

SEC/Enforcement/537/2006/346

April 4, 2007

1. Central Insurance Company Limited, 90-91, Motijheel C/A, Dhaka-1000.
2. Directors, Central Insurance Company Limited, 90-91, Motijheel C/A, Dhaka-1000.
3. Managing Director, Central Insurance Company Limited, 90-91, Motijheel C/A, Dhaka-1000.
4. Company Secretary, Central Insurance Company Limited, 90-91, Motijheel C/A, Dhaka-1000.

Sub: Non-compliance of securities laws: In connection with the audited financial statements for the year ended on December 31, 2005: Warning.

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

As per rule 12 sub-rule (3A) of the Securities and Exchange Rules, 1987, issued under the said Ordinance, as amended through Notification No.SEC/LSD/SER-1987/149 dated 4th January 2000, gazzeted on 16th February 2000, the issuer company's financial statements shall be audited within one hundred twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements should be submitted to the Commission and the Stock Exchanges within fourteen days thereof.

As per section 18 of the of the Securities and Exchange Ordinance, 1969, no person shall, in any document, papers accounts information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to be false or incorrect in any material particular.

The issuer failed to prepare its financial statements reflecting true and fair view by not making any provision against outstanding premium of Tk. 2,82,80,719.00 in the audited financial statement for the year ended on December 31, 2004 and Tk.1,98,09,807.00 in the audited financial statement for the year ended on December 31, 2005.

A show-cause cum hearing notice dated December 21, 2006 was issued to the issuer and its directors as well as to the company secretary to explain the default and to appear at the hearing on January 29, 2007. Mr. Tasiruddin Ahmed, managing director, Mr. Md. Shahidullah, senior vice president and Mirza Md. Alauddin, Company Secretary appeared at the hearing. In course of hearing the issuer submitted a written explanation vide letter dated January 29, 2007 stating, among others, that the management has decided to ageing the outstanding premium and as such provision shall be made to the long outstanding and unrealizable premium as bad & doubtful debts from 2006 fiscal year. The issuer also stated that during the year 2006, an estimated amount of Tk.95,00,000/- has already been collected from outstanding insurers and deposited the same Company's Bank account.

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The Commission, taking into consideration furnishing of the explanations and assurance for future compliance with the securities related laws, has decided to dispose of proceedings against Central Insurance Company Limited and others concerned for the stated violation, by placing on record the Commission's dissatisfaction on the default, violation/contravention made by the issuer with a warning to ensure compliance of the 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 default.

For and on behalf of the Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited
Executive Director (R& D), SEC
Executive Director (CFD), SEC
Director (MIS), SEC
Chairman's Office