentioned that they had furnished the said financial statements on 29/12/2004.

Failure to furnish the half yearly financial statements for the half year ended on June 30, 2004 within the stipulated time is a clear violation/contravention of the abovementioned rules.

However, the Commission, after considering furnishing of the said statements on 29/12/2004 by Prime Insurance Company Limited as well as the submissions made to SEC has decided to dispose off the proceedings against Prime Insurance Company Limited and others concerned for the stated violation, by placing on record the Commission's dissatisfaction on the defaults made by the company, its directors and its officials concerned, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve the issuer or any of its directors or officers concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said defaults.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.

Chief Executive Officer, Chittagong Stock Exchange Ltd.

Distribution:

Executive Director, (R & D), SEC

Executive Director, (CFD), SEC

Director, (MIS), SEC