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

PROSPECTUS

For

Public Offering of 900,000 Ordinary Shares of Tk 100.00 Each at Par
Totaling Tk 90,000,000.00
of

NORTHERN GENERAL INSURANCE COMPANY LIMITED

Opening Date for Subscription: **14 September 2008**

Closing Date for Subscription: **18 September 2008**

For Non-Resident Bangladeshi Quota Subscription Closes on: **27 September 2008**

Manager to the Issue

Prime Finance & Investment Limited
63 Dilkusha C/A (3rd Floor), Dhaka 1000, Phone: 9563883 Fax: 9563692
E-mail: info@primefinance.net Website: www.primefinance.net

Underwriters

First Security Bank Limited 23, Dilkusha Commercial Area Dhaka-1000	Grameen Capital Management Limited Grameen Bank Bhaban Mirpur-2, Dhaka-1216
ICB Capital Management Limited 8 D.I.T. Avenue (14th Floor) Dhaka-1000	Prime Finance & Investment Limited 63 Dilkusha C/A Dhaka-1000
Rupali Life Insurance Company Limited Rupali Bima Bhaban (9th Floor), 7 Rajuk Avenue Motijheel C/A, Dhaka-1000	Union Capital Limited Noor Tower (5th Floor), 73 Sonargaon Road Dhaka-1216

Bankers to the Issue

Southeast Bank Limited

Investment Corporation of Bangladesh	Social Investment Bank Limited
National Bank Limited	The City Bank Limited
Shahjalal Islami Bank Limited	The Hongkong and Shanghai Banking Corp. Ltd.

Credit Rating Agency

Credit Rating Information and Services Limited (CRISL)

Rating: **BB+**

Date of Prospectus: 10 July 2008

The issue shall be placed in "N" Category

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

Northern General Insurance Company Limited

(A PUBLIC COMPANY LIMITED BY SHARES)

HEAD OFFICE: RAJ BHABAN, 29 DILKUDHA C/A (7TH FLOOR), DHAKA-1000.
PHONE: 9559077-79 FAX: 88-02-9551579
WEBSITE: www.ngicl.com, E-MAIL: info@ngicl.com

Availability of Prospectus

Prospectus of Northern General Insurance Company Limited may be obtained from the Issuer Company, Issue Manager, Underwriters and the Stock Exchanges as follows:

Company	Contact Person	Telephone Number
Northern General Insurance Company Limited Raj Bhaban, 29 Dilkusha C/A (7th Floor), Dhaka 1000	**Engr. Md. Momtaz Uddin** Managing Director	9559077-79

Manager to the Issue	Contact Person	Telephone Number
Prime Finance & Investment Limited 63 Dilkusha C/A (3rd Floor) Dhaka 1000	**Md. Akter Hossain Sannamat** FCA, FCS Managing Director	9563883

Underwriters	Contact Person	Telephone Number
First Security Bank Limited 23, Dilkusha Commercial Area Dhaka-1000	**A.A.M. Zakaria** Managing Director	9560229
Grameen Capital Management Limited Grameen Bank Bhaban, Mirpur-2 Dhaka-1216	**Md. Aliuzzaman** Managing Director	8057618
ICB Capital Management Limited 8 D.I.T. Avenue (14th Floor) Dhaka-1000	**Md. Iftikhar-uz-zaman** Chief Executive Officer	7160327
Prime Finance & Investment Limited 63 Dilkusha C/A Dhaka-1000	**Md. Akter Hossain Sannamat** FCA, FCS Managing Director	9563883
Rupali Life Insurance Company Limited Rupali Bima Bhaban (9th Floor), 7 Rajuk Avenue Motijheel C/A, Dhaka-1000	**Biswajit Kumar Mondal** FIAT, MBA, ABIA Sr. General Manager (F&A) & Company Secretary	9571355
Union Capital Limited Noor Tower (5th Floor), 73 Sonargaon Road Dhaka-1216	**Ramendra Nath Paul** Managing Director (C.C.)	9662888

Stock Exchanges	Available At	Telephone Number
Dhaka Stock Exchange Ltd. 9/F Motijheel C/A Dhaka–1000	DSE Library	9564601-7
Chittagong Stock Exchange Ltd. 1080 Sheikh Mujib Road, Agrabad Chittagong–4100	CSE Library	(031) 714632-3 (031) 720871-3

Prospectus is also available on the web site **www.secbd.org**, **www.primefinance.net**, **www.ngicl.com**, **www.dsebd.org**, **www.csebd.com** and Public Reference room of the Securities and Exchange Commission (SEC) for reading and study.

Corporate Directory

Registered office

Raj Bhaban (7th Floor)
29 Dilkusha C/A
Dhaka-1000
Phone: 9559077-79
Fax: 88-02-9551579
E-mail: info@ngicl.com

Branches

Sl. No.	Name of Branches	Address	Phone	Fax
1.	Agrabad Branch	Sattar Chamber (4th Floor), 99 Agrabad C/A, Chittagong	031-716032	031-716031
2.	Bangshal Branch	230 North South Road (3rd Floor), Dhaka	02-7123529	02-7123529
3.	B.B. Avenue Branch	29 B.B., Avenue (1st Floor), Dhaka	02-9558011	02-9569598
4.	Comilla Branch	Kazi Wahiduzzaman Mansion (2nd Floor), Kandirpar, Comilla	081-67813	-
5.	Dilkusha Branch	Raj Bhaban (2nd Floor), 29 Dilkusha C/A, Dhaka	02-9551805	02-7168656
6.	Elephant Road Branch	299 Elephant Road (5th Floor), Dhaka	02-9660746	02-8616145
7.	Faridpur Branch	82/2 Mojib Sarak, Faridpur	0631-63780	-
8.	Gazipur Branch	Anupam Super Market, Chourasta, Joydebpur, Gazipur	02-9263672	-
9.	Hatkhola Branch	Samar Centre (2nd Floor), 33/3 Hatkhola Road, Dhaka	02-9563635	-
10.	Jubilee Road Branch	44 Jubilee Road, Enayet Bazar, Chittagong	031-615611	031-630327
11.	Kadamtoli Branch	1336/A, D.T. Road, Kadamtali, Chittagong	031-716125	031-718495
12.	Khatungonj Branch	279 Khatungonj, Noor Market, Chittagong	031-622425-6	031-622425
13.	Kawran Bazar Branch	Omoni Trade Centre (1st Floor), 56 Kazi Nazrul Islam Avenue, Dhaka	02-9125864	02-9124511
14.	Kakrail Branch	Zebunnesa Court (3rd Floor), 4 Bijoy Nagar, Dhaka	02-9346686	-
15.	Local Office	Motijheel Square (7th Floor), 1/B DIT Avenue, Motijheel C/A, Dhaka	02-7162556	02-9571555
16.	Motijheel Branch	Bhuiyan Mansion (2nd Floor), 6 Motijheel C/A, Dhaka	02-9559702	02-7121197
17.	Mogh Bazar Branch	4, Shahid Tajuddin Sharani (3rd Floor), Bara Moghbazar, Dhaka-1217	02-9330450	02-8331549
18.	Mohakhali Branch	H-4 (2nd Floor), International Airport Road, Mohakhali C/A, Dhaka	02-9886790	02-9890498
19.	Modhupur Booth	Holding No. 1100, P.S. Modhupur, Dist. Tangail	09228-56352	-
20.	Narayangonj Branch	Mir Syed Ali Chamber (3rd Floor), 52/1 B.B. Sarak, Narayangonj	02-7631963	-
21.	Shantinagar Branch	Shaan Tower (4th Floor), 24/1 Chamelibag, Dhaka	02-9338037	-
22.	Tangail Branch	New Bus Tarminal (Kodalia), Tangail	02-0921-54982	

Auditors

Howladar Yunus & Co.
Chartered Accountants
67, Dilkusha Commercial Area (2nd Floor)
Dhaka-1000, Bangladesh
Phone: 9554119, 9551872
Fax: 9552989
E-mail: hyc@howladaryunus.com

Legal Advisor

MNS Barristers & Acvocates
2/1 Naya Paltan (3rd Floor)
Dhaka-1000, Bangladesh
Phone: 8333420, 9352936
Fax: 8333420

Tax Advisor

ADN Associates
Kaizuddin Tower (8th Floor)
47, Bijoy Nagar
Dhaka-1000
Phone: 9358799, 9359222

Table of Contents

Disclosure in respect of issuance of security in demat form

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

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

Part A

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue manager). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **6(six) weeks** from the date of the subscription closure) if any of the following events occur:

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

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

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

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

20. **The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

21. Lottery (if applicable) shall be held within **5 (five) weeks** from closure of the subscription date.

22. The company shall issue share allotment letters to all successful applicants within **6 (six) weeks** from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest through Account Payee Cheque/refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet/ Bogra, as the case may be **subject to condition 19 above**.

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

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

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

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

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

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

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

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

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

30. The company shall not declare any benefit other than cash dividend based on the financial statement for the year ended on December 31, 2007.

Part B

1. The issue manager (i.e., Prime Finance & Investment Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.

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

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

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

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

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

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

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

Part C

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

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

Part D

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

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

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

General Information

The Prospectus has been prepared by **Prime Finance & Investment Limited** from information supplied by **Northern General Insurance Company Limited** (the Company) and also several discussions with the Managing Director and related executives of the Company which is publicly available. The Board of Directors of the **Northern General Insurance Company Limited** hereby confirms that to the best of their knowledge and belief the information contained herein is true and correct in all material respects and that there are no other material facts the omission of which would make any statement herein misleading.

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

The Issue, as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

Declarations and due diligence certificates

Declaration about the Responsibility of the Directors, including the CEO of the Company "Northern General Insurance Company Limited" in Respect of the Prospectus

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

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

Sd/-
Al-haj Nasiruddin
Chairman,
Board of Directors

Sd/-
Abdul Matin
Director

Sd/-
Mohd. Azam
Director

Sd/-
S.M. Ayub Ali Chowdhury
Director

Sd/-
Al-haj Md. Saiful Alam
Director

Sd/-
Thamina Rahman
Director
Al-haj Khalilur Rahman
(Alternate Director)

Sd/-
Hamidul Haq
Director

Sd/-
Foysal Ahmed Patwary
Director
Abdul Awal Patwary
(Alternate Director)

Sd/-
Md. Sarwar Salim
Director

Sd/-
Abdus Samad
Director

Sd/-
Shahriar Khaled
Director
M.A. Khaleque
(Alternate Director)

Sd/-
Arshadul Alam
Director

Sd/-
Ferdousi Islam
Director

Sd/-
Al-haj Md. Shafiul Alam
Director
M.A. Quashem
(Alternate Director)

Sd/-
Al-haj Md. Mortaza Siddique Chowdhury
Director

Sd/-
Khalilur Rahman
Alternate Director of
Thamina Rahman

Sd/-
Abdul Awal Patwary
Alternate Director of
Foysal Ahmed Patwary

Sd/-
M.A. Quashem
Alternate Director of
Al-haj Md. Shafiul Alam

Sd/-
M.A. Khaleque
Alternate Director of
Shahriar Khaled

Sd/-
Engr. Md. Momtaz Uddin
Managing Director

Consent of the Director(s) to Serve as Director(S)

We hereby agree that we have been serving as Director(s) of "**Northern General Insurance Company Limited**" and continue to act as Director(s) of the Company.

Sd/- **Al-haj Nasiruddin** Chairman, Board of Directors	Sd/- **Abdul Matin** Director	Sd/- **Mohd. Azam** Director
Sd/- **S.M. Ayub Ali Chowdhury** Director	Sd/- **Al-haj Md. Saiful Alam** Director	Sd/- **Thamina Rahman** Director Al-haj Khalilur Rahman (Alternate Director)
Sd/- **Hamidul Haq** Director	Sd/- **Foysal Ahmed Patwary** Director Abdul Awal Patwary (Alternate Director)	Sd/- **Md. Sarwar Salim** Director
Sd/- **Abdus Samad** Director	Sd/- **Shahriar Khaled** Director M.A. Khaleque (Alternate Director)	Sd/- **Arshadul Alam** Director
Sd/- **Ferdousi Islam** Director	Sd/- **Al-haj Md. Shafiul Alam** Director M.A. Quashem (Alternate Director)	Sd/- **Al-haj Md. Mortaza Siddique Chowdhury** Director
Sd/- **Khalilur Rahman** Alternate Director of Thamina Rahman	Sd/- **Abdul Awal Patwary** Alternate Director of Foysal Ahmed Patwary	Sd/- **M.A. Quashem** Alternate Director of Al-haj Md. Shafiul Alam
	Sd/- M.A. Khaleque Alternate Director of **Shahriar Khaled**	

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies & Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, vide RJSC's Receipt No. 0175972 dated 10 July 2008.

Due Diligence Certificate of Manager to the Issue

Sub: Public offer of 900,000 Ordinary Shares of Tk. 100 each at par of Northern General Insurance Company Limited

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

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and

2. On the basis of such examination and the discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
(b) all the legal requirements connected with the said issue have been duly complied with; and
(c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-
Md. Akter Hossain Sannamat FCA, FCS
Managing Director
Prime Finance & Investment Limited
Date: 28 April 2008

Due Diligence Certificate of the Underwriter(s)

Sub: Public Offer of 900,000 Ordinary Shares of Tk. 100 each of Northern General Insurance Company Limited

We, the under-noted Underwriter(s) to the abovementioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and

2. On the basis of such examination and the discussion with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company; -

WE CONFIRM THAT:

(a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;

(b) we shall subscribe and take up the un-subscribed securities against the abovementioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and

(c) this underwriting commitment is unequivocal and irrevocable.

For Underwriters

Sd/- **A.A.A. Zakaria** Managing Director First Security Bank Limited	Sd/- **Md. Aliuzzaman** Managing Director Grameen Capital Management Limited	Sd/- **Md. Iftikhar-uz-zaman** Chief Executive Officer ICB Capital Management Limited
Sd/- **Md. Akter Hossain Sannamat FCA, FCS** Managing Director Prime Finance & Investment Limited	Sd/- **Noor Mohamed Bhuiyan, MBA** Managing Director Rupali Life Insurance Company Limited	Sd/- **Ramendra Nath Paul** Managing Director (C.C.) Union Capital Limited

Risk factors & Management's perceptions about the risks

Interest rate risks

Profitability of the company also depends on interest rate structure other than underwriting profit earned by the company. In 2007 the company has earned Tk. 10,695,845 as interest income which is 61.02% of the total net profit before tax. Moreover the company has procured vehicles on bank financing. Any unfavorable change in interest rate structure may affect the company's business adversely.

Management perception

The effect of change in interest rate structure will be very negligible in case of bank financed vehicles. On the other hand, if income on fixed deposit falls the company will go for alternative investment schemes to utilize its funds.

Exchange rate risks

Taka has been devalued significantly against dollar and it is very unlikely of any immediate appreciation of Taka. Devaluation of local currency against major international currencies may not affect the company's insurance business.

Management perception

Since NGICL is not engaged into any insurance business in foreign currency, exchange rate risk is not relevant here.

Industry risks

The Company is operating in a highly competitive industry. Presently, 62 insurance companies are operating in the country, of which 44 including the SBC are in general insurance business and the remaining 18 including the JBC are in life insurance business. NGICL has to face stiff competition arising from the existing 43 general insurance companies excluding SBC.

Management perception

The company has successfully accessed the market till date with a proactive approach by a group of professional and vast experienced insurance people. Therefore the company is working on offering services at competitive terms. Despite the extreme competition, NGICL's business operations shows satisfactory performance.

Market and technology-related risks

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

Management perception

Insurance business globally is increasing. Industrialization and other infrastructure of the country are remarkably developed, as such the general insurance business is increasing day by day. New items are coming under the cover of insurance as days pas by the market is expanding as people are realizing the importance of insurance. Because of the company's excellent services and introduction of new products, the company faces a very low degree of market and technological related risk.

Potential or existing government regulations

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

Management perception

The Government has proposed new Insurance Act and Rules and try to shift the responsibility of insurance sector to Ministry of Finance from Ministry of Commerce to establish the discipline and corporate culture in this industry. Therefore a positive impact is expected on insurance companies.

Potential changes in global or national policies

Changes in government policy as well as policy of foreign countries may affect adversely the business of the company.

Management perception

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

Operations risks

Political and social condition may affect smooth operation of the business resulting in drastic fall to the value of its investment. Moreover according to letter bs-ctextwbt-50/3/99-1903 dated 22-11-2007 of the Chief Controller of Insurance, a penalty was imposed for failing to float shares to the public from 12-11-1999 to 30-06-2007. A total fine of Tk. 2,796,000 was imposed out of which Tk. 2,247,000 is already paid. Any further penalty imposed by the Chief Controller of Insurance may affect the profitability of the Company adversely.

Management perception

There is no record of reduction in the premium income of the company arising from political unrest in the past. Moreover insured are very much careful to take risk coverage on their properties. Therefore premium income ratio is increased at the time of political unrest. On the other hand, if any amount of penalty is imposed by the Chief Controller of Insurance, it will not significantly affect the profitability of the Company.

Financial structure

Financial structure

1	**Financial structure prior to IPO**		
		Issued, subscribed and paid up capital as on date	**Tk 60,000,000**
2	**Financial structure after IPO**		
	a)	Issued, subscribed and paid up capital as on date	Tk 60,000,000
	b)	IPO (Initial Public Offering)	Tk 90,000,000
		Total capital structure after IPO will be	**Tk 150,000,000**

Use of IPO proceeds

The Company offers its shares to the public as required by the Insurance Act, 1938 and Insurance Rules, 1958. The net proceeds of the present issue of 900,000 shares of Tk. 100.00 each at par totaling Tk. 90,000,000.00 will strengthen the capital base of the Company.

Description of business

Company at a glance

Northern General Insurance Company Limited (NGICL) was incorporated on April 8, 1996 as a public limited company under the Companies Act, 1994 and licensed under the Insurance Act, 1938 in order to run all types of general insurance business other than life insurance business. It obtained certificate of commencement of business on April 8, 1996 with an authorized and paid up capital of Tk. 250 million and Tk. 60 million respectively. It got registered with the Department of Insurance on 25 May 1996. Northern General Insurance Company has its presence in Dhaka and Chittagong division. As on 31 December 2007, the Company has been operating its business through 22 branches along with one local office. Among the branches, 17 are in Dhaka division and 5 are in Chittagong division located in different strategically important areas of the city.

Important dates

Incorporation of the Company	April 8, 1996
Date of Certificate of Commencement of Business	April 8, 1996
Registration under the Department of Insurance	May 25, 1996

Nature of business

Northern General Insurance Company Limited is licensed under Insurance Act, 1938 in order to run all types of general insurance business other than life insurance business. Like most of the general insurance companies in the industry, NGICL underwrites risks in fire, marine, motor and miscellaneous business areas.

Principal products and services

Northern General Insurance Company Limited is carrying out the following types of insurance/reinsurance business:

i) Fire Insurance Business
ii) Marine Insurance Business
iii) Motor Insurance Business and
iv) Miscellaneous Insurance Business

Relative contribution to revenue

(as per audited accounts for the year ended 31 December 2007)

Particulars	**Amount Taka**	**(%)**
Fire revenue account	3,469,792	3.33
Marine revenue account	56,387,726	54.10
Motor revenue account	42,199,452	40.48
Miscellaneous revenue account	2,182,363	2.09
Total	**104,239,333**	**100.00**

Associate, subsidiary/related holding company

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

Distribution of products/services

The Company operates its business through the Head Office at Dhaka and the branches throughout the country. As on 31 December 2007, the Company has been operating its business through 22 branches along with one local office. Among the branches, 17 are in Dhaka division and 5 are in Chittagong division.

Branches

Sl. No.	Name of Branches	Address
1.	Agrabad Branch	Sattar Chamber (4th Floor), 99 Agrabad C/A, Chittagong
2.	Bangshal Branch	230 North South Road (3rd Floor), Dhaka
3.	B.B. Avenue Branch	29 B.B., Avenue (1st Floor), Dhaka
4.	Comilla Branch	Kazi Wahiduzzaman Mansion (2nd Floor), Kandirpar, Comilla
5.	Dilkusha Branch	Raj Bhaban (2nd Floor), 29 Dilkusha C/A, Dhaka
6.	Elephant Road Branch	299 New Elephant Road (5th Floor), Dhaka
7.	Faridpur Branch	82/2 Mojib Sarak, Faridpur
8.	Gazipur Branch	Anupam Super Market, Chourasta, Joydebpur, Gazipur
9.	Hatkhola Branch	Samar Centre (2nd Floor), 33/3 Hatkhola Road, Dhaka
10.	Jubilee Road Branch	44 Jubilee Road, Enayet Bazar, Chittagong
11.	Kadamtoli Branch	1336/A, D.T. Road, Kadamtali, Chittagong
12.	Khatungonj Branch	279 Khatungonj, Noor Market, Chittagong
13.	Kawran Bazar Branch	Omoni Trade Centre (1st Floor), 56 Kazi Nazrul Islam Avenue, Dhaka
14.	Kakrail Branch	Zebunnesa Court (3rd Floor), 4 Bijoy Nagar, Dhaka
15.	Local Office	Motijheel Square (7th Floor), 1/B DIT Avenue, Motijheel C/A, Dhaka
16.	Motijheel Branch	Bhuiyan Mansion (2nd Floor), 6 Motijheel C/A, Dhaka
17.	Mogh Bazar Branch	4, Shahid Tajuddin Sharani (3rd Floor), Bara Moghbazar, Dhaka
18.	Mohakhali Branch	H-4 (2nd Floor), International Airport Road, Mohakhali C/A, Dhaka
19.	Modhupur Booth	Holding No. 1100, P.S. Modhupur, Dist. Tangail
20.	Narayangonj Branch	Mir Syed Ali Chamber (3rd Floor), 52/1 B.B. Sarak, Narayangonj
21.	Shantinagar Branch	Shaan Tower (4th Floor), 24/1 Chamelibag, Dhaka
22.	Tangail Branch	New Bus Tarminal (Kodalia), Tangail

Competitive condition in business

Over the years the insurance business has grown very competitive. Presently, 62 insurance companies are operating in the country, of which 44 are in general insurance business and the remaining 18 are in life insurance business. NGICL has to face stiff competition arising from the existing 44 general insurance companies including SBC. Despite the extreme competition, NGICL's business operations show satisfactory performance.

Sources and availability of raw materials and the names of the principal suppliers

The Company does not procure any raw materials and as such has no principal merchandizing supplier(s).

Sources of, and requirement for power, gas and water or any other utilities

The Company does not require such utilities except for ordinary use in office work.

Customer providing 10% or more revenues

The following customers are providing 10% or more revenue/premium.

i) S. Alam Group of Companies

ii) KDS Group of Companies

Description of contract(s) with principal suppliers/Customers

The Company has no such contract.

Material patents, trademarks, licenses or royalty agreements

The Company has not entered into any such agreement.

Number of employees

	(as per audited accounts)
Total number of employees	585
• Full-time employees	585
• Part-time employees	-

Description of property

- The company's business is operated through its Head Office and branch offices on rented premises.
- All the assets of the company are situated at company's office premises.
- The company itself owns the entire property and none is on lease or borrowed.
- Neither properties of the company are mortgaged nor have any lien on them.
- The properties are purchased in brand new condition.

Plan of Operation and Discussion of Financial Condition

Internal and external sources of cash

(as per audited accounts)

	31-Dec-07 Amount in Taka	31-Dec-06 Amount in Taka	31-Dec-05 Amount in Taka
Internal sources of cash			
Share capital	60,000,000	60,000,000	60,000,000
Reserve or contingency account	31,285,771	18,966,190	9,754,426
Sub-total	**91,285,771**	**78,966,190**	**69,754,426**
External sources of cash			
Premium deposit	4,969,544	8,448,202	7,181,916
Grand Total	**96,255,315**	**87,414,392**	**76,936,342**

Material commitment for capital expenditure

The company has not yet made any material commitment for capital expenditure.

Material changes from period to period

(as per audited accounts)

Particulars	**Amount in Taka**		
	31-Dec-07	**31-Dec-06**	**31-Dec-05**
Income			
Interest income	10,695,845	8,749,894	8,293,053
Other income	275,701	19,524	-
Deferred tax income	428,612	1,700,193	75,782
Profit on sale of motor vehicle	759,168	-	-
Profit/(loss) transferred from fire insurance revenue account	(11,173,476)	(20,016,038)	(18,232,570)
Profit/(loss) transferred from marine insurance revenue account	23,775,591	28,320,932	34,611,445
Profit/(loss) transferred from motor insurance revenue account	11,973,058	10,349,723	(711,404)
Profit/(loss) transferred from miscellaneous insurance revenue account	(3,634,684)	(1,948,098)	(3,658,248)
Total	**33,099,815**	**27,176,130**	**20,378,058**
Less: Expenses			
Expenses of management (not applicable to any particular fund or account)	9,416,412	11,427,943	8,510,561
Directors' fees	1,161,505	765,875	365,000
Audit fees	146,800	130,700	115,700
Donation & amortization	421,197	324,700	224,334
Legal & professional fees	134,788	174,590	235,530
Depreciation & amortization	2,409,013	1,651,882	1,651,936
Registration fees	1,881,065	956,301	699,863
Loss on sale of motor vehicle	-	2,568	286,660
Total	**15,570,780**	**15,434,559**	**12,089,584**
Balance for the year carried to Profit & Loss Appropriation account	**17,529,035**	**11,741,571**	**8,288,474**

Causes for material changes

Company's total income increased from 2.03 crore in 2005 to 2.72 crore in 2006 and 3.31 crore in 2007. Management efficiently controlled its expenses thereby net profit before tax increased from 0.83 crore to 1.17 crore in 2006 and 1.75 crore in 2007.

Seasonal aspect of the company's business

The operation of the company is not, in general, affected by any seasonal variances.

Known trends, events or uncertainties

Political unrest, flood and natural calamities are the known events that may affect the business operations of the company.

Changes in the assets of the company used to pay off any liabilities

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

Loan taken from holding/parent company or subsidiary company

The company has no holding/parent company or subsidiary company and has not taken any loan from such party.

Loan given to holding/parent company or subsidiary company

The company has no holding/parent company or subsidiary company and has not given any loan to such party.

Future contractual liabilities

The company has not, as on 31st December 2007, entered into any future contractual liability and has no plan to enter into any contractual obligation within next one year other than normal course of business.

Future capital expenditure

The company does not have any plan for future capital expenditure in the near future other than normal course of business.

VAT, income tax, customs duty or other tax liability

VAT

VAT is being paid by the company on monthly basis. The company has no outstanding VAT except Tk. 1,612,448/- for the month of December, 2007 which has paid in January 2008.

A VAT case No. 6182 of 2003 is lying with Honorable High Court as pending. The VAT authority was imposed a penalty, interest and others additional tax amounting to TAKA. 31,006,109.00. The Company was filed a write petition no. 6182 of 2003 against VAT authority's demand. It was stayed primarily 3 (three) month and finally this period has extended till disposal of the rule by the Honorable High Court Division on 9th day of July 2005.

Income tax

The income tax status of the company is mentioned below:

Financial year	Assessment year	Status
2001	2002 – 2003	Assessment completed with nil tax.
2002	2003 – 2004	Assessment has been completed. Tax payable is Taka 455,878/-. The company has paid Taka 355,878/-. Balance is Taka 100,000/- adjusted with the advance tax of the assessment year 2004-2005.
2003	2004 – 2005	Assessment completed with nil tax and refundable amount of Taka 1,896,961/-.
2004	2005 – 2006	Assessment completed with tax of Taka 6,676,722/-. The company paid Taka 2,295,786, the balance of Taka 4,135,451/- adjusted with advance tax of Taka 2,483,975/- and refundable tax of Taka 1,896,961/-.
2005	2006 – 2007	Assessment completed with tax of Taka 12,372,136/- and the company paid advance tax of Taka 7,463,536/- with reference. An application under section 173(1) of income tax ordinance 1984 for rectification of error has been submitted on 15-06-2007 to the Deputy Commissioner of Taxes, LTU. No response is yet received.
2006	2007 – 2008	Income tax return submitted to the LTU on 15-07-2007. No response is yet received.

Custom duty or other liabilities

Custom duty is not applicable for the company.

Operating lease agreement

Details of operating lease the company has entered into during the last five years are given below:

Sl.	Assets	Lessor	Lease amount (Tk.)	Period (Year)	Monthly rental (Tk.)	Expiration
1	Motor Car	Shahjalal Islami Bank Limited	2,500,000	5	58,171	2010
2	Motor Car	Shahjalal Islami Bank Limited	1,315,000	5	33,394	2011

Northern General Insurance Co. Ltd. purchased 2(Two) vehicle under lease finance from Shahjalal Islami Bank Ltd. in 2005 and 2006. These vehicles were not shown in the fixed assets of the Company, since the ownership, that is, registration of the vehicle were made in the name of the Banking Company. The Banking Company maintains the list of the vehicle in their books of accounts and charges depreciation regularly. Purchasing Company only enjoys the benefit of utilization of the vehicle and installments paid to the Banking Company are charged to revenue accounts as "Lease Rent". So there is no need to show these assets in the Balance Sheet of Northern General Insurance Co. Ltd.

Therefore, in this regard BAS-17 is not applicable to the Company since the Company is not the owner of the vehicles in real sense. This standard is applicable to those countries where the ownership is instantly transferred to the purchaser.

Financial lease commitment

There is no financial lease commitment of the Company during the last five years.

Personnel related scheme

The company's employment benefits to eligible employees comprise of recognized contributory provident fund and group insurance scheme. Assets of provident fund are held in a separate trustee administered fund as per the relevant rules and are funded by contributions from the employees and the company at pre-determined rates. Employees are entitled to company's contribution to provident fund after completion of minimum five years of service in the company. The company's contributions to the provident fund and group insurance are charged off as revenue expenditure in the period to which the contributions relate.

Breakdown of issue expenses

The total IPO expenses are estimated as follows:

Particulars	Rate	Amount in Tk
Manager to the Issue fee	0.40%	360,000
Underwriting commission	1.00%	450,000
SEC fee:		
Application fee		10,000
Consent fee	0.15%	135,000
Fees related to the stock exchanges:		
Application fee (DSE)		5,000
Listing fees for stock exchanges (DSE & CSE)		650,000
CDBL fees and expenses:		
Documentation fee		2,500
Initial Public Offering fee		22,500
Commission expenses:		
Bankers to the Issue commission	0.10%	900,000
Expenses related to printing and publications:		
Abridged version of prospectus		200,000
Notice for subscription, lottery, refund etc.		240,000
Printing of prospectus and forms		125,000
Distribution and collection of forms and data processing		950,000
Lottery related expenses including BUET fee		709,000
Other expenses		200,000
Total		**4,959,000**

Revaluation of assets

The Company has made no revaluation of any of its assets since inception.

Transactions with subsidiary/holding company or associate companies

The company has no subsidiary/holding company or associate company. Hence no transaction has taken place.

Declaration for an Insurance Company

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

Sd/- **Al-haj Nasiruddin** Chairman, Board of Directors	Sd/- **Abdul Matin** Director	Sd/- **Mohd. Azam** Director
Sd/- **S.M. Ayub Ali Chowdhury** Director	Sd/- **Al-haj Md. Saiful Alam** Director	Sd/- **Thamina Rahman** Director Al-haj Khalilur Rahman (Alternate Director)
Sd/- **Hamidul Haq** Director	Sd/- **Foysal Ahmed Patwary** Director Abdul Awal Patwary (Alternate Director)	Sd/- **Md. Sarwar Salim** Director
Sd/- **Abdus Samad** Director	Sd/- **Shahriar Khaled** Director M.A. Khaleque (Alternate Director)	Sd/- **Arshadul Alam** Director
Sd/- **Ferdousi Islam** Director	Sd/- **Al-haj Md. Shafiul Alam** Director M.A. Quashem (Alternate Director)	Sd/- **Al-haj Md. Mortaza Siddique Chowdhury** Director
Sd/- **Khalilur Rahman** Alternate Director of Thamina Rahman	Sd/- **Abdul Awal Patwary** Alternate Director of Foysal Ahmed Patwary	Sd/- **M.A. Quashem** Alternate Director of Al-haj Md. Shafiul Alam
	Sd/- M.A. Khaleque Alternate Director of **Shahriar Khaled**	

Auditors' certificate about issue of shares other than for cash

This is to certify that **"Northern General Insurance Co. Ltd.,"** Raj Bhaban (7th Floor), 29 Dilkusha C/A, Dhaka-1000 has not issued any share till 31st December 2007 to its Sponsors/Promoters/Directors for consideration other than for cash.

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants
Dated: Dhaka-April 15, 2008

Material information which is likely to have an impact

There is no other material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

Directors and officers

Information regarding directorship

Sl. No.	Name of Directors	Position	Age (Years)	Alternate Director	Date of becoming a director for the first time	Date of expiration of current term	Period of nomination
1	Al-haj Nasiruddin	Chairman, Board of Directors	46		4-11-2000	*	
2	Abdul Matin	Director	64		3-11-1996	*	
3	Mohd. Azam	Director	44		4-11-2000	*	
4	S.M. Ayub Ali Chowdhury	Director	57		14-10-1996	*	
5	Al-haj Md. Saiful Alam	Director	48		25-8-2001	*	
6	Thamina Rahman	Director	29	Al-haj Khalilur Rahman	14-10-1996	*	**
7	Hamidul Haq	Director	68		3-11-1996	*	
8	Foysal Ahmed Patwary	Director	24	Abdul Awal Patwary	11-10-1998	*	**
9	Ferdousi Islam	Director	43		14-10-1996	*	
10	Al-haj Md. Shafiul Alam	Director	64	M.A. Quashem	14-10-1996	*	**
11	Md. Sarwar Salim	Director	50		8-3-2004	*	
12	Abdus Samad	Director	40		25-8-2001	*	
13	Shahriar Khaled	Director	25	M.A. Khaleque	4-11-2000	*	**
14	Arshadul Alam	Director	23		22-4-1999	*	
15	Al-haj Md. Mortaza Siddique Chowdhury	Director	47		14-6-2004	*	

* According to the Articles of Association of the company, at the Ordinary General Meeting one third of the directors for the time being or if their number is not three or multiple of three then the number nearest to one third shall retire from office.

** Until further intimation.

Directors' involvement in other organization

Name and Position	Involvement in other organization: Name of the Organization	Position
Al-haj Nasiruddin Chairman, Board of Directors	Social Investment Bank Limited Nasim Trading Company NamsTrade Corporation	Vice-Chairman Proprietor Proprietor
Abdul Matin Director	Metropolitan Medical Center Limited Rupali Life Insurance Co. Limited Modern Textile Mills Limited Modern Dyeng and Screen Printing Limited Narshingdi Hatchery and Fisheres Limited	Chairman Technical Director Proprietor Managing Director Chairman
Mohd. Azam Director	Zia and Brothers Bushra Trading Social Investment Bank Limited	Proprietor Proprietor Shareholder
S.M. Ayub Ali Chowdhury Director	City Pharmaceuticals Limited Hi- Fashion Limited K.B. Knit Fashion Limited Fortune Fashion Limited M/s Chowdhury Construction	Managing Director Director Director Director Proprietor
Al-haj Md. Saiful Alam Director	First Security Bank Limited Karnaphuli Prakritik Gas Limited Al-Arafah Islami Bank Limited S. Alam Cold Rolled Steels Limited S. Alam Steels Limited S. Alam Cement Limited S. Alam Bag Manufacturing Mills Limited S. Alam Brothers Limited S. Alam Hatchery Limited S. Alam Refined Sugar Industries Limited S. Alam Tank Terminal Limited S. Alam Properties Limited Portman Cements Limited S. Alam Soyaseed Extraction Plant Limited S. Alam Trading Company (Pvt.) Limited S. Alam & Co. Sonali Overseas Corporation	Chairman Director Shareholder Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor
Thamina Rahman Director	N/A	N/A
Hamidul Haq Director	Paradise Corporation (Pvt.) Limited Eden Multi Care Hospital Limited First Security Bank Limited	Chairman Director Director
Foysal Ahmed Patwary Director	Patwary Potato Flakes Limited Greentech Greenhouse Bangladesh Limited	Director Director
Ferdousi Islam Director	Prime Bank Ltd. Trusty Association Co. Limited Preema Construction Limited Razanigandha Cargo Limited Preema Enterprise (Pvt.) Limited BaznaboTextile Mills Limited Prime Sanctuary Limited	Director Managing Director Chairman Director Director Chairman Chairman

Name and Position	Involvement in other organization	
	Name of the Organization	Position
Al-haj Md. Shafiul Alam Director	Ambia Accessories Limited	Chairman
	Patenga Builders Corporation	Proprietor
	S.A. Chemical Industries Limited	Chairman
	Ocean Shipping Agencies (Pvt.) Limited	Chairman
Md. Sarwar Salim Director	Panwin Fashion Limited	Managing Director
	Panwin Garments Limited	Managing Director
	Panwin Designs Limited	Managing Director
	Pantax Accessories (Pvt) Limited	Managing Director
	Western Developers Limited	Director
Abdus Samad Director	Al-Arafah Islami Bank Limited	Director
	S. Alam Power Plant Limited	Managing Director
	Karnaphuli Prakritik Gas Limited	Managing Director
	S. Alam Hatchery Limited	Director
	S. Alam Soyaseed Extraction Plant Limited	Director
	S. Alam Tank Terminal Limited	Director
	S. Alam Cold Rolled Steels Limited	Director
	S. Alam Steels Limited	Director
	S. Alam Cement Limited	Director
	Portman Cements Limited	Director
	S. Alam Brothers Limited	Director
	S. Alam Properties Limited	Director
	Samad Trading Agencies	Proprietor
Shahriar Khaled Director	Fareast Islami Life Insurance Co. Limited	Director
	Maksons (BD) Limited	Director
	Prime Property Holdings Limited	Director
Arshadul Alam Director	JESCO Bangladesh Limited	Director
	Uni Trade International	Proprietor
	Nishat Trading	Proprietor
Al-haj Md. Mortaza Siddique Chowdhury Director	First Security Bank Limited	Director
	Diganta Midia Corporation Limited	Director

Family relationship among Directors and top five Officers

There is no family relationship among directors and top five officers of Northern General Insurance Company Limited except the following:

Sl.	Name	Family Relationship
1	Al-Haj Nasiruddin, Chairman (Board of Directors)	Elder brother of Mr. Mohd. Azam, Chairman (Claim Committee)
2	Mr. Mohd. Azam, Chairman (Claim Committee)	Younger brother of Al-Haj Nasiruddin, Chairman(Board of Directors)
3	Al-haj Mohd. Saiful Alam, Director	Elder brother of Al-haj Abdus Samad, Director
4	Al-haj Abdus Samad, Director	Younger brother of Al-haj Mohd. Saiful Alam, Director

Short bio-data of the directors

Al-haj Nasiruddin

Chairman, Board of Directors

Mr. Al-haj Nasiruddin son of late Md. Jamal Ahmad was born in 1962 at Chittagong in a respectable Muslim family. He was completed his graduation in Arts. He has long 20 years of business experience. He is a sponsor Director of Social Investment Bank Ltd. and also the owner and Managing Director of M/s. Nasim Trading Company & M/s. Nams Trade Corporation. He is the Chairman of the Northern General Insurance Co. Ltd. He has attached with various educational and socio-cultural activities and contributed himself in the development of the country.

Abdul Matin

Director

Mr. Abdul Matin was born in the year 1944. He has a long 36 years of vast business experience in different field of business. He has obtained diploma in Textile Chemistry and B.Sc in Textile (U.S.A). He is the Chairman of Narsingdi Hatchery and Fisheries Ltd., Managing Director of Modern Dyeing & Screen Printing Limited, Chairman of Metropolitan Medical Center Limited, Technical Director of Rupali Life Insurance Co. Limited, and Proprietor of Modern Textile Mills. He is also a member of the Board of Governors of Prime Asia University. He is a very amiable person.

Mohd. Azam

Director

Mr. Mohd. Azam was born in the year 1964 in a respectable Muslim family at Chittagong. He is an arts graduate. He has 11 years of experience in the various fields of business. He is the proprietor of M/s Zia & Brothers & Bushra Trading and sponsor shareholder of Social Investment Bank Limited. He is attached with many social and cultural organizations.

S.M. Ayub Ali Chowdhury

Director

Mr. S.M. Ayub Ali Chowdhury has a long 26 years of experience in various types of business. He is the Managing Director of City Pharmaceuticals Limited. He is also the Director of Hi-Fashion Limited, K.B.Knit Fashion Limited, Fortune Fashion Limited and the proprietor of M/s. Chowdhury Construction. He is a business graduate. He was born in 1951 at Chittagong.

Al-haj Md. Saiful Alam

Director

Al-haj Md. Saiful Alam was born in the year 1960 in a respectable Muslim family of Chittagong. He has a long 21 years' experience as a leader in the business arena and is a renowned business personality. He has built up a reputation as an astute and efficient business personality and has achieved remarkable success in business. He is the Chairman of the S. Alam Group and First Security Bank Limited. He is Managing Director of S.Alam Steels Limited,S.Alam Cement Limited,S.Alam Brothers Limited,S.Alam Hatchery Limited,S.Alam Trading Company (Pvt) Limited,S.Alam Bag Manufacturing Mills Limited,S.Alam Soyaseed Extraction Plant Limited,S.Alam Refined Sugar Industries Limited,S.Alam Cold Rolled Steels Limited,S.Alam Tank Terminal Limited,S.Alam Properties Limited, Portman Cements Limited. Besides Northern General Insurance Co. Limited, he is sponsor Director of First Security Bank Limited, Director of Karmaphuly Prakrtik Gas Limited, Sponsor shareholder of the Al-Arafah Islami Bank Limited and Proprietor of S.Alam & Co. and Sonali Overseas Corporation. Apart from all these, he is associated with a number of social, sports, culture and religious organization. He is well traveled person and has visited many countries of Asia, Europe and America continents. He has a very pleasant personality.

Thamina Rahman

Director

Ms. Thamina Rahman is the daughter of Alhaj Khalilur Rahman, comes from a respectable Muslim family of Chittagong. She has almost 10 years experience in the different sector of business. She has a pleasant personality.

Hamidul Haq

Director

Mr. Hamidul Haq was born in a respectable Muslim family at Patiya of Chittagong district in the year 1940. He has completed his graduation in Arts. He has a long 47 experience in Banking and business in different sectors. He is the Chairman of Paradise Corporation (Pvt.) Ltd. He is associated with different social organizations. He is the Vice-Chairman of the Managing Committee of A. S. Rahat Ali High School, Patiya, Chittagong and Director of First Security Bank Ltd. and Eden Multi Care Hospital Limited. He is an amiable person.

Foysal Ahmed Patwary

Director

Mr. Foysal Ahmed Patwary is a young, energetic and dynamic entrepreneur and businessman of the country. He has completed his Bar At Law. By birth, he came of an industrialist family. He is engaged in different business such as export, import and shipping since long. Because of his dynamism and excellent leadership in several prestigious sectors, he is popular in the business community. Other than Northern General Insurance Co. Ltd., he is also a director of Patwary Potato Flakes Limited and Greentech Greenhouse Bangladesh Limited, both are 100% export oriented agro-based industry. He is very much active using his tremendous leadership to the progress and development of the insurance sector. He visited the SAARC countries, USA and several European countries for business purpose.

Ferdousi Islam

Director

Mrs. Ferdousi Islam was born in the year 1965 and comes from a very respectable Muslim family. She has a vast experience in the business arena. She is a Director of Prime Bank Ltd., Chairman of Preema Construction Ltd. and Preema Sanctuary Ltd. and Managing Director of Trusty Associates Co. Ltd. She is also a director of M/s Preema Enterprise (Pvt.) Ltd. She is associated with many educational and social organizations.

Al-haj Md. Shafiul Alam

Director

Al-haj Md. Shafiul Alam comes from a respectable Muslim family of Chittagong. He has vast business experience. He is the Chairman of Ambia Accessories Limited, S A Chemical Industries Ltd., & Ocean Shipping Agencies (Pvt.) Ltd. and proprietor of Patenga Builders Corporation. He is associated with various social and cultural organizations.

Md. Sarwar Salim

Director

Mr. Sarwar Salim has completed his M.Com in accounting. He has worked in a multinational banking company for 10 years at managerial level. He is engaged in international trade and manufacturing since 1993. He is the Managing Director of Panwin Fashions Ltd., Panwin Garments Ltd., Panwin Designs Ltd. and Pantax Accessories (Pvt.) Ltd. and the Director of Western Developers Ltd. He was born in 1958 and comes from a respectable Muslim family of Chittagong.

Abdus Samad

Director

Al-haj Abdus Samad was born in 1967 of a prominent Muslim family in Chittagong. He completed MBA from Punjab University, Chandrigahr, India. He has about 18 years' experience in trading and industrial business. His versatile and diversified business affiliation and keen perception in Banking, Insurance, Manufacturing and Trading business made him a well known business personality in the arena of Business. He is the Vice Chairman of S.Alam Group and the Chairman of the Executive Committee of Al-Arafah Islami Bank Limited. He is Managing Director of S.Alam Power Plant Limited, and Karnaphuli Prakrity Gas Limited. Besides Northern General Insurance Co.Ltd., he is sponsor Director of S.Alam Steels Limited, S.Alam Cement Limited, S.Alam Brothers Limited, S.Alam Hatchery Limited, S.Alam Soyaseed extraction Plant Limited, S.Alam Cold Rolled Steels Limited, S.Alam Tank Terminal Limited.S.Alam Properties Limited, Portman Cement Limited, Al-Arafah Islami Bank Limited and he is the Proprietor of Samad Trading Agency. He is very much active using his tremendous leadership to the progress and development of the Insurance sector. He visited the SAARC countries, USA, UK, Canada, Brazil, Japan, China, Malaysia, Singapore, Thailand and several Europe countries for business purpose and has widely traveled to many other countries of the world. He is also associated with a number of social, cultural, sports and religious organizations.

Shahriar Khaled

Director

Mr. Shahriar Khaled is the son of renowned business personality of Mr. M.A. Khaleque. He is a young, energetic and hard working entrepreneur. He is a director of Maksons (Bd) Ltd., Fareast Islami Life Insurance Co. Ltd. and Prime Property Holdings Limited. He has keen interest in different socio-cultural activities.

Arshadul Alam

Director

Mr. Arshadul Alam is the son of Al-haj Md. Abdul Maleque, comes from a respectable Muslim family of Chittagong. He has completed his BBA. He is the Director of JESCO Bangladesh Limited, Proprietor of Uni Trade International and Proprietor of Nishat Trading. He has interest in various socio-cultural activities.

Al-haj Md. Mortaza Siddique Chowdhury

Director

Al-haj Md. Mortuza Siddique Chowdhury, son of Hajee Siddique Ahmed, was born in a very respectable Muslim family in 1961. He has a long 21 years of business experience. He is associated with various social activities. He is the life member of Anjumane Ittehad, Baitus Sharaf, Chittagong and Baitus Sharaf Hospital, Cox's Bazar, sponsor Director of First Security Bank Ltd. and Director of Diganta Media Corporation Limited.

Credit Information Bureau (CIB) report

Neither the company nor any of its directors or shareholders who hold 5% or more shares in the paid- up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Description of senior executives and departmental heads

Name	Position	Educational Qualification	Date of Joining in the Company	Name(s) of organization(s) where worked during the last five years
Engr. Md. Momtaz Uddin	Managing Director	B.SC. Engineering (Civil)	7 April 2008	Sonar Bangla Insurance Co. Ltd.
Mr. Md. Mohiuddin Ahmed	Additional Managing Director	M.Sc. (Part 1)	12 June 2006	First Security Bank Limited
Mr. Bayazid Muztaba Siddiqi	Deputy Managing Director Head of Business Promotion	Masters of Arts, LL.B	4.June 1996	NGICL
Mr. Abdul Hamid, ACA	Executive Vice President (F&A) & Company Secretary Head of F&A	B.Com (Hon's), Masters in Accounting and ACA	3 February 2008	Meghna Petroleum Ltd.
Mr. Md. Tafazzal Hossain	Executive Vice President Head of Claim, Reinsurance and Underwriting	B.Com	1 March 2003	NGICL

Involvement of Directors and Officers in Certain Legal Proceedings

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

Certain Relationships and Related Transactions

Transaction with related parties

Neither proposed any transaction nor had any transaction during the last two years, between the issuer and any of the following persons:

(a) Any director or executive officer of the issuer;

(b) Any director or officer;

(c) Any person owning 5% or more of the outstanding shares of the issuer;

(d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of prospectus.

(f) Any loan either taken or given from or to any director or any person connected with the director, any loan taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan.

(g) Any director holding any position, apart from being a director in the issuer company, in any company, society, trust, organization, or proprietorship or partnership firm.

except transactions mentioned in Note 21 of the audited financial statements for the year ended 31st December 2007 and Note 5 & 12 of additional disclosures by the auditors.

Directors' facilities

The Directors did not enjoy any interest, any facilities, whether pecuniary or non-pecuniary excepting fee for attending in the Meetings of the Board of Directors.

Executive Compensation

Remuneration paid to top five salaried officers

Sl. No.	Name of the Employee	Position	Total remuneration paid for the Year ended 31-12-2007
1	Mr. Md. Mujibur Rahman	Managing Director (1-1-07 to 30-9-07)	523,260.00
2	Mr. Md. Mohiuddin Ahmed	Additional Managing Director (1-1-07 to 30-9-07) Managing Director (C.C.) (1-10-07 to 31-12-07)	810,000.00
3	Mr. Bayazid Muztaba Siddiqi	Deputy Managing Director	643,200.00
4	Mr. Mohammed Ahsan Ullah	Executive Vice President (F&A)	465,600.00
5	Mr. Md. Tofazzal Hossain	Executive Vice President (C&R)	358,000.00
6	Mr. SK. Abdur Rafique	Senior Executive Vice President	499,200.00

* Engr. Md. Momtaz Uddin was appointed as Managing Director of the company on 7 April 2008. So he did not draw any salary during the last accounting year.

Aggregate amount of remuneration paid to directors and officers

(as per audited accounts)

Group	Amount Paid for the year ended 31-12-2007
Directors' fee	Tk 1,161,505
Salaries & allowances to officers	Tk 40,053,617

The company did not pay any remuneration to any director who was not an officer during the last accounting year.

Future compensation

There is no contract with any director or officer for future compensation.

Pay increase intention

Periodical review of salary and benefits of the employees will be made depending on the growth of the company's operation.

Options granted to Directors, Officers and Employees

The company has not granted any option to directors, officers or employees.

Transaction with the Directors and Subscribers to the Memorandum

(a) The Directors and Subscribers to the memorandum have not received any benefits directly or indirectly other than dividend and Directors' fees during the last five years. The issuer also has not received any assets, services or other consideration from its Directors and Subscribers to the memorandum except fund against allotment of shares.

(b) No assets were acquired or are to be acquired from the Directors and Subscribers to the memorandum.

Tangible assets per share as at 31 December 2007

Sl.	Particulars	Taka
A.	**Total Assets**	**312,217,282**
B.	**Liabilities**	
	01 Premium Deposit	4,969,544
	02 Sundry Creditors	2,266,170
	03 Estimated Liabilities in respect of outstanding claim whether due or intimated	35,073,000
	04 Amount due to other persons or bodies carrying on insurance business	114,671,031
	05 Bank Overdraft	6,623,761
	06 Provision for Income Tax	15,547,364
	07 Balance of funds and accounts	41,780,641
	Total Liabilities	**220,931,511**
C.	**Net Asset (A-B)**	**91,285,771**
D.	Intangible Asset	-
E.	Net Tangible Asset (C-D)	91,285,771
F.	Number of Shares	600,000
G.	**Net tangible assets per share (E/F)**	**152.14**

Ownership of the Company's Securities

Shareholding structure as on 31 December 2007

Sl. No.	Name of Shareholder	Address	Status	No. of Shares	% of total Shareholding
1	Al-haj Nasiruddin	16 Badsha Miah Chowdhury Road, Mehdibag, Chittagong	Chairman, Board of Directors	32,600	5.43
2	Abdul Matin	House-CWS (B) 73, Road-25, Gulshan, Dhaka	Director	32,600	5.43
3	Mohd. Azam	16 Badsha Miah Chowdhury Road, Mehdibag, Chittagong	Director	32,600	5.43
4	S.M. Ayub Ali Chowdhury	117, Panchlaish R/A, Chittagong	Director	48,900	8.15
5	Al-haj Md. Saiful Alam	S Alam Group of Industries, S Alam Bhaban, 2119, Asadgonj, Chittagong	Director	48,900	8.15
6	Thamina Rahman	KDS Group of Industries, 255, Nasirabad I/A, Chittagong	Director	43,800	7.30
7	Hamidul Haq	Paradise Corp. (Pvt) Ltd., 108, Agrabad C/A, Chittagong	Director	43,800	7.30
8	Foysal Ahmed Patwary	House-2, Road-27, Block-K, Banani, Dhaka	Director	43,800	7.30
9	Ferdousi Islam	House No. 299, Road No. 19/B, Mohakhali, Dhaka	Director	43,800	7.30
10	Al-haj Md. Shafiul Alam	Road No. 3, House No. 14/3, Nasirabad Housing Society, Chittagong	Director	43,800	7.30
11	Md. Sarwar Salim	Flat No. B3, Urban Garden, House No. 5, Road No. 121, Gulshan-1, Dhaka	Director	43,800	7.30
12	Abdus Samad	S Alam Group of Industries, S Alam Bhaban, 2119, Asadgonj, Chittagong	Director	32,600	5.43
13	Shahriar Khaled	Primedell (1st Floor), House-31, Road-123, Gulshan-01, Dhaka	Director	32,600	5.43
14	Arshadul Alam	Lucky Electronic (3rd Floor), 393/A, Biponi Bitan, Chittagong	Director	43,800	7.30
15	Al-haj Md. Mortaza Siddique Chowdhury	House-9, Road-5, Nasirabad Housing Society, Panchlaish, Chittagong	Director	32,600	5.43
	Total			**600,000**	**100.00**

Securities owned by the officers

No share or security is held by any officer of the company.

Determination of Offering Price

The offering price of the common stock of Northern General Insurance Co. Ltd. has been determined by assessing the Net Asset Value (NAV). The financial calculations are presented form the audited accounts as at December 31, 2007.

		Amount
A.	**Total Assets**	**312,217,282**
B.	**Total Liabilities**	
	01 Balance of funds and accounts	41,780,641
	02 Premium Deposit	4,969,544
	03 Sundry Creditors	2,266,170
	04 Estimated Liabilities in respect of outstanding claim whether due or intimated	35,073,000
	05 Amount due to other persons or bodies carrying on insurance business	114,671,031
	06 Bank Overdraft	6,623,761
	07 Provision for Income Tax	15,547,364
	Total Liabilities	**220,931,511**
C.	**Net Asset Value/Owners Equity (A-B)**	**91,285,771**
D.	**No. of Shares**	**600,000**
E.	**Net Asset Value Per Share (C/D)**	**152.14**

We have examined the above calculation of Net Assets Value (NAV) of Northern General Insurance Co. Ltd. which appears to be correct.

Sd/-
Howladar Yunus & Co
Chartered Accountants
Dated: Dhaka, June 02, 2008

From the above calculation it can be concluded that, Net Asset value per share of offering price of Tk. 100 each at par is Tk. 152.14, which is more than the offering price. So the offering price of Tk. 100 per share appears to be justified.

Market for the Securities Being Offered

The issuer shall apply to:

Dhaka Stock Exchange Limited	**and**	**Chittagong Stock Exchange Limited**
9/F Motijheel C/A,		CSE Building, 1080 Sk. Mujib Road
Dhaka-1000		Agrabad, Chittagong-4100

within 7 (seven) working days from the date of consent accorded by the Commission to issue prospectus.

Declaration about listing of shares with the stock exchange(s)

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

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

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

Trading and settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

Description of Securities outstanding or Being Offered

Dividend, voting, pre-emption rights

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

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

Conversion and liquidation rights

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

a) The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net Profit of the Company shall be conclusive.

c) No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.

d) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.

e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

f). There is no limitation on the payment dividends to the common stockholders of the Company.

Other rights of stockholders

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

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

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition Extra-ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

Debt Securities

The Company has not issued or planning to issue any debt securities within six months.

Lock-in on Sponsors' Shares

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

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

Sl.	Name	Status	No. of shares hold	Amount Taka	% holding	Expire date of lock-in
1	Al-haj Nasiruddin	Chairman, Board of Directors	32,600	3,260,000	5.43	9 July 2011
2	Abdul Matin	Director	32,600	3,260,000	5.43	9 July 2011
3	Mohd. Azam	Director	32,600	3,260,000	5.43	9 July 2011
4	S.M. Ayub Ali Chowdhury	Director	48,900	4,890,000	8.15	9 July 2011
5	Al-haj Md. Saiful Alam	Director	48,900	4,890,000	8.15	9 July 2011
6	Thamina Rahman	Director	43,800	4,380,000	7.30	9 July 2011
7	Hamidul Haq	Director	43,800	4,380,000	7.30	9 July 2011
8	Foysal Ahmed Patwary	Director	43,800	4,380,000	7.30	9 July 2011
9	Ferdousi Islam	Director	43,800	4,380,000	7.30	9 July 2011
10	Al-haj Md. Shafiul Alam	Director	43,800	4,380,000	7.30	9 July 2011
11	Md. Sarwar Salim	Director	43,800	4,380,000	7.30	9 July 2011
12	Abdus Samad	Director	32,600	3,260,000	5.43	9 July 2011
13	Shahriar Khaled	Director	32,600	3,260,000	5.43	9 July 2011
14	Arshadul Alam	Director	43,800	4,380,000	7.30	9 July 2011
15	Al-haj Md. Mortaza Siddique Chowdhury	Director	32,600	3,260,000	5.43	9 July 2011
	Total		**600,000**	**60,000,000**	**100.00**	

Refund of Subscription Money

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

- Southeast Bank Limited
- Investment Corporation of Bangladesh
- National Bank Limited
- Shahjalal Islami Bank Limited
- Social Investment Bank Limited
- The City Bank Limited
- The Hongkong and Shanghai Banking Corp. Ltd.
- Citibank, N.A.
- Standard Chartered Bank

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

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

Subscription by and Refund to Non-Resident Bangladeshi (NRB)

(1) A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

(2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.

(3) Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, bank's name and branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

  - Southeast Bank Limited
  - Investment Corporation of Bangladesh
  - National Bank Limited
  - Shahjalal Islami Bank Limited
  - Social Investment Bank Limited
  - The City Bank Limited
  - The Hongkong and Shanghai Banking Corp. Ltd.
  - Citibank N.A.
  - Standard Chartered Bank

Availability of securities

Offer

1. Shares

Particulars	No. of shares	Amount in Tk
A. 10% of IPO i.e. 90,000 Ordinary Shares shall be reserved for Non Resident Bangladeshis	90,000	9,000,000
B. 10% of IPO i.e. 90,000 Ordinary Shares shall be reserved for Mutual funds and Collective investment schemes registered with the Commission	90,000	9,000,000
C. The remaining 80% of IPO i.e. 400,000 Ordinary Shares shall be opened for subscription by the General Public	720,000	72,000,000
Total	**900,000**	**90,000,000**

2. All shares as stated in clause 1.A, 1.B and 1.C shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.

3. In case of over-subscription under any of the categories mentioned in 1.A, 1.B and 1.C the Issue Manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

4. In case of under-subscription under any of the 10% categories mentioned in 1.A and 1.B, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct and open lottery of all the applicants added together.

5. In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).

6. The lottery as stated in clause (3) and (4) shall be conducted in presence of representatives form the issuer, the stock exchanges, and the applicants, if there be any.

Application for subscription

1. Application for shares may be made for a minimum lot for **50** Ordinary shares to the value of **Tk 5,000** and should be made on the Company's Printed Application forms. Application Form and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/hand written/typed copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.
3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
4. **An applicant cannot submit more than two applications, one in his own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
5. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.
6. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked "**Northern General Insurance Company Limited**" and shall bear the crossing **"A/C Payee Only"** and must be drawn on a bank in the same town of the bank to which application form is deposited.
7. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or UK Pound Sterling or EURO at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share application form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its registered office. Copies of application form and prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudiarabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the issuer, issue manager, DSE, CSE and the SEC.

8. All completed application forms together with remittances for the full amount payable on application shall be lodged by investors other than Non-Resident Bangladeshis with the following branches of the Bankers to the Issue:

HSBC
Motijheel Branch, Dhaka

Investment Corporation of Bangladesh
Head Office, Dhaka
Local Office, Dhaka
Barishal Branch, Barishal
Bogra Branch, Bogra
Chittagong Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

National Bank Limited
Babubazar Branch, Dhaka
Bangshal Road Branch, Dhaka
Dhanmondi Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Ex. Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Islampur Branch, Dhaka
Jatrabari Branch, Dhaka
Kawran Bazar Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Mohammadpur Branch, Dhaka
Motijheel Branch, Dhaka
North Brook Hall Branch, Dhaka
Pragati Sarani Branch, Dhaka
Savar Bazer Branch, Savar, Dhaka
Uttara Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Gazipur Branch, Gazipur
Narayanganj Branch, Narayanganj
Pagla Bazar Branch, Narayanganj
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Anderkilla Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Pahartali Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Barisal Branch, Barisal
Bogra Branch, Bogra
Comilla Branch, Comilla
Khulna Branch, Khulna
Narsingdi Branch, Narsingdi
Rajshahi Branch, Rajshahi
Rangpur Branch, Rangpur
Tangail Branch, Tangail

Shahjalal Islami Bank Limited
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Dhaka Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Foreign Branch, Dhaka
Gulshan Branch, Dhaka
Joypara Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mirpur Branch, Dhaka
Mitford Branch, Dhaka
Motijhee Branch, Dhaka
Satmasjid Road Branch, Dhaka
Savar Branch, Dhaka
Uttara Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Baipail (Dhaka EPZ) Branch, EPZ Savar
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Muradpur Branch, Chittagong
Beanibazar Branch, Sylhet
Dargah Gate Branch, Sylhet
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Moulvibazar Branch, Moulvibazar

Social Investment Bank Limited
Dhanmondi Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Moulvi Bazar Branch, Dhaka
Principal Branch, Dhaka
Uttara Branch, Dhaka
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Bogra Branch, Bogra
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

Southeast Bank Limited
Aganagar Branch, Dhaka
Agargaon Branch, Dhaka
Ashulia Branch (Rural), Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Corporate Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Joypara Branch (Rural), Dhaka
Kakrail Branch, Dhaka
Karwan Bazar Branch, Dhaka
Motijheel Branch, Dhaka
New Elephant Road Branch, Dhaka
New Eskaton Branch, Dhaka
Principal Branch, Dhaka
Shaymoli Branch, Dhaka
Uttara Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch (Islami Banking), Sylhet
Chouhatta Branch, Sylhet
Hetimgonj Branch, Sylhet
Laldighirpaar Branch, Sylhet
Pathantula Branch, Sylhet
Shahjalal Uposhahar Branch, Sylhet
Kulaura Branch (Rural), Moulvi Bazar
Moulvibazar Branch, Moulvi Bazar
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Halishahar Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Pahartali Branch, Chittagong
Cox's Bazar Branch (Islami Banking), Cox's Bazar
Chhagalnaiya Branch (Islami Banking), Feni
Feni Branch, Feni
Bashurhat Branch (Rural), Noakhali
Chowmuhani Branch (Rural), Noakhali
Rangpur Branch, Rangpur

The City Bank Limited
B B Avenue Branch, Dhaka
Dhaka Chamber Branch, Dhaka
Dhanmondi Branch, Dhaka
DSE Nikunja Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, Dhaka
Islami Banking Branch, Dhaka
Johnson Road Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
New Market Branch, Dhaka
Principal Office, Dhaka
Shymoli Branch, Dhaka
Uttara Branch, Dhaka
VIP Road Branch, Dhaka
Tongi Branch, Gazipur
Tanbazar Branch, Narayanganj
Comilla Branch, Comilla
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
O R Nizam Road Branch, Chittagong
Bandar Bazar Branch, Sylhet
Zinda Bazar Branch, Sylhet
Barisal Branch, Barisal
Bogra Branch, Bogra
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi

9. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound sterling or EURO) by the bankers to the issue will be remitted to the Company's **STD A/C # 13100002001** with **Southeast Bank Limited, Principal Branch**, Dhaka, Bangladesh for this purpose.

10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch	Currency
1	Northern General Insurance Co. Ltd.	15100006581	Southeast Bank Limited, Principal Branch	US Dollar
2	-do-	15100006598	Southeast Bank Limited, Principal Branch	GBP
3	-do-	15100006609	Southeast Bank Limited, Principal Branch	EURO

11. The Company shall close the accounts mentioned above after refund of over-subscription, if any.

The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

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

Allotment

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by crediting directly to the recipients' bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Underwriting of shares

The Initial Public Offering (IPO) is for 900,000 ordinary shares of Taka 100 each at par amounting to Tk. 90,000,000. As per SEC's guideline 50% of the said amount i.e. 450,000 ordinary shares of Tk. 100 each at par amounting to Tk 45,000,000 has been underwritten by the following institutions:

Sl. No.	Name and address of underwriters	Number of shares underwritten	Amount (Tk)
1	First Security Bank Limited	50,000	5,000,000
2	Grameen Capital Management Limited	50,000	5,000,000
3	ICB Capital Management Limited	50,000	5,000,000
4	Rrpali Life Insurance Company Limited	50,000	5,000,000
5	Union Capital Limited	50,000	5,000,000
6	Prime Finance & Investment Limited	200,000	20,000,000
	Total	**450,000**	**45,000,000**

Principal terms and conditions of underwriting agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

Financial Statements

AUDITORS' REPORT TO THE SHAREHOLDERS OF NORTHERN GENERAL INSURANCE COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2007

We have examined the annexed Balance Sheet of Northern General Insurance Company Limited as at December 31, 2007 and related Revenue Accounts as well as the Profit and Loss Account and Profit and Loss Appropriation account and Statement of Cash Flows for the year then ended.

The Company's management is responsible for preparing the financial statements. This includes responsibility for preparing the financial statements, which give a true and fair view, in accordance with the Companies Act, 1994, the Financial Institutions Act 1993, the Bangladesh Accounting Standards (BAS). Our responsibility is to form an independent opinion based on our audit on those statements and to report our opinion to you. This responsibility is established in Bangladesh by the Companies Act, 1994 and the Bangladesh Standards on Auditing (BAS).

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs as of December 31, 2007 and of the results of it's operations and it's cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, Insurance Act 1938, the Insurance Rules 1958 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of 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;

(c) the Company's Balance Sheet, Profit and Loss Account, and its cash flows dealt with by the report are in agreement with the books of accounts and returns;

(d) the expenditure incurred was for the purpose of the Company's business;

(e) as per Section 40-C (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations give to us all expenses of management, wherever 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 tile related revenue accounts and the profit and loss account of the Company; and

(f) as per regulation 11 of part 1 of the Third Schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by the books, during the year under report the Company has not paid to any person any commission in any form to outside Bangladesh in respect any of its business re-insured abroad.

Sd/-
HOWLADAR YUNUS & CO.
Chartered Accountants

Dated: Dhaka – April 7, 2008

Northern General Insurance Co. Ltd.

BALANCE SHEET AS AT 31ST DECEMBER 2007

CAPITAL AND LIABILITIES	NOTE	2007 TAKA	2006 TAKA
Share Capital	3		
Authorised:			
2,500,000 ordinary shares of Tk.100 each		250,000,000	250,000,000
Issued, subscribed & paid up:			
6,00,000 ordinary shares of Tk.100 each		60,000,000	60,000,000
Reserve or Contingency accounts :		31,285,771	18,966,190
Reserve for Exceptional Losses.		23,600,000	18,600,000
Profit & Loss Appropriation Account		7,685,771	366,190
Balance of Funds and Accounts:		41,780,641	50,555,418
Fire Insurance Business		1,387,917	10,494,061
Marine Insurance Business		22,639,998	19,820,968
Motor Insurance Business		16,879,781	19,838,443
Miscellaneous Insurance Business		872,945	401,946
Premium Deposit	4	4,969,544	8,448,202
Liabilities and Provisions		174,181,326	161,072,996
Estimated liability in respect of outstanding claims whether due or intimated	5	35,073,000	48,573,650
Amount due to other persons or bodies carrying on insurance business	6	114,671,031	94,354,280
Sundry Creditors	7	2,266,170	1,748,053
Bank Overdraft	8	6,623,761	6,059,103
Provision for Income Tax	9	15,547,364	10,337,910
Total		**312,217,282**	**299,042,806**

PROPERTY AND ASSETS	NOTE	2007 TAKA	2006 TAKA
Investment (at cost)	10	102,716,000	99,116,000
Interest accruing but not due	11	7,098,969	6,101,344
Amount due from other persons or- bodies carrying on insurance business	12	150,278,279	149,216,213
Sundry Debtors (including advances, deposits and pre-payments)	13	24,312,353	19,655,405
Cash and bank balances	14	8,306,674	8,625,998
Amounts in hand		639,336	668,536
Balance with banks		7,667,338	7,957,462
Other accounts		19,505,008	16,327,846
Fixed Assets	15	14,983,525	12,288,704
Stock of Stationery		272,530	272,530
Insurance Stamps in hand		377,485	330,476
Deferred Tax Assets	16	3,759,695	3,331,083
Library Account		111,773	105,053
Total		**312,217,282**	**299,042,806**

* The accounting policies and other notes are an integral part of the Financial Statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director				HOWLADAR YUNUS & CO
Dhaka, 7th April 2008	Director	Director	Chairman	Chartered Accountants

Northern General Insurance Co. Ltd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Expenses of management (not applicable to any particular fund or account)	19	9,416,412	11,427,943	Interest, Dividend and Rents (not applicable to any particular fund or account):			
Directors' fees		1,161,505	765,875	Interest income		10,695,845	8,749,894
Audit fees		146,800	130,700	Other income		275,701	19,524
Donation & subscription		421,197	324,700	Defered Tax Income	16.b	428,612.00	1,700,193
Legal & professional fees		134,788	174,590	Profit on Sale of Motor Vehicle		759,168.00	
Depreciation & amortization		2,409,013	1,651,882	Profit/(loss) transferred from		20,940,489	16,706,519
Registration fees		1,881,065	956,301	Fire Insurance Revenue Account		(11,173,476)	(20,016,038)
Loss on Sale of Motor Vehicle		-	2,568	Marine Insurance Revenue Account		23,775,591	28,320,932
		6,154,368	4,006,616	Motor Insurance Revenue Account		11,973,058	10,349,723
Balance for the year carried to Profit & Loss Appropriation Account		17,529,035	11,741,571	Misc. Insurance Revenue Account		(3,634,684)	(1,948,098)
Total		**33,099,815**	**27,176,130**	**Total**		**33,099,815**	**27,176,130**

PROFIT & LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Balance being loss brought forward from last year			4,845,574	Balance being Profit/Loss brought forward from last year		366,190	-
Reserve for exceptional losses		5,000,000	4,000,000				
Provision for taxation	17	5,209,454	2,529,807	Net profit for the year brought down		17,529,035	11,741,571
Balance being loss at the end of the year as shown in the Balance Sheet		7,685,771	366,190				
Total		**17,895,225**	**11,741,571**	**Total**		**17,895,225**	**11,741,571**

* The accounting policies and other notes are an integral part of the Financial Statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director				HOWLADAR YUNUS & CO
Dhaka, 7th April 2008	Director	Director	Chairman	Chartered Accountants

Northern General Insurance Co. Ltd.

CONSOLIDATED INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Claims under policies less re-insurances				Balance of account at the beginning of the year :			
Paid during the year		34,428,284	26,132,321	Reserve for unexpired risks		50,555,418	45,873,212
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		35,073,000	48,573,650	Premium less re-insurances		104,239,333	126,261,130
		69,501,284	74,705,971	Commission on re-insurances ceded		15,153,981	14,734,174
Less: Claims outstanding at the end of the previous year		48,573,650	39,215,570				
		20,927,634	35,490,401				
Commission		28,224,782	30,996,723				
Commission on Re-Insurance Accepted		73,872	4,345				
Expenses of management	18	58,001,314	53,115,110				
Balance of account at the end of the year as shown in the Balance Sheet		41,780,641	50,555,418				
Profit transferred to Profit & Loss Account		20,940,489	16,706,519				
Total		**169,948,732**	**186,868,516**	**Total**		**169,948,732**	**186,868,516**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
				HOWLADAR YUNUS & CO
Managing Director	Director	Director	Chairman	Chartered Accountants

Northern General Insurance Co. Ltd.

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Claims under policies less re-insurances				Balance of account at the beginning of the year :		10,494,061	8,885,102
Paid during the year		20,583,409	19,945,196	Reserve for unexpired risks			
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		25,183,000	33,607,000	Premium less re-insurances		3,469,792	26,235,153
		45,766,409	53,552,196	Commission on re-insurances ceded		8,523,409	8,059,915
Less: Claims outstanding at the end of the previous year		33,607,000	28,141,570				
		12,159,409	25,410,626				
Commission		8,440,168	11,157,629				
Commission on Re-Insurance Accepted		73,872	4,345				
Expenses of management	18	11,599,372	16,129,547				
Balance of account at the end of the year as shown in the Balance Sheet Reserve for unexpired risks being 40% of premium income of the year		1,387,917	10,494,061				
Profit transferred to Profit & Loss Account		(11,173,476)	(20,016,038)				
Total		**22,487,262**	**43,180,170**	**Total**		**22,487,262**	**43,180,170**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
				HOWLADAR YUNUS & CO
Managing Director	Director	Director	Chairman	Chartered Accountants

Northern General Insurance Co. Ltd.

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Claims under policies less re-insurances:				Balance of account at the beginning of the year :			
Paid during the year		4,161,341	1,262,702	Reserve for unexpired risks		19,820,968	25,734,030
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		2,200,000	6,207,912	Premium less re-insurances		56,387,726	49,425,005
		6,361,341	7,470,614	Commission on re-insurances ceded		5,033,354	4,388,618
Less: Claims outstanding at the end of the previous year		6,207,912	3,564,000				
		153,429	3,906,614				
Commission		10,417,144.60	9,052,616.00				
Expenses of management	18	24,255,886	18,446,523				
Balance of account at the end of the year as shown in the Balance Sheet							
Reserve for unexpired risks being 40% of premium income on marine cargo and 100% of premium income on Marine Hull of the year:		22,639,998	19,820,968				
Cargo		22,498,485	19,736,024				
Hull		141,513	84,944				
Profit transferred to Profit & Loss Account		23,775,591	28,320,932				
Total		**81,242,048**	**79,547,653**	**Total**		**81,242,048**	**79,547,653**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
				HOWLADAR YUNUS & CO
Managing Director	Director	Director	Chairman	Chartered Accountants

Northern General Insurance Co. Ltd.

MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Claims under policies less re-insurances:				Balance of account at the beginning of the year :			
Paid during the year		9,424,835	3,250,486	Reserve for unexpired risks		19,838,443	10,672,850
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		7,690,000	8,758,738	Premium less re-insurances		42,199,452	49,596,108
		17,114,835	12,009,224	Commission on re-insurances ceded		591,046	470,409
Less: Claims outstanding at the end of the previous year		8,758,738	6,010,000				
		8,356,097	5,999,224				
Commission		8,478,388	10,099,498				
Expenses of management	18	16,941,617	14,452,479				
Balance of account at the end of the year as shown in the Balance Sheet Reserve for unexpired risks being 40% of premium income of the year		16,879,781	19,838,443				
Profit transferred to Profit & Loss Account		11,973,058	10,349,723				
Total		**62,628,941**	**60,739,367**			**62,628,941**	**60,739,367**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Director	Chairman	HOWLADAR YUNUS & CO Chartered Accountants

Northern General Insurance Co. Ltd.

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

PARTICULARS	NOTE	2007 TAKA	2006 TAKA	PARTICULARS	NOTE	2007 TAKA	2006 TAKA
Claims under policies less re-insurances:							
Paid during the year		258,700	1,673,937	Balance of account at the beginning of the year :			
				Reserve for unexpired risks		401,946	581,230
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		-	-	Premium less re-insurances		2,182,363	1,004,864
		258,700	1,673,937	Commission on re-insurances ceded		1,006,172	1,815,232
Less: Claims outstanding at the end of the previous year		-	1,500,000				
		258,700	173,937				
Commission		889,081	686,980				
Expenses of management	18	5,204,439	4,086,561				
Balance of account at the end of the year as shown in the Balance Sheet							
Reserve for unexpired risks being 40% of premium income of the year		872,945	401,946				
Profit transferred to Profit & Loss Account		(3,634,684)	(1,948,098)				
Total		**3,590,481**	**3,401,326**			**3,590,481**	**3,401,326**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Director	Chairman	HOWLADAR YUNUS & CO Chartered Accountants

NORTHERN GENERAL INSURANCE CO. LTD.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2007

		2007	2006
A.	**Cash Flow from Operating Activities**		
	Collection from premium and other income	202,685,833	203,600,162
	Payment for management expense, re-insurance and claims	(190,425,408)	(182,495,563)
	Income Tax paid	(4,764,409)	(8,595,985)
	Net Cash provided by Operating Activities (A) =	**7,496,016**	**12,508,614**
B	**Cash Flow from Investing Activities**		
	Proceed from Fixed Assets	1,089,900	22,500
	Fixed Assets acquired	(5,434,566)	(1,280,728)
	Deferred Tax Assets	(428,612)	(1,700,193)
	Library Account	(6,720)	(4,500)
	Investment	(3,600,000)	(7,854,500)
	Total Cash Flow from Investing Activities (B) =	**(8,379,998)**	**(10,817,421)**
C.	**Cash Flow from Financing Activities**		
	Dividend & Distribution Tax	-	-
	Bank Overdraft	564,658	746,713
	Total Cash Flow from Investing Activities (C) =	564,658	746,713
D.	**Net Cash Flow D = (A+B+C)**	**(319,324)**	**2,437,906**
E.	**Increase / Decrease in Cash & Cash Equivalent (E=F-G)**	**(319,324)**	**2,437,906**
F.	Cash & Cash Equivalent at Opening	8,625,998	6,188,092
G.	Cash & Cash Equivalent at Closing	8,306,674	8,625,998

Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Director	Chairman

Dhaka, 7th April 2008

Signed as per our separate report of even date

Sd/-

HOWLADAR YUNUS & CO.

Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

01. Introduction

Northern General Insurance Co. Ltd. was incorporated and commenced its business as a public limited company in Bangladesh on 8th April 1996 under the companies Act, 1994.

Nature of Business

The primary objective of the Company are to carry on all kinds of insurance, guarantee and indemnity business other than life insurance business

02. Basis of Presenting Accounts and significant Accounting Policies

A) Basis of presenting accounts

i) Basis of accounting

The financial statements have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention. These statements have also been prepared in accordance with applicable International Accounting Standards (IAS) \International Financial Reporting Standards as were adopted in Bangladesh under name & style Bangladesh Accounting Standards (BAS)\Bangladesh Financial Reporting Standards (BFRS) with reference to disclosures of accounting policies and valuation of investment both.

ii) Basis of presentation

The Balance Sheet has been prepared in accordance with the regulations as contained in Part – I of the First Schedule and as per Form "A" as set forth in Part – II of that 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 that Schedule of the Insurance Act, 1938 as amended. The classified summary of the assets has been prepared in accordance with Form "AA" as set forth in Part – II of the aforesaid Act. The Cash Flow Statement has also been included as per requirement of the Securities and Exchange Rules 1987.

iii) Method

The Financial statements have been drawn on mercantile basis.

iv) Other

- Figures have been rounded off to the nearest Taka.
- Last year's figures have been rearranged and adjusted wherever considered necessary to conform with the standard accounting practice.

B) Basic Earning Per Share **Taka.12.20**

Earning Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of shares outstanding during the year as per BAS-33. The Earning Per Share stood at Taka.12.20 in 2007 while it was Taka.8.69 in 2006.

C) Cash flow statement

Cash flow statement prepared in accordance with BAS-7 under Direct Method.

D) **Revenue recognition as per BAS-18**

i) Premium is recognized when insurance policies are issued. The sum of premium income as appeared in classified Revenue Accounts is net of the refund made, Re-insurance ceded and Re-insurance premium on PSB.

ii) The premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Shadharan Bima Corporation are received. The statements of account for the period from July 2005 to June 2006 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly.

iii) Amounts received against issue of Cover Notes, which have not been converted into Policy are recognized as income at the earlier of Cover Notes converted into Policy or after expiry of two years of Cover Notes in accordance with Sadharan Bima Corporation's Circular.

iv) Interest on Fixed Deposit Receipts (FDR) and National Investment Bond (NIB) are recognized as revenue on accrual basis.

v) Necessary adjustment in respect of re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty Agreement made between the Company and Shadharan Bima Corporation (SBC).

E) Provision for Un-expired Risk

(i) Un-expired risk

Surplus/(deficit) on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 40% of net premium income on all business except Marine Hull insurance for which provision has been made @ 100% on net premium income concerned.

(ii) Reserve for Exceptional Loss

Reserve for Exceptional Losses as appropriated out of current year's profit before Tax amounts to Tk. 50,00,000/- being 4.80 % of net premium earned during the year

F) Allocation of total management expenses

Total related management expenses have been allocated among the different Revenue Accounts on pro rata basis of their respective gross premium income.

G) Depreciation on Fixed Assets

i) Fixed assets are depreciated following the straight-line method on the basis of life expectancy of the assets. Depreciation on newly acquired assets is charged for the full year irrespective of the dates of acquisition while no depreciation is charged on assets retiring\disposal during the year. The Fixed Assets are depreciated at the following rates:

Items	**Rate %**
Furniture & Fixture	10%
Type Writer & Office Equipments	15%
Electric Fan	15%
Air Conditioner & Refrigerator	20%
Motor Vehicle	20%
Motor Cycle	20%
Telephone Installation	15%
Office Decoration	10%

ii) The value of all assets as shown in the Balance Sheet and in the annexed Classified Summary of Assets drawn up in accordance with form "AA" of part II of the First Schedule to the Insurance Act 1938, have been reviewed and set forth in the Balance Sheet at amounts not exceeding their book value.

H) Employment Benefits as per BAS-19

The company's employment benefits to eligible employees comprise of recognized contributory provident fund and group insurance scheme. Assets of provident fund are held in a separate trustee administered fund as per the relevant rules and are funded by contributions from the employees and the company at pre-determined rates. Employees are entitled to company's contribution to provident fund after completion of minimum five years of service in the company. The company's contributions to the provident fund and group insurance are charged off as revenue expenditure in the period to which the contributions relate.

03. Share Capital

	2007 Taka	2006 Taka
3.01 Authorised Share Capital		
2,500,000 ordinary shares of Tk.100 each.	**250,000,000**	**250,000,000**
3.02 Issued, subscribed and Paid up Capital		
6,00,000 ordinary shares of Tk.100 each.	**60,000,000**	**60,000,000**

04. Premium Deposit **Taka.4,969,544**

The amount represents the balance of premium received against Cover Notes over the years for which Policies have yet to issue within 31st December 2007 while it was Taka.8,448,202 in 2006.

05. Estimated liability in respect of outstanding claims whether due or intimated **Taka. 35,073,000**

The break-up of the amount is as under:

Class of business	**2007 Taka**	**2006 Taka**
Fire	25,183,000	33,607,000
Marine	2,200,000	6,207,912
Motor	7,690,000	8,758,738
Miscellaneous	-	-
Total	**35,073,000**	**48,573,650**

06. Amount due to other persons or bodies carrying on insurance business **Taka 114,671,031**

This amount is payable to Shadharan Bima on account of re-insurance arrangements with them and to other local Insurance Companies under co-insurance scheme. Detailed break-up of the above is given below:

Particular		2007 (Taka)	2006 (Taka)
Sadharan Bima Corporation		112,415,938	90,976,805
Eastern Insurance Co. Ltd.		60,859	60,859
Federal Insurance Co. Ltd.		54,954	36,450
Green Delta Insurance Co. Ltd.		131,856	1,258,551
Provati Insurance Co. Ltd.		492,995	379,609
Continantal Insurance Co. Ltd.		264,901	264,901
Progati Insurance Co. Ltd.		195,191	162,471
Prime Insurance Co Ltd.		253,490	338,405
Phoenix Insurance Co. Ltd.		45,951	140,204
Co-operative Insurance Co. Ltd.		339,657	339,657
Bangladesh National Insurance Co. Ltd.		131,211	167,537
Rupali Insurance Co. Ltd.		128,308	160,461
United Insurance Co. Ltd.		4,980	4,980
Mercantile Insurance Ltd.		150,740	-
Loyeds Insurance Co. Ltd.		-	26,940
Global Insurance Co. Ltd.		-	36,450
Total	**Tk.**	**114,671,031**	**94,354,280**

07. Sundry Creditors **Taka. 2,266,170**

This represents liabilities for certain expenses as well as other finance, which are made up as follows:

Particulars	2007 (Taka)	2006 (Taka)
Audit fees payable	98,000	98,000
VAT Payable	1,612,448	1,228,045
Employees' Tax deduction at source	44,710	25,132
Security Deposit	35,000	85,000
Share Subscription	65,000	65,000
Provident Fund Payable	411,012	246,876
Total	**2,266,170**	**1,748,053**

08. Bank Overdraft **Taka.6,623,761**

This overdraft was allowed by AB Bank Ltd., Principal Branch, Dilkusha C/A, Dhaka and Pubali Bank Ltd., Badda Branch, Badda, Dhaka. As against this overdraft, there is a lien on FDR amounting to Taka. 6,623,761.

Bank- wise break-up as under:

Particulars	2007 (Taka)	2006 (Taka)
AB Bank Ltd., Principal Branch, Dilkusha C/A, Dhaka	3,030,543	6,059,103
Pubali Bank Ltd., Badda Branch, Badda, Dhaka	3,593,218	-
Total	**6,623,761**	**6,059,103**

Bank-wise list of liened FDR are as follows:

Sl. No.	Name of the Bank	Liened FDR Amount AB BL	PBL
01	Arab Bangladesh Bank Ltd.	500,000	-
02	Bank Alfalah Ltd.	500,000	-
03	Dhaka Bank Ltd.	500,000	-
04	Exim Bank Ltd.	2,500,000	-
05	IFIC Bank Ltd.	1,300,000	-
06	Jamuna Bank Ltd.	1,000,000	-
07	Mercantile Bank Ltd.	-	500,000
08	Pubali Bank Ltd.	400,000	-
09	Premier Bank Ltd	-	500,000
10	Rajshahi Krishi Unnay.	1,250,000	-
11	Standard Bank Ltd.	400,000	-
12	Social Investment Bank Ltd	-	1,500,000
13	NCC Bank Ltd.	-	1,000,000
14	United Commercial Bank Ltd	-	500,000
	Total	**8,350,000**	**4,000,000**

09. Provision for Income Tax — Taka.15,547,364

Details are as follows:

Particulars	2007 Taka	2006 Taka
Opening Balance	10,337,910	7,808,103
Addition during the year	5,209,454	2,529,807
Closing Balance	**15,547,364**	**10,337,910**

10. Investment (at cost) — Taka.102,716,000

The investment has been stated at the cost of acquisition. The details are as under:

	Particulars	2007 Taka	2006 Taka
a)	National Investment Bond for three years	9,000,000	9,000,000
b)	Shares in Public Limited Company	16,000	16,000
c)	Fixed Deposit	93,700,000	90,100,000
	Total	**102,716,000**	**99,116,000**

a) The amount represents statutory deposit with Bangladesh Bank as required under Sec.7 (1) of the Insurance Act, 1938.

b) This represents company's subscription to Shares of the following Public Limited Company against Initial Public Offering (IPO).

Particulars	2007 Taka	2006 Taka
• Exim Bank Ltd.	11,000	11,000
• Premier Leasing International Ltd.	5,000	5,000
Total	**16,000**	**16,000**

c) The amount represents deposit with different schedule Banks as FDR. Details as follows:

Sl. No.	Particulars	2007 Taka	2006 Taka
01	Al Arafah Islami Bank Ltd.	900,000	900,000
02	Arab Bangladesh Bank Ltd.	500,000	500,000
03	Bank Alfalah Ltd.	1,500,000	1,500,000
04	Bank Asia Ltd.	1,200,000	1,200,000
05	BASIC Bank Ltd.	550,000	550,000
06	Bangladesh Comm. Bank Ltd.	-	200,000
07	BRAC Bank Ltd.	500,000	500,000
08	Dhaka Bank Ltd.	2,800,000	2,500,000
09	Dutch Bangla Bank Ltd.	2,800,000	2,950,000
10	Eastern Bank Ltd.	1,550,000	2,050,000
11	Exim Bank Ltd.	5,000,000	2,000,000
12	First Security Bank Ltd.	9,850,000	15,100,000
13	I.F.I.C Bank Ltd.	3,000,000	2,600,000
14	Islami Bank Bang. Ltd.	3,800,000	4,000,000
15	Jamuna Bank Ltd.	1,300,000	1,300,000
16	Janata Bank	3,800,000	3,800,000
17	Marcentile Bank Ltd.	3,750,000	3,250,000
18	Mutual Trust Bank Ltd.	2,000,000	2,200,000
19	National Bank Ltd.	3,200,000	1,900,000
20	NCC Bank Ltd.	7,400,000	5,600,000
21	Premier Bank Ltd.	1,800,000	800,000
22	Prime Bank Ltd.	4,950,000	5,000,000
23	Pubali Bank Ltd.	1,100,000	1,750,000
24	Rajshahi Krishi Unn. Bank	1,300,000	1,300,000
25	Rupali Bank Ltd.	950,000	950,000
26	Social Invest. Bank Ltd.	7,050,000	4,250,000
27	Sonali Bank	3,500,000	3,500,000
28	Southeast Bank Ltd.	4,500,000	5,500,000
29	Standard Bank Ltd.	1,400,000	1,400,000
30	Shahjalal Islami Bank Ltd.	3,000,000	3,000,000
31	The City Bank Ltd.	500,000	500,000
32	The Oriental Bank Ltd.	4,650,000	4,650,000
33	Trust Bank Ltd.	1,500,000	1,700,000
34	United Com. Bank Ltd.	1,300,000	300,000
35	Uttara Bank Ltd.	800,000	900,000
	Total	**93,700,000**	**90,100,000**

11. Interest accrued but not due **Taka. 7,098,969**

Particulars	2007 Taka	2006 Taka
a) Fixed Deposit with different banks	5,139,312	4,906,687
b) National Investment Bond	1,959,657	1,194,657
Total	**7,098,969**	**6,101,344**

12. Amount due from other persons or bodies carrying on insurance business Taka.150,278,279

This is due from Sadharan Bima Corporation on account of re-insurance and co-insurance business done with SBC and other co-insurers. Detailed break-up of the above is given below:

Particular	2007 Taka	2006 Taka
Sadharan Bima Corporation	144,375,891	141,930,540
Bangladesh General Insurance Co. Ltd.	17,763	56,172
Eastern Insurance Co. Ltd.	15,257	15,257
Federal Insurance Co. Ltd.	201,122	201,123
Green Delta Insurance Co. Ltd.	856,689	2,614,154
Provati Insurance Co. Ltd.	358,151	587,839
Karnaphuli Insurance Co. Ltd.	83,201	83,201
Janata Insurance Co. Ltd.	261,017	300,860
Purabi Insurance Co. Ltd.	652,593	652,593
Progati Insurance Co. Ltd.	728,919	817,574
Prime Insurance Co Ltd.	252,580	252,580
Phoenix Insurance Co. Ltd.	436,872	271,010
Co-operative Insurance Co. Ltd.	20,640	20,640
Bangladesh National Insurance Co. Ltd.	272,318	272,318
City General Insurance Co. Ltd.	308,729	23,963
Rupali Insurance Co. Ltd.	740,491	669,180
Desh General Insurance Co. Ltd.	10,692	10,692
Republic Insurance Co. Ltd.	302,970	112,130
Islami Insurance Co. Ltd.	349,008	-
Eastland Insurance Co. Ltd.	-	57,857
Peoples Insurance Co. Ltd.	-	21,760
United Insurance Co. Ltd.	-	244,770
Mercantile Insurance Ltd.	33,376	-
Total	**150,278,279**	**149,216,213**

13. Sundry Debtors (including advances, deposits and pre-payments) Taka. 24,312,353

This represents advance, deposits, pre-payments made and amount receivable from insured, which are as follows

Particulars	2007 Taka	2006 Taka
Advance Income Tax	15,201,664	11,201,664
Advance Tax deduction at source	7,051,795	6,287,386
Advance office rent	1,388,896	1,867,213
Advance against salaries	669,998	299,142
Total	**24,312,353**	**19,655,405**

14. Cash & Bank balance Taka. 8,306,674

Break-up of the above is as under :

Particulars	2007 Taka	2006 Taka
01. Cash in hand (including cash at branches)	639,336	668,536
02. Balance with banks:	7,667,338	7,957,462
Total	**8,306,674**	**8,625,998**

15. Fixed Assets **Taka. 14,983,525**

Detail Break-up of the above is as under:

Particulars	Balance as on 01-01-2007 Taka	Addition during the Period Taka	Disposal during the period Taka	Total as on 31-12-2007 Taka	Rate of Depreciation Taka	Depreciation Charged during the year Taka	Written Down Value as on 31-12-2007 Taka
Furniture & Fixture	1,738,462	256,963		1,995,425	10%	199,543	1,795,882
Type Writer & Office Equipments	763,787	289,233		1,053,020	15%	157,953	895,067
Electric Fan	77,003	-		77,003	15%	11,550	65,453
Air Conditioner & Refrigerator	542,869	-		542,869	20%	108,574	434,295
Motor Vehicle	414,334	4,700,000	330,732	4,783,602	20%	956,720	3,826,882
Motor Cycle	56,768			56,768	20%	11,354	45,414
Telephone Installation	1,387,546	111,142		1,498,688	15%	224,803	1,273,885
Office Decoration	7,307,935	77,228		7,385,163	10%	738,516	6,646,647
Total Taka.	**12,288,704**	**5,434,566**	**330,732**	**17,392,538**		**2,409,013**	**14,983,525**

16. Deferred Tax as per BAS-12

a) Deferred Tax Assets: **Taka. 3,759,695**

Particulars	**2007 Taka**	**2006 Taka**
Book value of depreciable fixed assets	14,983,525	12,288,704
Less: Tax base [BAS-12 (17B)]	14,185,060	12,442,711
Deductible Temporary differences	(798,465)	(154,007)
Effective Tax Rate	45%	45%
Deferred Tax Assets [BAS-12 (25)]	**(359,309)**	**(69,303)**

b) Deferred Tax Expense (Income) is arrived as

Particulars	**2007 Taka**	**2006 Taka**
Closing deferred tax assets	(359,309)	(69,303)
Opening deferred tax assets	(69,303)	(1,630,890)
Deferred tax expense /(Income) (Note 16)	**(428,612)**	**(1,700,193)**

This represents the increase in deferred tax assets in 2007 in comparison to 2006.

Particulars	**2007 Taka**	**2006 Taka**
Opening Balance	3,331,083	1,630,890
Addition during the year	428,612	1,700,193
Closing Balance	**3,759,695**	**3,331,083**

d) Tax Rate:

The effective income tax rate of 45% has been considered as applicable for this Insurance Company as per finance Act 2007.

17. Provision for Taxation **Taka. 5,209,454**

Break-up of the above is as under :

Particulars	2007 Taka	2006 Taka
Current Provision	5,638,066	4,230,000
Deferred Tax expenses/(Income) (Note 15.b)	428,612	1,700,193
Total	**5,209,454**	**2,529,807**

18. Expenses of Management **Taka.58,001,314**

Break-up of the above are as follows:

Particulars	2007 Taka	2006 Taka
Salary & allowances	40,053,617	35,680,407
Wages	985,631	1,287,131
Postage & Telegram	191,448	147,473
Printing & Stationery	1,528,959	1,962,016
Conveyance charge	502,764	377,914
Incentive Allowance	143,843	634,856
Training Fee	11,600	6,600
Entertainment	555,860	339,460
Electricity Expenses	32,424	378,309
Office Contingency & General Charges	341,445	297,641
Telephone, Trunk call & Telex	1,667,605	1,355,669
Car Maintenance: Fuel	1,005,779	820,781
Car Maintenance: Repair	1,495,249	1,267,127
Carriage Charges	-	2,920
Interest on Overdraft	930,765	764,504
Office Rent	4,347,610	4,797,021
Garage Rent	210,700	156,400
Gas, Water & Electricity Charges	1,197,481	404,666
Service Charges	76,493	57,427
Papers and Periodicals	64,391	62,148
Misc. Expenses	289,726	142,433
Management Expenses SBC	2,118,719	1,951,675
Stamp Duty consumed-Fire	48,950	65,176
Stamp Duty consumed-Motor	193,505	148,015
Stamp Duty consumed-Miscellaneous	6,750	7,341
Total	58,001,314	53,115,110

ALLOCATION OF MANAGEMENT EXPENSES

Particulars	General Expenses	Direct Expenses	Total Management Expenses	%
Fire	11,550,422	48,950	11,599,372	20%
Marine	24,255,886		24,255,886	42%
Motor	16,748,112	193,505	16,941,617	29%
Miscellaneous	5,197,689	6,750	5,204,439	9%
Total	**57,752,109**	**249,205**	**58,001,314**	**100%**

19. Expenses of Management **Taka.94,16,412**

[Not applicable to any particular Fund / Accounts]

Particulars	2007 Taka	2006 Taka
Insurance Premium on Office Car	220,644	85,583
Bank Charges	191,301	179,875
Meeting Expenses	334,151	150,008
Directors TA/DA	2,094,500	1,531,500
Crockeries & Cutleries	4,667	19,242
Advertisement and Publicity	166,632	687,851
Travelling & Conveyance	141,506	129,646
Lease Rental	1,722,662	3,005,530
Festival Allowance	3,135,037	3,708,442
Uniform and Liveries	-	28,500
Branch Managers Conference	304,892	102,507
Group Insurance Premium	332,085	296,904
Cotributory Provident Fund	768,335	1,177,510
IPO Expenditure	-	324,845
Total	**9,416,412**	**11,427,943**

20. Proposed Dividend

Dividend if any proposed by the Board of Directors for the year under review shall be accounted for after approval by the Shareholder in the Annual General Meeting.

21. Related party transaction disclosure under BAS 24 " Related party disclosure"

Directors involvement in other Firms/ Companies

Sl. No.	Name of Directors	Status With NGIC	Name of the Firms/ Companies in which interested as Proprietor,Partner, Director, Managing Agent,Guarentor, Employees etc.	Position in the Firms/ Companies
01.	Al-haj Nasiruddin	Chairman	01. Social Investment Bank Limited	Vice-Chairman
			02. Nasim Trading Company	Proprietor
			03. NamsTrade Corporation	Proprietor
02.	Mr. Abdul Matin	Director	01. Metropolitan Medical Center Limited	Chairman
			02. Rupali Life Insurarance Co. Limited	Technical Director
			03. Modern Textile Mills Limited	Proprietor
			04. Modern Dyeing and Screen Printing Limited	Managing Director
			05. Narshingdi Hatchery and Fisheries Limited	Chairman
			06. M/S Abdul Matin	Proprietor

03.	Mr. Mohd. Azam	Director	01. Zia and Brothers 02. Boshra Trading	Proprietor Proprietor
04.	Mr. S.M. Ayub Ali Chowdhury	Director	01. City Pharmaceuticals Limited 02. Hi- Fashion Limited 03. K.B. Knit Fashion Limited 04. Fortune Fashion Limited 05. M/s. Chowdhury Construction	Managing Director Director Director Director Proprietor
05.	Al-haj Md. Saiful Alam	Director	01. First Security Bank Limited 02. Karnaphuli Prakritik Gas Limited 03. Al-Arafah Islami Bank Limited 04. S. Alam Cold Rolled Steel Limited 05. S. Alam Steels Limited 06. S. Alam Cement Limited 07. S. Alam Bag Manufacturing Mills Limited 08. S. Alam Brothers Limited 09. S. Alam Hatchery Limited 10. S. Alam Refined Sugar Industries Limited 11. S. Alam Tank Terminal Limited 12. S. Alam Properties Limited 13. Portman Cements Limited 14. S. Alam Soyaseed Extraction Plant Limited 15. S. Alam Trading Company (Pvt.) Limited 16. S. Alam & Co. 17. Sonali Overseas Corporation	Chairman Director Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor
06.	Ms. Thamina Rahman	Director	N/A	
07.	Mr. Hamidul Haq	Director	01. Paradise Corporation (Pvt.) Limited 02. Eden Multi Care Hospital Limited 03 First Security Bank Ltd.	Chairman Director Director
08.	Mr. Foysal Ahmed Patwary	Director	01. Patwary Potato Flakes Limited 02. Greentech Greenhouse Bangladesh	Director Director
09.	Mrs. Ferdousi Islam	Director	01. Prime Bank Ltd.	Director

			02. Trusty Association Co. Limited 03. Preema Construction Limited 04. Razanigandha Cargo Limited 05. Preema Enterprise (Pvt.) Limited 06. BaznaboTextile Mills Limited 07 Prime Sanctuary Limited	Managing Director Chairman Director Director Chairman Chairman
10.	Al-haj Md. Shafiul Alam	Director	01. Ambia Accessories Limited 02. Patenga Builders Corporation 03. S.A. Chemical Industries Limited 04. Ocean Shipping Agencies (Pvt.) Limited	Chairman Proprietor Chairman Chairman
11.	Mr. Sarwar Salim	Director	01. Panwin Fashions Limited 02. Panwin Garments Limited 03. Panwin Designs Limited 04. Pantax Accessories (Pvt) Limited 05. Western Developers Limited	Managing Director Managing Director Managing Director Managing Director Director
12.	Al-haj Abdus Samad	Director	01. Al-Arafah Islami Bank Limited 02. S. Alam Power Plant Limited 03. Karnaphuli Prakritik Gas Limited 04. S. Alam Hatchery Limited 05. S. Alam Soyaseed Extraction Plant Limited 06. S. Alam Tank Terminal Limited 07. S. Alam Cold Rolled Steels Limited 08. S. Alam Steels Limited 09. S. Alam Cement Limited 10. Portman Cements Limited 11. S. Alam Brothers Limited 12. S. Alam Properties Limited 13. Samad Trading Agencies	Director Managing Director Managing Director Director Director Director Director Director Director Director Director Director Proprietor
13.	Mr. Shahriar Khaled	Director	01. Fareast Islami Life Insurance Co. Limited 02. Maksons (BD) Limited 03. Prime Property Holdings Limited	Director Director Director

			04 Fareast Finance and investment Ltd.	Director
14.	Mr. Arshadul Alam	Director	01. JESCO Bangladesh Limited 02. Uni Trade International 03. Nishat Trading	Director Proprietor Proprietor
15	Al-haj Mortaza Siddique Chowdhury	Director	01. First Security Bank Limited 02. Diganta Midia Corporation Limited	Director Director

During the following year, the Company carried out a number of transaction with related parties in the normal course of business. The nature of these transactions and their total value has been setout in bellow:

Name of the Client	Related to	Nature of transaction	Amount 2007	Amount 2006
S. Alam Cold Rolled Steel Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	8,593,856	9,068,214
S. Alam Steels Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	573,456	458,273
S. Alam Cement Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	484,512	490,670
S. Alam Bag Man. Mills Ltd.	Al-haj Md. Saiful Alam	Insurance Premium	594,456	418,276
S. Alam Hatchery Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	87,543	86,720
Total			**10,333,823**	**10,522,153**
Patwary Potato Flakes Ltd.	Mr. Foysal Ahmed Patwary	Insurance Premium	1,522,543	1,398,913
Total			**1,522,543**	**1,398,913**
Panwin Fashions Ltd.	Mr. Sarwar Salim	Insurance Premium	1,245,689	1,162,602
Pantax Accessories (Pvt.) Ltd.		Insurance Premium	1,005,576	938,504
Total			**2,251,265**	**2,101,106**
Grand Total			**14,107,631**	**14,022,171**

22. Compliance of Schedule XI part II of the Companies Act,1994

The slab of employees' remuneration is given below:(For the year 2007)

Particulars	No. of Employees
Bellow Taka.36,000 per year	42
Taka.36,000 and above	543
Total	**585**

23. Section 3C of Insurance Act 1938

The Company has always complied with all relevant section and the Section 3C of the Insurance Act, 1938 as applicable with regarded to provision to collect premium.

24. Section 27 of Insurance Act 1938

The Section is not related to General Insurance Company.

25. **Section 27 (A) of Insurance Act 1938**

Optimum investment of the Company for the year ended 31st December 2007 calculated by the management as per section 27(A),1938 are as follows

Amount in Taka

Particulars	**Amount**
Liabilities (As per sub section 2)	
A. Net Claim Outstanding	35,073,000
B. 40% of Net Premium (Fire, Marine Cargo, Motor & Misc,)	41,639,128
C. 100% of Net Premium (Marine Hull)	141,513
D. Due to other insurance company	114,671,031
E. Reserve for Taxation	15,547,364
F. Sundry Creditors (Excluding Share Capital, General Reserves, Investment Reserve, Reserve for Bad & Doubtful debts, Deprecition Fund)	8,889,931
Total (A+B+C+D+E+F)	**215,961,967**
Add: Statutory Liabilities	500,000
Total Liabilities	**216,461,967**
Or	
10% of the net premium	**10,423,933**
Higher one is optimum investment as per Section 27A of Insurance Act, 1938	**216,461,967**
Actual Investment (As per sub section 3)	
Investment	102,716,000
Interest accrued	7,098,969
Due from other insurance company	150,278,279
Cash and bank balances	8,306,674
Other accounts (Excluding Furniture & Fixture, Stationary and Dead-Stock)	17,059,111
Total Actual Investment (b)	**285,459,033**
Excess in Investment (a-b)	**68,997,066**

26. **Section 27 (B) of Insurance Act 1938**

There is no investment by Northern General Insurance Co. Ltd.or hold any shares or debentures of any Company, firms or other business concern in which any directors or any members of the family of such directors has any interest as Proprietor, Partner, Director and Managing Director.

27. **Section 29 of Insurance Act 1938**

The Company has never granted any loan to any Director or any member of the family, Banking Company, Subsidiary Company and Auditor, any loan or temporary advance either and hypothecation property or personal security or otherwise except advance against salary for Taka. 669,998 to the employees with the prior approval of the management which is realisable from their monthly salary. The above advance were given to the following employees:

Sl	Name of the employees	Amount
01.	Mr. Khudiram Samaddar	649,998
02.	Mr. Anisur Rahman Molla	20,000
	Total	669,998

28. Insurance Act 1938 (40)(C) and Insurance Rule: 1958 (40)

Whether the company complied with rule 40 of Insurance Rules, 1958 the comparative figure is given as follows:

Allocation of Management Expenses

Level of Premium		Allowable Amount of Expenditure		Actual Expenditure	Variance	Remarks
		%	Amount			
Fire, Motor and Misc.						
First	1 crore	30	3,000,000			
Next	1 crore	25	2,500,000			
Next	1 crore	24	2,400,000			
Next	1 crore	24	2,400,000			
Next	1 crore	23	2,300,000			
Next	1 crore	22	2,200,000			
Next	1.25 crore	18	2,250,000			
Next	30,736,943	16	4,917,910			
Total	**99,038,762**		**21,967,910**	33,745,428	(11,777,518)	**Adverse**
Marine:	165,881,667					
First	1 crore	18	1,800,000			
Next	1 crore	15	1,500,000			
Next	1 crore	15	1,500,000			
Next	1 crore	13	1,300,000			
Next	1 crore	13	1,300,000			
Next	1 crore	13	1,300,000			
Next	1.25 crore	11	1,375,000			
Next	3,625,197	10	362,520			
Total	**66,842,905**		**10,437,520**	24,255,886	**(13,818,366)**	**Adverse**
		Grand Total	32,405,430	58,001,314	(25,595,884)	**Adverse**

29. Contingent Liability:

The company has no contingent liability as per information given by the management of NGIC.

30. Earning Per Share (EPS) as per IAS- 33:

Amount in Taka

Particulars	Amount
Earning attributable to the Ordinary Share holders (Net Profit after Tax as per Profit and Loss A/c) Tk.	7,319,581
Weighted average number of ordinary Shares Outstanding During the year.	600,000
Earning Per share (EPS)	**12.20**

31. Leased Assets

The leased assets were not shown in the Fixed Assets of the Company, since the ownership/registrations of the vehicles were made in the name of the leasing Company. Leasing Company maintains the list of cars in their books of accounts and charge depreciation regularly. Purchasing company only enjoys the benefit of utilization of the cars and installments paid to the leasing company are charged as leased rent.

32. ISSUED, SUBSCRIBED AND PAID UP CAPITAL: TK. 60,000,000
This is maid up as follows:

SI. No.	Name of the Sponsor Shareholders	Class of Share	No. of Shares subscribed	Nominal value of Shares	Subscribed Amount
1.	Al-haj Nasiruddin	Ordinary	32,600	Tk. 100 each	3,260,000
2.	Mr. Abdul Matin	Ordinary	32,600	Tk. 100 each	3,260,000
3.	Mr. Mohd. Azam	Ordinary	32,600	Tk. 100 each	3,260,000
4.	Mr. S.M. Ayub Ali Chowdhury	Ordinary	48,900	Tk. 100 each	4,890,000
5.	Al-haj Md. Saiful Alam	Ordinary	48,900	Tk. 100 each	4,890,000
6.	Ms. Tahmina Rahman	Ordinary	43,800	Tk. 100 each	4,380,000
7.	Mr. Hamidul Haq	Ordinary	43,800	Tk. 100 each	4,380,000
8.	Mr. Foysal Ahmed Patwary	Ordinary	43,800	Tk. 100 each	4,380,000
9.	Mrs. Ferdousi Islam	Ordinary	43,800	Tk. 100 each	4,380,000
10.	Al-haj Md. Shafiul Alam	Ordinary	43,800	Tk. 100 each	4,380,000
11.	Mr. Sarwar Salim	Ordinary	43,800	Tk. 100 each	4,380,000
12.	Al-haj Abdus Samad	Ordinary	32,600	Tk. 100 each	3,260,000
13.	Mr. Shahriar Khaled	Ordinary	32,600	Tk. 100 each	3,260,000
14.	Mr. Arshadul Alam	Ordinary	43,800	Tk. 100 each	4,380,000
15.	Al-haj Mortaza Siddique Chowdhury	Ordinary	32,600	Tk. 100 each	3,260,000
	Total		**6,00,000**		**60,000,000**

The Company is to raise its paid-up Share Capital to Tk. 15 (Fifteen) crores by public issue as per provision of its Articles of Association, requirement of Controller of Insurance and as stipulated by the Securities and Exchanges Commission.

NORTHERN GENERAL INSURANCE CO. LTD.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT DECEMBER 31,2007

Amount in Taka

CLASS OF ASSETS	BOOK VALUE AS PER BALANCE SHEET	MARKET VALUE	REMARKS
National Investment Bond	9,000,000.00	9,000,000.00	Not quoted in market
Fixed Deposit with Banks	93,700,000.00	93,700,000.00	Realizable Value
In STD A/C with Banks	7,667,338.00	7,667,338.00	"
Cash in hand	639,336.00	639,336.00	"
Interest on Investment accrued but not due	7,098,969.00	7,098,969.00	"
Amount due from other persons or bodies carrying on insurance business	150,278,279.00	150,278,279.00	"
OTHER ASSETS :			
Fixed Assets	14,983,525.00	14,983,525.00	At Cost less depreciation
Investment in Shares	16,000.00	16,000.00	Book Value
Sundry Debtors	28,072,048.00	28,072,048.00	Realizable Value
Library Account	111,773.00	111,773.00	"
Stock of Stationery & Stamps	650,014.00	650,014.00	"
	312,217,282.00	312,217,282.00	

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	DIRECTOR	DIRECTOR	CHAIRMAN

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants
Dhaka,7th April 2008

NORTHERN GENERAL INSURANCE CO. LTD.

Class-wise Underwriting Results for the Year 2007

Particulars	FIRE	MARINE	MOTOR	MISC.	TOTAL
Gross Premium	43,891,554	76,125,197	43,094,502	16,250,887	179,362,140
Add: Premium on R/I Accepted	422,124	-	-	-	422,124
Less: Premium on R/I ceded	40,843,886	19,737,471	895,050	14,068,523	75,544,930
Net Premium Income	3,469,792	56,387,726	42,199,452	2,182,364	104,239,334
Add: Commission on R/I ceded	8,523,408	5,033,355	591,046	1,006,172	15,153,981
Less: Commission on R/I Accepted	73,872				73,872
Less: Commission	8,440,168	10,417,145	8,478,388	889,081	28,224,782
Add: Last year's Unexpired Risks	10,494,061	19,820,968	19,838,443	401,946	50,555,418
Total	**13,973,221**	**70,824,904**	**54,150,553**	**2,701,401**	**141,650,079**
Less:					
Net Claim	12,159,409	153,429	8,356,097	258,700	20,927,634
Management Expenses	11,599,372	24,255,886	16,941,617	5,204,439	58,001,314
Reserve for Unexpired Risks	1,387,917	22,639,998	16,879,781	872,945	41,780,641
Total	**25,146,698**	**47,049,313**	**42,177,495**	**6,336,084**	**120,709,589**
Underwriting Profit/(Loss)	**(11,173,477)**	**23,775,592**	**11,973,058**	**(3,634,683)**	**20,940,490**

Northern General Insurance Co. Ltd.
Head Office, Dhaka

FORM XL 2007

Statement Showing the details of Classwise Premium Income, Accepted & Ceded,Commission Earned & Paid
Claim Paid, Losses Recovered & Recoverable for the year ended 31st December 2007.

Direct Business

	Premium Income				Commission				Claims			
Class of Business	Gross Premium	Re-Insurance Accepted	Re-Insurance Ceded	Net Premium	Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Commission	Paid in Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Claim
Fire	42,200,841.00	422,124.00	39,701,055.00	2,921,910.00	8,440,168.00	73,872	8,341,948	172,092.00	24,507,493.00		5,115,287.00	19,392,206.00
M/Cargo	69,399,243.00		14,511,177.00	54,888,066.00	10,417,144.00		4,060,590	6,356,554.00	5,223,009.00			5,223,009.00
M/Hull	48,386.00			48,386.00				-				-
Motor	42,391,947.00		883,032.00	41,508,915.00	8,478,389.00		591,046	7,887,343.00	9,305,793.00	66,170.00		9,371,963.00
Misc.	4,445,406.00		2,531,620.00	1,913,786.00	889,081.00		359,605	529,476.00	-			-
Total	158,485,823.00	422,124.00	57,626,884.00	101,281,063.00	28,224,782.00	73,872.00	13,353,189.00	14,945,465.00	39,036,295.00	66,170.00	5,115,287.00	33,987,178.00

Government Business

	Premium Income				Commission				Claims			
Class of Business	Gross Premium	Re-Insurance Accepted	Re-Insurance Ceded	Net Premium	Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Commission	Paid in Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Claim
Fire	1,690,713.00		1,142,831.00	547,882.00			181,460.00	(181,460.00)	1,192,640.00		1,437.00	1,191,203.00
M/Cargo	6,158,006.00		4,799,859.00	1,358,147.00			959,972.00	(959,972.00)	89,997.00		18,192.00	71,805.00
M/Hull	519,562.00		426,435.00	93,127.00			12,793.00	(12,793.00)	-		1,133,474.00	(1,133,474.00)
Motor	702,555.00		12,018.00	690,537.00			-	-	52,872.00			52,872.00
Misc.	11,805,481.00		11,536,903.00	268,578.00			646,567.00	(646,567.00)	24,429,323.00		24,170,623.00	258,700.00
Total	20,876,317.00	-	17,918,046.00	2,958,271.00		-	1,800,792.00	(1,800,792.00)	25,764,832.00	-	25,323,726.00	441,106.00

Direct Business Plus Government Business

	Premium Income				Commission				Claims			
Class of Business	Gross Premium	Re-Insurance Accepted	Re-Insurance Ceded	Net Premium	Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Commission	Paid in Direct Business	Re-Insurance Accepted	Re-Insurance Ceded	Net Claim
Fire	43,891,554.00	422,124.00	40,843,886.00	3,469,792.00	8,440,168.00	73,872.00	8,523,408.00	(9,368.00)	25,700,133.00	-	1,437.00	20,583,409.00
M/Cargo	75,557,249.00	-	19,311,036.00	56,246,213.00	10,417,144.00	-	5,020,562.00	5,396,582.00	5,313,006.00	-	18,192.00	5,294,814.00
M/Hull	567,948.00	-	426,435.00	141,513.00	-	-	12,793.00	(12,793.00)	-	-	1,133,474.00	(1,133,474.00)
Motor	43,094,502.00	-	895,050.00	42,199,452.00	8,478,389.00	-	591,046.00	7,887,343.00	9,358,665.00	-	-	9,424,835.00
Misc.	16,250,887.00	-	14,068,523.00	2,182,364.00	889,081.00	-	1,006,172.00	(117,091.00)	24,429,323.00	-	24,170,623.00	258,700.00
Total	179,362,140.00	422,124.00	75,544,930.00	104,239,334.00	28,224,782.00	73,872.00	15,153,981.00	13,144,673.00	64,801,127.00	66,170.00	30,439,013.00	34,428,284.00

Selected Ratios

NORTHERN GENERAL INSURANCE CO LTD.

STATEMENT OF RATIO ANALYSIS

Name of Ratio	2007		2006		2005		2004		2003	
	Computation	Result	Computation	Result	Computation	Result	Computation	Result	Computation	Result
Liqudity Ratios										
Current Ratio	284,362,289	1.59	274,317,966	1.62	252,168,712	1.58	261,969,017	1.46	254,957,769	1.38
	179,150,870		169,521,198		159,957,443		179,780,107		184,742,743	
Quick Ratio	259,399,922	1.50	254,059,555	1.55	240,163,889	1.55	253,443,971	1.43	247,762,014	1.37
	172,527,109		163,462,095		154,645,053		177,567,317		180,631,668	
Times Interest Earned Ration	Not Applicable									
Debt Equity Ratio	Not Applicable									
Operating Ratios										
Accounts Receivable Turnover Ratio	179,362,140	3.97 Times	189,309,329	3.71 Times	183,409,276	5.51 Times	165,881,667	6.64 Times	134,115,063	4.66 Times
	45,234,591		51,084,581		33,297,727		24,999,684		28,796,906	
Inventory Turnover Ratio	Not Applicable									
Assets Turnover Ratio	179,362,140	0.57	189,309,329	0.63	183,409,276	0.67	165,881,667	0.58	134,115,063	0.48
	312,217,282		299,042,806		275,585,081		285,646,052		278,491,115	
Profitability Ratios										
Gross Margin Ratio	20,940,489	11.67%	16,706,519	8.82%	12,009,223	6.55%	20,298,797	12.24%	5,363,635	4.00%
	179,362,140		189,309,329		183,409,276		165,881,667		134,115,063	
Operating Income Ratio	17,529,035	16.82%	11,741,571	9.30%	8,288,474	7.23%	15,321,351	15.15%	2,725,646	3.29%
	104,239,334		126,261,130		114,601,456		101,131,854		82,907,494	
Net Income Ratio	12,319,581	11.82%	9,211,764	7.30%	4,364,256	3.81%	11,437,466	11.31%	2,725,646	3.29%
	104,239,334		126,261,130		114,601,456		101,131,854		82,907,494	
Return on Assets Ratio	17,529,035	5.74%	11,741,571	4.09%	8,288,474	2.95%	15,321,351	5.43%	2,725,646	1.00%
	305,630,044		287,313,944		280,615,566		282,068,583		272,220,190	
Return on Equity Ratio	17,529,035	13.17%	11,741,571	9.07%	8,288,474	7.17%	15,321,351	14.47%	2,725,646	2.91%
	133,066,412		129,521,608		115,627,638		105,865,945		93,748,372	
Earning Per Share	7,319,581	12.20	5,211,764	8.69	3,164,256	5.27	10,237,466	17.06	1,525,646	2.54
	600,000		600,000		600,000		600,000		600,000	

Sd/-

HOWLADAR YUNUS & CO

Chartered Accountants

Dhaka, 15th April 2008

Auditors' report in pursuance of Section 135(1) under Para 24(1) of Part-II of Third Schedule of the Companies Act, 1994 of Northern General Insurance Co. Ltd.

We have examined the financial statement of Northern General Insurance Co. Ltd. for the year ended December 31, 2007,December 31, 2006,December 31, 2005,December 31, 2004 and December 31, 2003, audited by the undersigned in pursuance of Section 135(1) under Para 24(1) of Part -II of Third Schedule of the Companies Act 1994 and we report that:

01. The Company was incorporated on 8th April 1996.
02. The Statements of Assets and Liabilities (Balance Sheet) as at December 31, 2007,December 31, 2006,December 31, 2005,December 31, 2004 and December 31, 2003,of the Company has been duly certified by us.
03. We also certify that the Statements of Operating result (Profit & Loss Account) for the year ended December 31, 2007,December 31, 2006,December 31, 2005,December 31, 2004 and December 31, 2003of the Company .
04. The Cash Flow Statements for the year ended December 31, 2007,December 31, 2006,December 31, 2005,December 31, 2004 and December 31, 2003of the Company are enclosed and certified by us.
05. The Company has declared and distribute 10% cash dividend for each financial year 2000 and 2004.The Board of Directors of the Company recommended 12.50% cash dividend for year 2007.
06. The Company has no subsidiaries.
07. No proceeds or part of proceeds of the issue of shares were applied directly by the Company in the purchase of any other business.

Sd/-

HOWLADAR YUNUS & CO

Chartered Accountants

Dated: Dhaka-April 15,2008

Northern General Insurance Co. Ltd.

BALANCE SHEET

AS AT 31ST DECEMBER 2007, 2006, 2005, 2004 & 2003 RESPECTIVELY (FIVE YEARS)

Amount in Taka

CAPITAL AND LIABILITIES	2007	2006	2005	2004	2003
Share Capital					
Authorised:					
2,500,000 ordinary shares of Tk.100 each	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Issued, subscribed & paid up:					
6,00,000 ordinary shares of Tk.100 each	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Reserve or Contingency accounts :	31,285,771	18,966,190	9,754,426	5,390,170	552,704
Reserve for Exceptional Losses.	23,600,000	18,600,000	14,600,000	13,400,000	12,200,000
Profit & Loss Appropriation Account	7,685,771	366,190	(4,845,574)	(8,009,830)	(11,647,296)
Balance of Funds and Accounts:	41,780,641	50,555,418	45,873,212	40,475,775	33,195,668
Fire Insurance Business	1,387,917	10,494,061	8,885,102	7,561,175	5,388,800
Marine Insurance Business	22,639,998	19,820,968	25,734,030	23,098,551	15,677,989
Motor Insurance Business	16,879,781	19,838,443	10,672,850	9,512,880	11,385,087
Miscellaneous Insurance Business	872,945	401,946	581,230	303,169	743,792
Premium Deposit	4,969,544	8,448,202	7,181,916	47,565,558	59,252,377
Liabilities and Provisions	174,181,326	161,072,996	152,775,527	132,214,549	125,490,366
Estimated liability in respect of outstanding claims whether due or intimated	35,073,000	48,573,650	39,215,570	9,713,040	9,732,953
Amount due to other persons or bodies carrying on insurance business	114,671,031	94,354,280	98,963,281	115,383,837	109,362,854
Sundry Creditors	2,266,170	1,748,053	1,476,183	1,020,997	2,283,484
Bank Overdraft	6,623,761	6,059,103	5,312,390	2,212,790	4,111,075
Provision for Income Tax	15,547,364	10,337,910	7,808,103	3,883,885	-
Total	**312,217,282**	**299,042,806**	**275,585,081**	**285,646,052**	**278,491,115**

PROPERTY AND ASSETS	2007	2006	2005	2004	2003
Investment (at cost)	102,716,000	99,116,000	91,261,500	80,351,500	66,810,000
Outstanding Premium	-	-	-	37,129,302	40,113,550
Interest accruing but not due	7,098,969	6,101,344	5,443,787	4,493,194	2,921,949
Amount due from other persons or bodies carrying on insurance business	150,278,279	149,216,213	146,270,510	134,672,061	140,073,998
Sundry Debtors (including advances, deposits and pre-payments)	24,312,353	19,655,405	11,260,190	8,069,205	6,406,059
Cash and bank balances	8,306,674	8,625,998	6,188,092	5,797,914	6,842,517
Amounts in hand	639,336	668,536	794,771	612,145	931,795
Balance with banks	7,667,338	7,957,462	5,393,321	5,185,769	5,910,722
Other accounts	19,505,008	16,327,846	15,161,002	15,132,876	15,323,042
Fixed Assets	14,983,525	12,288,704	12,684,926	13,023,697	12,996,123
Stock of Stationery	272,530	272,530			
Insurance Stamps in hand	377,485	330,476	744,633	455,841	789,696
Deferred Tax Assets	3,759,695	3,331,083	1,630,890	1,555,108	1,438,993
Library Account	111,773	105,053	100,553	98,230	98,230
Total	**312,217,282**	**299,042,806**	**275,585,081**	**285,646,052**	**278,491,115**

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants

Dhaka, 15th April 2008

Northern General Insurance Co. Ltd.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007, 2006, 2005, 2004 & 2003 RESPECTIVELY (FIVE YEARS)

Amount in Taka

PARTICULARS	2007	2006	2005	2004	2003	PARTICULARS	2007	2006	2005	2004	2003
Expenses of management (not applicable						Interest, Dividend and Rents (not applicable					
to any particular fund or account)	9,416,412	11,427,943	8,510,561	7,631,262	7,668,593	to any particular fund or account)					
Directors' fees	1,161,505	765,875	365,000	581,866	388,225	Interest income	10,695,845	8,749,894	8,293,053	6,574,534	6,130,846
Audit fees	146,800	130,700	115,700	117,475	86,200	Other income	275,701	19,524		9,606	354,010
Donation & subscription	421,197	324,700	224,334	277,400	339,700	Defered Tax Income	428,612.00	1,700,193	75,782	116,115	1,438,993
Legal & professional fees	134,788	174,590	235,530	335,990	356,400	Profit on Sale of Motor Vehicle	759,168.00	-			400,791
Depreciation & amortization	2,409,013	1,651,882	1,651,936	1,694,827	1,833,040	Profit/(loss) transferred from	20,940,489	16,706,519	12,009,223	20,298,797	5,363,635
Registration fees	1,881,065	956,301	699,863	581,008	290,471	Fire Insurance Revenue Account	(11,173,476)	(20,016,038)	(18,232,570)	(11,460,389)	(12,001,492)
Loss on Sale of Motor Vehicle	-	2,568	286,660	457,873	-	Marine Insurance Revenue Account	23,775,591	28,320,932	34,611,445	27,831,539	11,553,650
	6,154,368	4,006,616	3,579,023	4,046,439	3,294,036	Motor Insurance Revenue Account	11,973,058	10,349,723	(711,404)	6,729,566	7,540,319
Balance for the year carried to						Misc. Insurance Revenue Account	(3,634,684)	(1,948,098)	(3,658,248)	(2,801,919)	(1,728,842)
Profit & Loss Appropriation Account	17,529,035	11,741,571	8,288,474	15,321,351	2,725,646						
Total	**33,099,815**	**27,176,130**	**20,378,058**	**26,999,052**	**13,688,275**	**Total**	**33,099,815**	**27,176,130**	**20,378,058**	**26,999,052**	**13,688,275**

PROFIT & LOSS APPROPRIATION ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007, 2006, 2005, 2004 & 2003 RESPECTIVELY (FIVE YEARS)

PARTICULARS	2007	2006	2005	2004	2003	PARTICULARS	2007	2006	2005	2004	2003
Balance being Profit/Loss brought forward from last year	-	4,845,574	8,009,830	11,647,296	13,172,942	Balance being Profit/Loss brought forward from last year	366,190	-	-	-	-
Reserve for exceptional losses	5,000,000	4,000,000	1,200,000	1,200,000	1,200,000						
Provision for taxation	5,209,454	2,529,807	3,924,218	3,883,885		Net profit for the year brought down	17,529,035	11,741,571	8,288,474	15,321,351	2,725,646
Proposed Dividend				6,000,000							
Dividend Distribution Tax				600,000							
Balance being loss at the end of the year											
as shown in the Balance Sheet	7,685,771	366,190	(4,845,574)	(8,009,830)	(11,647,296)						
Total	**17,895,225**	**11,741,571**	**8,288,474**	**15,321,351**	**2,725,646**	**Total**	**17,895,225**	**11,741,571**	**8,288,474**	**15,321,351**	**2,725,646**

Sd/-

HOWLADAR YUNUS & CO
Chartered Accountants

Dhaka, 15th April 2008

Northern General Insurance Co. Ltd.

CONSOLIDATED INSURANCE REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007, 2006, 2005, 2004 & 2003 RESPECTIVELY (FIVE YEARS)

Amount in Taka

PARTICULARS	2007	2006	2005	2004	2003	PARTICULARS	2007	2006	2005	2004	2003
Claims under policies less re-insurances						Balance of account at the beginning of the year :					
Paid during the year	34,428,284	26,132,321	21,147,286	38,681,587	35,539,888	Reserve for unexpired risks	50,555,418	45,873,212	40,475,775	33,195,668	24,105,952
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	35,073,000	48,573,650	39,215,570	9,713,040	9,732,953	Premium less re-insurances	104,239,333	126,261,130	114,601,456	101,131,854	82,907,495
	69,501,284	74,705,971	60,362,856	48,394,627	45,272,841	Commission on re-insurances ceded	15,153,981	14,734,174	15,699,377	14,060,418	11,246,073
Less: Claims outstanding at the end of the previous year	48,573,650	39,215,570	9,713,040	9,732,953	14,223,437						
	20,927,634	35,490,401	50,649,816	38,661,674	31,049,404						
Commission	28,224,782	30,996,723	14,165,355	-	-						
Commission on Re-Insurance Accepted	73,872	4,345	138,944	144,958	71,808						
Expenses of management	58,001,314	53,115,110	47,940,058	48,806,736	48,579,005						
Balance of account at the end of the year as shown in the Balance Sheet	41,780,641	50,555,418	45,873,212	40,475,775	33,195,668						
Profit transferred to Profit & Loss Account	20,940,489	16,706,519	12,009,223	20,298,797	5,363,635						
Total	**169,948,732**	**186,868,516**	**170,776,608**	**148,387,940**	**118,259,520**	**Total**	**169,948,732**	**186,868,516**	**170,776,608**	**148,387,940**	**118,259,520**

Sd/-

HOWLADAR YUNUS & CO
Chartered Accountants

Dhaka, 15th April 2008

NORTHERN GENERAL INSURANCE CO. LTD.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2007, 2006, 2005, 2004 & 2003 RESPECTIVELY (FIVE YEARS)

		2007	2006	2005	2004	2003
A.	**Cash Flow from Operating Activities**					
	Collection from premium and other income	202,685,833	203,600,162	176,798,973	194,639,480	165,496,505
	Payment for management expense, re-insurance and claims	(190,425,408)	(182,495,563)	(164,101,050)	(169,749,861)	(152,878,695)
	Income Tax paid	(4,764,409)	(8,595,985)	(2,819,414)	(1,598,047)	(781,491)
	Net Cash provided by Operating Activities (A) =	**7,496,016**	**12,508,614**	**9,878,509**	**23,291,572**	**11,836,319**
B	**Cash Flow from Investing Activities**					
	Proceed from Fixed Assets	1,089,900	22,500	825,000	474,520	896,992
	Fixed Assets acquired	(5,434,566)	(1,280,728)	(2,424,825)	(2,654,796)	(522,143)
	Deferred Tax Assets	(428,612)	(1,700,193)	(75,782)	(116,115)	
	Library Account	(6,720)	(4,500)	(2,323)	-	
	Investment	(3,600,000)	(7,854,500)	(5,000)	(6,500)	
	Total Cash Flow from Investing Activities (B) =	**(8,379,998)**	**(10,817,421)**	**(1,682,930)**	**(2,302,891)**	**374,849**
C.	**Cash Flow from Financing Activities**					
	Dividend & Distribution Tax	-	-	-	(6,600,000)	-
	Bank Overdraft	564,658	746,713	3,099,600	(1,898,285)	(6,897,844)
	Total Cash Flow from Investing Activities (C) =	564,658	746,713	3,099,600	(8,498,285)	(6,897,844)
D.	**Net Cash Flow D = (A+B+C)**	**(319,324)**	**2,437,906**	**11,295,179**	**12,490,396**	**5,313,324**
E.	**Increase / Decrease in Cash & Cash Equivalent (E=F-G)**	**(319,324)**	**2,437,906**	**11,295,179**	**12,490,396**	**5,313,324**
F.	Cash & Cash Equivalent at Opening	8,625,998	6,188,092	77,142,913	64,652,517	59,339,193
G.	Cash & Cash Equivalent at Closing	8,306,674	8,625,998	88,438,092	77,142,913	64,652,517

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants

Dhaka, 15th April 2008

Additional disclosures by the auditors

1. Dividend

The Board of Directors of the Company has recommended 12.50% cash dividend for the year 2007.

2. Related party transaction disclosure under BAS 24 "Related party disclosure"

Directors involvement in other Firms/ Companies

Sl. No.	Name of Directors	Status With NGIC	Name of the Firms/ Companies in which interested as Proprietor,Partner, Director, Managing	Position in the Firms/ Companies
01.	Al-haj Nashiruddin	Chairman	01. Social Investment Bank Limited 02. Nasim Trading Company 03. NamsTrade Corporation	Vice-Chairman Proprietor Proprietor
02.	Mr. Abdul Matin	Director	01. Metropolitan Medical Center Limited 02. Rupali Life Insurance Co. Limited 03. Modern Textile Mills Limited 04. Modern Dying and Screen Printing Limited 05. Narshingdi Hatchery and Fisherish Limited 06. M/S Abdul Matin	Chairman Technical Director Proprietor Managing Director Chairman Proprietor
03.	Mr. Mohd. Azam	Director	01. Zia and Brothers 02. Boshra Trading	Proprietor Proprietor
04.	Mr. S.M. Ayub Ali Patwary	Director	01. City Pharmaceuticals Limited 02. Hi- Fashion Limited 03. K.B. Knit Fashion Limited 04. Fortune Fashion Limited 05. Chowdhury Construction	Managing Director Director Director Director Proprietor
05.	Al-haj Md. Saiful Alam	Director	01. First Security Bank Limited 02. Karnaphuli Prakritik Gas Limited 03. Al-Arafa Islami Bank Limited 04. S. Alam Cold Rolled Steel Limited 05. S. Alam Steels Limited 06. S. Alam Cement Limited 07. S. Alam Bag Manufacturing Mills Limited 08. S. Alam Brothers Limited 09. S. Alam Hatchery Limited 10. S. Alam Refined Sugar Industries Limited 11. S. Alam Tank Tarminal Limited 12. S. Alam Properties Limited 13. Portman Cements Limited 14. S. Alam Soyaseed Extraction Plant Limited 15. S. Alam Trading Company (Pvt.) Limited 16. S. Alam & Co. 17. Sonali Overseas Corporation	Chairman Director Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor
06.	Ms. Tahmina Rahman	Director	N/A	
07.	Mr. Hamidul Haq	Director	01. Paradise Corporation (Pvt.) Limited 02. Eden Multi Care Hospital Limited	Chairman Director
08.	Mr. Foysal Ahmed Patwary	Director	01. Patwary Potato Flakes Limited 02. Greentech Greenhouse Bangladesh	Director Director
09.	Mrs. Ferdousi Islam	Director	01. Prime Bank Ltd. 02. Trusty Association Co. Limited 03. Preema Construction Limited 04. Razanigandha Cargo Limited 05. Preema Enterprise (Pvt.) Limited 06. BaznaboTextile Mills Limited 07 Prime Sanctuary Limited	Director Managing Director Chairman Director Director Chairman Chairman
10.	Al-haj Md. Shafiul Alam	Director	01. Ambia Accessories Limited 02. Patenga Builders Corporation 03. S.A. Chemical Industries Limited 04. Ocean Shipping Agencies (Pvt.) Limited	Chairman Proprietor Chairman Chairman
11.	Mr. Sarwar Salim	Director	01. Panwin Fashion Limited 02. Panwin Garments Limited 03. Panwin Designs Limited 04. Pantax Accessories (Pvt) Limited 05. Western Developers Limited	Managing Director Managing Director Managing Director Managing Director Director

12.	Al-haj Abdus Samad	Director	01. Al-Arafa Islami Bank Limited 02. S. Alam Power Plant Limited 03. Karnaphuli Prakritik Gas Limited 04. S. Alam Hatchery Limited 05. S. Alam Soyaseed Extraction Plant Limited 06. S. Alam Tank Tarminal Limited 07. S. Alam Cold Rolled Steel Limited 08. S. Alam Steels Limited 09. S. Alam Cement Limited 10. Portman Cements Limited 11. S. Alam Brothers Limited 12. S. Alam Properties Limited 13. Samad Trading Agencies	Director Managing Director Managing Director Director Director Director Director Director Director Director Director Director Proprietor
13.	Mr. Shahriar Khaled	Director	01. Fareast Islami Life Insurance Co. Limited 02. Maksons (BD) Limited 03. Prime Property Holdings Limited	Director Director Director
14.	Mr. Arshadul Alam	Director	01. Zesco Bangladesh Limited 02. Uno Trade International 03. Nishat Trading	Director Proprietor Proprietor
15	Al-haj Mortaza Siddique Chowdhury	Director	01. First Security Bank Limited 02. Diganta Midia Corporation Limited 03. Al-haj Mortaza Siddique Chowdhury	Director Director Proprietor

During the following year, the Company carried out a number of transaction with related parties in the normal course of business. The nature of these transactions and their total value has been setout in bellow:

Name of the Client	Related to	Nature of transaction	Amount				
			2007	2006	2005	2004	2003
S. Alam Cold Rolled Steel Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	8,593,856	9,068,214	7,562,593	7,090,580	5,856,472
S. Alam Steels Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	573,456	458,273	504,641	444,084	390,794
S. Alam Cement Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	484,512	490,670	426,371	375,206	330,181
S. Alam Bag Man. Mills Ltd.	Al-haj Md. Saiful Alam	Insurance Premium	594,456	418,276	523,121	460,347	405,105
S. Alam Hatchery Ltd.	Al-haj Md. Saiful Alam Al-haj Abdus Samad	Insurance Premium	87,543	86,720	77,038	67,793	59,658
Total			**10,333,823**	**10,522,153**	**9,093,764**	**8,438,010**	**7,042,211**
Patwary Potato Flakes Ltd.	Mr. Foysal Ahmed Patwary	Insurance Premium	1,522,543	1,398,913	1,231,043	1,083,318	953,320
Total			**1,522,543**	**1,398,913**	**1,231,043**	**1,083,318**	**953,320**
Panwin Fashions Ltd.	Mr. Sarwar Salim	Insurance Premium	1,245,689	1,162,602	1,023,089	1,074,244	945,335
Pantax Accessories (Pvt.) Ltd.		Insurance Premium	1,005,576	938,504	825,884	867,178	763,116
Total			**2,251,265**	**2,101,106**	**1,848,973**	**1,941,422**	**1,708,451**
Grand Total			**14,107,631**	**14,022,171**	**12,173,780**	**11,462,750**	**9,703,982**

Dhaka, 15th April 2008

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants

Ref: Hyc-Cer/655/08 Date: 02.06.2008

The Managing Director
Northern General Insurance Co. Ltd.
Raj Bhaban (7th Floor)
29, Dilkusha C/A
Dhaka-1000.

Subject: **Audited Accounts for the year 2007 & IPO Accounts for the year 2003, 2004, 2005, 2006 and 2007.**

Dear Sir,

With reference to your letter no. NGIC/HO/AC-1389/2008-3964 dated 25.05.2008 , we enclosed herewith the followings revised information and additional disclosure in accordance to Securities & Exchange Commission letter no. SEC/CI/IPO-40/2004-253 dated 22.05.2008.

01. Statement of changes in equity for the year ended 31st December 2007.
02. Additional disclosure on the Accounts for the year 2003,2004,2005,2006 and 2007.
03. Certificate regarding completion of Credit Rating.

Thanking You.
Very truly your's

Sd
HOWLADAR YUNUS & CO
Chartered Accountants

1) Statement of changes in equity:

NORTHERN GENERAL INSURANCE CO. LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2007

Particulars	Share Capital	Retained Earnings	Reserve for Exceptional Losses	Total Equity
Balance as on 1st January, 2007	60,000,000	366,190	18,600,000	78,966,190
Resurve during the year	-	-	5,000,000	5,000,000
Profit after tax for the year	-	7,319,581	-	7,319,581
Total	**60,000,000**	**7,685,771**	**23,600,000**	**91,285,771**

Sd/	Sd/	Sd/	Sd/
Managing Director	Director	Director	Chairman

Sd/
HOWLADAR YUNUS & CO.
Chartered Accountants

2) Additional disclosure on the accounts for the year 2003, 2004, 2005, 2006 and 2007:

01. We mentioned Part-II under para-ii of note no 02(A) and note no 02(G) of notes to the financial statements for the year 2007 which is consistent with the provision of Insurance Act, 1938.

02. Earning Per Share (EPS) shown under note no 2(B) and note no 30 of notes to the financial statements for the year 2007 and in the five years ratio analysis are in conservative method. However EPS is now rearranged as under considering basic earnings after tax.

A. For the year 2007:

Amount in Taka

Particulars	Amount
Earning attributable to the Ordinary Share holders (Net Profit after Tax as per Profit and Loss A/C) Tk.	12,319,581
Weighted average number of ordinary Shares Outstanding During the year	600,000
Earning Per share (EPS)	**20.53**

B. For five years:

Year	Basic Earning	No. of Share	Ratio
2007	12,319,581.00	6,00,000	20.53
2006	9,211,764.00	6,00,000	15.35
2005	4,364,256.00	6,00,000	7.27
2004	11,437,466.00	6,00,000	19.06
2003	2,725,646.00	6,00,000	4.54

03. Tax base for the year 2007 under note no 16(a) of the notes to the financial statements for the year 2007 is shown Tk.14,185,060.00 in place of Tk.15,781,990.00 due to printing mistake.

04. The followings changes have been made in note no 21 of the notes to the financial statements for the year 2007 and note no 2 of Additional Disclosure:

Sl. No.	Name of Directors	Status With NGIC	Name of the Firms/ Companies in which interested as Proprietor,Partner, Director, Managing Agent,Guarentor, Employees etc.	Position in the Firms/ Companies	To be changed as follows
A	B	C	D	E	F
02.	Mr. Abdul Matin	Director	06. M/S Abdul Matin	Proprietor	Information in column D & E to be deleted
03.	Mr. Mohd. Azam	Director	03. Social Investment Bank Limited	Shareholder	Information in column D & E to be included
05.	Al-haj Md. Saiful Alam	Director	03. Al-Arafah Islami Bank Limited	Director	Director in column E to be read as Shareholder
08.	Mr. Foysal Ahmed Patway	Director	02. Greentech Greenhouse Bangladesh	Director	To be insert “Limited” after company name in column D
13.	Mr. Shahriar Khaled	Director	04. Fareast Finance and investment Ltd.	Director	Information in column D & E to be deleted

05. Leased Assets

Northern General Insurance Co. Ltd. purchased 2(Two) vehicle under lease finance from Shahjalal Islami Bank Ltd. in 2005 and 2006.These vehicles were not shown in the fixed assets of the Company, since the ownership, that is, registration of the vehicle were made in the name of the Banking Company. The Banking Company maintains the list of the vehicle in their books of accounts and charges depreciation regularly. Purchasing Company only enjoys the benefit of utilization of the vehicle and installments paid to the Banking Company are charged to revenue accounts as "Lease Rent". So there is no need to show these assets in the Balance Sheet of Northern General Insurance Co. Ltd.

Therefore, in this regard BAS-17 is not applicable to the Company since the Company is not the owner of the vehicles in real sense. This standard is applicable to those countries where the ownership is instantly transferred to the purchaser.

06. Premium Deposit

Year wise break up of Deposit Premium is given below:

Particulars	**2007**	**2006**	**2005**	**2004**	**2003**
Opening Balance	8,448,202	7,181,916	47,565,558	59,252,377	47,107,994
Add: Premium Earned	100,760,675	127,527,416	74,217,814	89,445,035	95,051,878
Total:	109,208,877	134,709,332	121,783,372	148,697,412	142,159,872
Less: Premium Income	104,239,333	126,261,130	114,601,456	101,131,854	82,907,495
Closing Balance	**4,969,544**	**8,448,202**	**7,181,916**	**47,565,558**	**59,252,377**

07. Tax deduct at source

Tax deducted at source represents the balance, which is deducted by different schedule Bank and Bangladesh Bank against interest on FDR, STD accounts and NIB of the Company. As per provisions of Income Tax Ordinance 1984, the banks are responsible for making deduction and deposit the same to the Government treasury. The company is responsible for collect deduction certificates/statements from banks and we have duly verified the deduction certificates/statements.

08. Valuation of investment is shown as per BAS-25

Valuations of investment are as under:

	Particulars	Cost Value	Market /Realizable Value	Remarks
	National Investment Bond	9,000,000	9,000,000	Not quoted in market
	Fixed Deposit	93,700,000	93,700,000	Not quoted in market
	Shares in Public Limited Company:			
	Exim Bank Ltd.	11,000	53,176	As on 31.12.2007
	Premier Leasing International Ltd.	5,000	11,055	As on 31.12.2007
	Total	**102,716,000**	**102,764,231**	

The investment has been stated in the Balance Sheet at cost value which is less than market value as provision of BAS-25.

09. Net assets value per share is revised by considering balance of fund and account as follows:

Determination of Offering Price

The offering price of the common stock of Northern General Insurance Co. Ltd. has been determined by assessing the Net Assets Value (NAV). The financial Calculations are presented from the audited accounts as at December 31, 2007.

			Amount
A.	**Total Assets**		**312,217,282**
B.	**Total Liabilities**		
	01	Balance of Fund and Accounts	41,780,641
	02	Premium Deposit	4,969,544
	03	Sundry Creditors	2,266,170
	04	Estimated Liabilities in respect of outstanding claim whether due or intimated	35,073,000
	05	Amount due to other persons or bodies carrying on insurance business	114,671,031
	06	Bank Overdraft	6,623,761
	07	Provision for Income Tax	15,547,364
		Total Liability	**220,931,511**
C.	**Net Assets Value/Owners Equity (A-B)**		**91,285,771**
D.	**No. of Shares**		**600000**
E.	**Net Assets Value per Share (C/D)**		**152.14**

We have examined the above calculation of Net Assets Value (NAV) of Northern General Insurance Co. Ltd. which appears to be correct.

Dated: Dhaka-June 02, 2008		Sd/- HOWLADAR YUNUS & CO. Chartered Accountants

3) Certificate regarding completion of Credit Rating:

TO WHOM IT MAY CONCERN

This is to certify that Credit Rating Information and Services Limited has assigned rating scale BB+ (Pronounced double B plus) to Northern General Insurance Co. Ltd. which indicates the average claim paying ability based on the financial and other relavent information of 31st December, 2006.

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants

Ref: Hyc/682/08 Date:29.06.2008

The Managing Director
Northern General Insurance Co. Ltd.
Raj Bhaban (7th Floor)
29, Dilkusha C/A
Dhaka-1000.

Subject: **Audited Accounts for the year 2007 & IPO Accounts for the year 2003,2004,2005,2006 and 2007.**

Dear Sir,

In addition to our earlier letter no.HYC-CIR-655/08 dated 02-06-2008, please be informed that Fixed Deposit of your Company was shown in the blance sheet under the head of Investment but as per Form A as set forth in part-ii of the first schdule of Insurance Act. 1938, Fixed Deposit is required to show under the head of cash and bank balances. The effect of the above is enclosed herewith under additional disclosoure.

Thanking You.

Very truly your's

Sd/-
HOWLADAR YUNUS & CO
Chartered Accountants

01. Fixed Deposit of Northern General Insurance Co. Ltd. was shown in the blance sheet under the head of **Investment** but as per Form-"A" as set forth in part-ii of the first schdule of Insurance Act. 1938, Fixed Deposit is required to show under the head of **cash and bank balances**. Due to the above, the following changes to be considered in the financial statements for the year 2007 and five years financial statements:

In the Balance Sheet:

Particulars	2007	2006	2005	2004	2003
Investment (Less FDR)	9,016,000	9,016,000	9,011,500	9,006,500	9,000,000
Cash and bank balances (Including FDR)	102,006,674	98,725,998	88,438,092	77,142,914	64,652,517

In the Cash Follows Statement

Particulars	2007	2006	2005	2004	2003
Cash Flow from Investing Activities	(4,779,998)	(2,967,421)	(1,682,930)	(2,302,891)	374,849
Net Cash Flow	3,280,676	10,287,906	11,295,179	12,490,396	5,313,324
Increase / Decrease in Cash & Cash Equivalent	3,280,676	10,287,906	11,295,179	12,490,396	5,313,324

Note no. 10, 14 and 25 are rearranged as follows due to above:

02. Investment (at cost) **Taka.9,016,000**

The investment has been stated at the cost of acquisition. The details are as under:

	Particulars	2007 Taka	2006 Taka
a)	National Investment Bond for three years	9,000,000	9,000,000
b)	Shares in Public Limited Company	16,000	16,000
	Total	**9,016,000**	**9,016,000**

a) The amount represents statutory deposit with Bangladesh Bank as required under Sec.7 (1) of the Insurance Act, 1938.

b) This represents company's subscription to Shares of the following Public Limited Company against Initial Public Offering (IPO).

	Particulars	2007 Taka	2006 Taka
•	Exim Bank Ltd.	11,000	11,000
•	Premier Leasing International Ltd.	5,000	5,000
	Total	**16,000**	**16,000**

Valuations of the above investment are as under as per BAS-25:

	Particulars	Cost Value	Market /Realizable Value	Remarks
	National Investment Bond	9,000,000	9,000,000	Not quoted in market
	Shares in Public Limited Company:			
	Exim Bank Ltd.	11,000	53,176	As on 31.12.2007
	Premier Leasing International Ltd.	5,000	11,055	As on 31.12.2007
	Total	**9,016,000**	**9,064,231**	

The investment has been stated in the Balance Sheet at cost value which is less than market value as provision of BAS-25.

03. Cash & Bank balance **Taka.102,006,674**

Break-up of the above is as under :

Particulars	2007 Taka		2006 Taka
01.On Fixed Deposit (Note 14.01)	93,700,000		90,100,000
02. Balance with banks:	7,667,338		7,667,338
03. Cash in hand (including cash at branches)	639,336		668,536
Total	**102,006,674**		**98,725,998**

The amount represents deposit with different schedule Banks as FDR. Details as follows:

Sl. No.	Particulars	2007 Taka		2006 Taka
01	Al Arafah Islami Bank Ltd.	900,000		900,000
02	Arab Bangladesh Bank Ltd.	500,000		500,000
03	Bank Alfalah Ltd.	1,500,000		1,500,000
04	Bank Asia Ltd.	1,200,000		1,200,000
05	BASIC Bank Ltd.	550,000		550,000
06	Bangladesh Comm. Bank Ltd.	-		200,000
07	BRAC Bank Ltd.	500,000		500,000
08	Dhaka Bank Ltd.	2,800,000		2,500,000
09	Dutch Bangla Bank Ltd.	2,800,000		2,950,000
10	Eastern Bank Ltd.	1,550,000		2,050,000
11	Exim Bank Ltd.	5,000,000		2,000,000
12	First Security Bank Ltd.	9,850,000		15,100,000
13	I.F.I.C Bank Ltd.	3,000,000		2,600,000
14	Islami Bank Bang. Ltd.	3,800,000		4,000,000
15	Jamuna Bank Ltd.	1,300,000		1,300,000
16	Janata Bank	3,800,000		3,800,000
17	Marcentile Bank Ltd.	3,750,000		3,250,000
18	Mutual Trust Bank Ltd.	2,000,000		2,200,000
19	National Bank Ltd.	3,200,000		1,900,000
20	NCC Bank Ltd.	7,400,000		5,600,000
21	Premier Bank Ltd.	1,800,000		800,000
22	Prime Bank Ltd.	4,950,000		5,000,000
23	Pubali Bank Ltd.	1,100,000		1,750,000
24	Rajshahi Krishi Unn. Bank	1,300,000		1,300,000
25	Rupali Bank Ltd.	950,000		950,000
26	Social Invest. Bank Ltd.	7,050,000		4,250,000

27	Sonali Bank	3,500,000		3,500,000
28	Southeast Bank Ltd.	4,500,000		5,500,000
29	Standard Bank Ltd.	1,400,000		1,400,000
30	Shahjalal Islami Bank Ltd.	3,000,000		3,000,000
31	The City Bank Ltd.	500,000		500,000
32	The Oriental Bank Ltd.	4,650,000		4,650,000
33	Trust Bank Ltd.	1,500,000		1,700,000
34	United Com. Bank Ltd.	1,300,000		300,000
35	Uttara Bank Ltd.	800,000		900,000
	Total	**93,700,000**		**90,100,000**

04. Section 27 (A) of Insurance Act 1938

Optimum investment of the Company for the year ended 31st December 2007 calculated by the management as per section 27(A),1938 are as follows

Amount in Taka

Particulars	Amount
Liabilities (As per sub section 2)	
A. Net Claim Outstanding	35,073,000
B. 40% of Net Premium (Fire, Marine Cargo, Motor & Misc,)	41,639,128
C. 100% of Net Premium (Marine Hull)	141,513
D. Due to other insurance company	114,671,031
E. Reserve for Taxation	15,547,364
F. Sundry Creditors (Excluding Share Capital, General Reserves, Investment Reserve, Reserve for Bad & Doubtful debts, Deprecition Fund)	8,889,931
Total (A+B+C+D+E+F)	**215,961,967**
Add: Statutory Liabilities	500,000
Total Liabilities	**216,461,967**
Or	
10% of the net premium	**10,423,933**
Higher one is optimum investment as per Section 27A of Insurance Act, 1938 (a)	**216,461,967**
Actual Investment (As per sub section 3)	
Investment	9,016,000
Interest accrued	7,098,969
Due from other insurance company	150,278,279
Bank balances	101,367,338
Other accounts (Excluding Furniture & Fixture, Stationary and Dead-Stock)	17,059,111
Total Actual Investment (b)	**284,819,697**
Excess in Investment (a-b)	**68,357,730**

Dated: Dhaka-June 29, 2008		Sd/- HOWLADAR YUNUS & CO. Chartered Accountants

Additional disclosures by the management of the Company

a) Cancellation of Earlier IPO of Northern General Insurance Co. Ltd.

Reference to the above, it is mentioned that Securities and Exchange Commission (SEC) gave IPO consent to Northern General Insurance Co. Ltd. in 2005 vide their letter no. SEC/IPO-40/2004-282 dated 29-12-2005.

Accordingly application money was collected from 19-03-2006 to 23-03-2006 through ICB, Dutch Bangla Bank Ltd, Prime Bank Ltd. Southeast Bank Ltd, Social Investment Bank Ltd, Al Arafah Islami Bank Ltd. and First Security Bank Ltd.

Only 1797 number of applications amounting to Tk. 95,25,000/- was received, which was below 50% of total issue. Therefore, Securities and Exchange Commission (SEC) cancelled the aforesaid IPO permission vide letter no. SEC/IPO-40/2004-402 dated 20-04-2006. The whole situation was fully beyond the control of the management of Northern General Insurance Co. Ltd.

b) Disclosure on operational growth

Re-Insurance ceded with Sadharan Bima Corporation was 6.30 crore in 2006 and 7.55 crore in 2007 as a result premium less re-insurance in 2007 is 10.42 crore compare to 12.63 crore in 2006. Adequate re-insurance was made with Sadharan Bima Corporation in 2007 that is why claim payment in 2007 is reduced to Tk. 2.09 crore from 3.55 crore in 2006.

c) Disclosure on dividend

The Board of Directors of the Company has recommended 12.50% cash dividend for the year 2007. The proposed dividend will be placed to the forthcoming Annual General Meeting to be held on September 15, 2008 for approval of Shareholder. If the dividend is approved the IPO applicant shall not be entitled to such dividend.

d) Disclosure on income

Break-up of operating income and non-operating income as under:

Particulars	2007		2006		2005		2004		2003	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Income	2,09,40,489	63.3	1,67,06,519	61.5	1,20,09,223	58.9	2,02,98,797	75.2	53,63,635	39.2
Non-operating Income	1,21,59,326	36.7	1,04,69,611	38.5	83,68,835	41.1	67,00,255	24.8	83,24,640	60.8
Total Income	3,30,99,815		2,71,76,130		2,03,78,058		2,69,99,052		1,36,88,275	

It reveals on the above, trend of operating incomes of the Company are increasing and operating income is about 60% to 70% of total income.

Application Forms

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager

Northern General Insurance Company Limited

Application Form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director
Northern General Insurance Company Limited
Raj Bhaban (7th Floor)
29 Dilkusha C/A
Dhaka-1000.

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the …………… number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or in respect of any application money refundable by crediting directly to the first applicant's bank account stated below:

1. No. of Ordinary Shares …………..……… of Tk 100 each at par.
2. Amount of Tk (*in figure*), ……………..…, Taka (*in words*) ………………..……………………………………..only deposited vide Cash/Cheque/Draft/Pay Order No. ……………………………………… dated ……………………..… on ……………………………………………… Bank ………………………………………… Branch ……………………
3. Depository (B/O) Account Number

   (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
4. I/We agree to fully abide by the instruction given herein.
5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:
For refund warrant: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of **Northern General Insurance Company Limited** and have willingly subscribed for …………… no. of shares of Tk 100 each at par on this form.
7. Specimen Signature(s):

(i) Name *(in block letters)*	Signature:
(ii) Name *(in block letters)*	Signature:

… …

BANKER'S ACKNOWLEDGEMENT

Certified that this bank has received Tk. ………………….. (in word) ...………………………………………………………… only from Mr./Mrs./Ms. …………………………………………………………………...……..……… being the Application Money for …………… nos. Ordinary Shares of **Northern General Insurance Company Limited.**

Banker's Sl. No. ………………. **Seal and Date** **Authorized Signature (Name & Designation)**

Instructions

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring "**Northern General Insurance Company Limited**" and crossed "A/C Payee only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
10. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
11. No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
12. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, Citibank, N.A. or Standard Chartered Bank, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
13. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
14. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
15. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
16. The Bankers to the issue Banks shall be obliged to receive the A/C Payee Cheque (s) on the closing day of the subscription.
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

Bankers to the Issue

HSBC
Motijheel Branch, Dhaka

Investment Corporation of Bangladesh
Head Office, Dhaka
Local Office, Dhaka
Barishal Branch, Barishal
Bogra Branch, Bogra
Chittagong Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

National Bank Limited
Babubazar Branch, Dhaka
Bangshal Road Branch, Dhaka
Dhanmondi Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Ex. Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Islampur Branch, Dhaka
Jatrabari Branch, Dhaka
Kawran Bazar Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Mohammadpur Branch, Dhaka
Motijheel Branch, Dhaka
North Brook Hall Branch, Dhaka
Pragati Sarani Branch, Dhaka
Savar Bazer Branch, Savar, Dhaka
Uttara Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Gazipur Branch, Gazipur
Narayanganj Branch, Narayanganj
Pagla Bazar Branch, Narayanganj
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Anderkilla Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Pahartali Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Barisal Branch, Barisal
Bogra Branch, Bogra
Comilla Branch, Comilla
Khulna Branch, Khulna
Narsingdi Branch, Narsingdi
Rajshahi Branch, Rajshahi
Rangpur Branch, Rangpur
Tangail Branch, Tangail

Shahjalal Islami Bank Limited
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Dhaka Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Foreign Branch, Dhaka
Gulshan Branch, Dhaka
Joypara Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mirpur Branch, Dhaka
Mitford Branch, Dhaka
Motijhee Branch, Dhaka
Satmasjid Road Branch, Dhaka
Savar Branch, Dhaka
Uttara Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Baipail (Dhaka EPZ) Branch, EPZ Savar
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Muradpur Branch, Chittagong
Beanibazar Branch, Sylhet
Dargah Gate Branch, Sylhet
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Moulvibazar Branch, Moulvibazar

Social Investment Bank Limited
Dhanmondi Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Moulvi Bazar Branch, Dhaka
Principal Branch, Dhaka
Uttara Branch, Dhaka
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Bogra Branch, Bogra
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

Southeast Bank Limited
Aganagar Branch, Dhaka
Agargaon Branch, Dhaka
Ashulia Branch (Rural), Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Corporate Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Joypara Branch (Rural), Dhaka
Kakrail Branch, Dhaka
Karwan Bazar Branch, Dhaka
Motijheel Branch, Dhaka
New Elephant Road Branch, Dhaka
New Eskaton Branch, Dhaka
Principal Branch, Dhaka
Shaymoli Branch, Dhaka
Uttara Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch (Islami Banking), Sylhet
Chouhatta Branch, Sylhet
Hetimgonj Branch, Sylhet
Laldighirpaar Branch, Sylhet
Pathantula Branch, Sylhet
Shahjalal Uposhahar Branch, Sylhet
Kulaura Branch (Rural), Moulvi Bazar
Moulvibazar Branch, Moulvi Bazar
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Halishahar Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Pahartali Branch, Chittagong
Cox's Bazar Branch (Islami Banking), Cox's Bazar
Chhagalnaiya Branch (Islami Banking), Feni
Feni Branch, Feni
Bashurhat Branch (Rural), Noakhali
Chowmuhani Branch (Rural), Noakhali
Rangpur Branch, Rangpur

The City Bank Limited
B B Avenue Branch, Dhaka
Dhaka Chamber Branch, Dhaka
Dhanmondi Branch, Dhaka
DSE Nikunja Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, Dhaka
Islami Banking Branch, Dhaka
Johnson Road Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
New Market Branch, Dhaka
Principal Office, Dhaka
Shymoli Branch, Dhaka
Uttara Branch, Dhaka
VIP Road Branch, Dhaka
Tongi Branch, Gazipur
Tanbazar Branch, Narayanganj
Comilla Branch, Comilla
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
O R Nizam Road Branch, Chittagong
Bandar Bazar Branch, Sylhet
Zinda Bazar Branch, Sylhet
Barisal Branch, Barisal
Bogra Branch, Bogra
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager

Northern General Insurance Company Limited

Application Form

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions there in, applications may be rejected.

The Managing Director
Northern General Insurance Company Limited
Raj Bhaban (7th Floor)
29 Dilkusha C/A
Dhaka-1000.

Dear Sir,
I/we apply for and request you to allot me/us the following number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of …………………Shares allotted to me/us pursuant to this application and credit the said shares to my BO (Beneficiary Owner) Account and/or in respect of any application money refundable by crediting directly to the first applicant's bank account stated below:

1. No. of Shares ……………………………. of Tk 100 each at par.
2. Amount of Tk (*in figure*) …………………, (*in words*) ………………………………………………………………….. only
   Convertible into US Dollar 1.00 = Tk ……….., UK Pound Sterling 1.00 = Tk ……….., and Euro 1.00 = Tk ………..
3. Payment by cheque/draft no. ………………………………. dated …………..…………. for US Dollar or UK Pound Sterling or Euro or Tk ……………… drawn on ……………………..……………. Bank ………………………… Branch.
4. Depository (B/O) Account Number

   (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
5. I/we agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Mother's name:	
Mailing Address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	
For refund warrant: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Mother's name:	
Mailing Address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	

Nominee:

Name:
Mailing Address:

7. I/we hereby declare that I/we have read the Prospectus of **Northern General Insurance Company Limited** and have willingly subscribed for ……………. no. of shares of Tk 100 each at par on this form.
8. **Specimen Signature(s):**

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		
Nominee:		

Instructions

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Northern General Insurance Company Limited"** and crossed "Account payee only".
5. An application shall be sent by the applicant directly to the Company by **18/09/2008** so as to reach the Company by **27/09/2008**. Applications sent after **18/09/2008** or received by the Company after **27/09/2008** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, bank's name and branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, Citibank, N.A. or Standard Chartered Bank, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
14. The spot buying rate (TT Clean) in US$, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
15. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, duel citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicants shall also submit supporting papers/documents in support of their being an NRB as mentioned in para-15 above.
17. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
18. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
19. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

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

CREDIT RATING REPORT
ON
Northern General Insurance Company Limited

REPORT: RR/164/08

Address:
CRISL
Nakshi Homes
(4th Floor),
6/1A, Segunbagicha,
Dhaka-1000
Tel: 7173700-1
Fax: 88-02-9565783
Email:
crisl@bdonline.com

Analyst:
Khaled M. Raihan
Khandakar Aminul Islam

Claim Paying Ability Rating: BB+

Outlook : Positive

Rating :Based on Financials of 2006

NORTHERN GENERAL INSURANCE COMPANY LIMITED

PRINCIPAL ACTIVITY
General Insurance

INCORPORATED ON
April 08, 1996

BOARD CHAIRMAN
Al-haj Nasiruddin

MANAGING DIRECTOR
Mr. Mohiuddin Ahmed

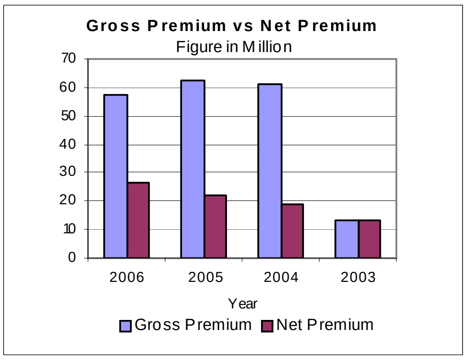
GROSS PREMIUM
Tk.189.31 million

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Claim Paying Ability Rating for General insurance companies is valid for one year only. After the above period, this rating will not carry any validity unless the company goes for rating surveillance.

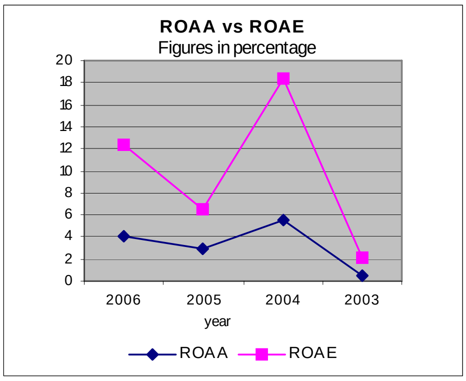
	Claim Paying Ability
Rating	**BB+**
Date of Rating	February 14, 2008
Outlook	Positive

1.0 RATIONALE

CRISL assigns BB+ (pronounced as "double B plus") Claim Paying Ability (CPA) rating to Northern General Insurance Company Limited (hereinafter called NGICL). The above rating has been done on the basis of its average fundamentals in the areas of financial operation, underwriting, equity base, liquidity, IT infrastructure, corporate governance etc. However, the company having considerable market exposure, good in-house business support and with the endeavors of the present management has the potentials to improve its position. The CPA rating in this category is adjudged to offer average claim paying ability with average protection factors. The companies are deemed likely to meet these obligations when due. However, changes in underwriting and/or economic conditions are more likely to weaken the capacity to meet policyholder obligations than insurers in higher rated categories.



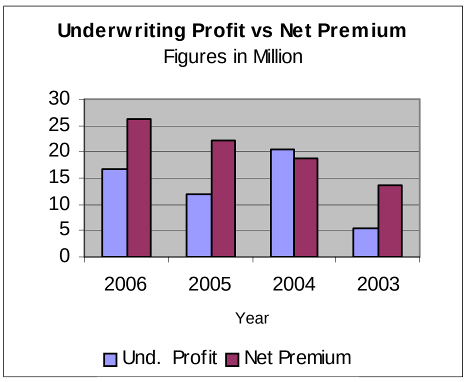
CRISL also viewed the company with 'positive' outlook for its mentionable business growth, turn around in its operation as well as initiative of off-loading shares in the market.



2.0 CORPORATE PROFILE

2.1 The Genesis

NGICL, a second generation general insurance company, was incorporated on April 8, 1996 as a public limited company under the Companies Act 1994 and licensed under Insurance Act, 1938 in order to run all types of general insurance business other than life insurance business. It obtained certificate of commencement of business on April 8, 1996 with an authorized and paid up capital of capital of Tk. 250 million and Tk. 60 million respectively. It got registered with the Department of Insurance on 25 May 1996 with the prime maxim "A key to protection". NGICL is sponsored by a group of renowned business personality of the



country involved with various business such as bank, insurance, garments, textiles, chemicals printing, fishing, oil, real estate etc. The company went for initial public offering (IPO) in 2006 in order to comply with the regulatory requirement. However, in view of its application for subscription not adequate to comply with regulatory requirement, the above IPO could not be executed. Over more than a decade of its operation, the company has been operating its business through setting up branches in different strategically important location of the country. The company carries out all types of general insurance business as per the Insurance Act. Like most of the general insurance companies in the industry, NGICL underwrites risks in fire, marine, motor and miscellaneous business areas. During the year 2006, the company earned gross premium of Tk. 189.31 million and earned an underwriting profit of Tk. 16.71 million. The company is being supervised by a board consisting of 15 members headed by Mr. Al-haj Nasiruddin, having adequate exposure to different business and one of the Directors of Social Investment Bank. The head office of the company is at Raj Bhaban (7th floor), 29 Dilkusha C/A, Dhaka-1000.

2.2 Ownership Pattern

Concentrated Ownership Pattern

Being a closely held public limited company, the ownership of Northern General Insurance Company is totally confined to its fifteen directors, having 0.60 million shares outstanding totaling a paid up capital of Tk. 60 million as on YE 2007, linked with diversified group of business like bank, textile, automobiles, garments and insurance business. As said earlier, the IPO of NGICL was cancelled in April 20, 2006 due to under subscription as per Securities and Exchange Commission Rule. Among the individual directors Mr. S.M. Ayub Ali Chowdhury and Al-haj Mohd. Saiful Alam are the highest shareholder, holding 8.15% of the total share each. Again, among the directors, nine of them hold 67.4% of the total shares. The above shareholding pattern reveals high concentration of ownership among few shareholders.

2.3 Branch Network

Northern General Insurance has its presence only in Dhaka, Chittagong and Khulna division. As on 31 December 2007, the company has been operating its business through 22 branches alone with one local office. Among the branches, 16 are in Dhaka division and 5 are in Chittagong division and 1 is in Khulna division located in different strategically important areas of the city. The company added only one branch to its network during 2006. The above branch network is found in line with the companies to its contemporary.

2.4 Market Share

Above average Market Share

The general insurance industry of Bangladesh reported gross premium of Tk. 9020 million in 2006 which is being shared by 44 companies including the Government owned Sadharan Bima Corporation (SBC). The gross premium of NGICL as on the same date stood at Tk. 189.31 million during the same period representing only 2.09% of the market share. The growth rate in premium of NGICL is 3.22%, which is quite lower than that of industry growth rate of 15%. Without considering the gross premium of SBC, NGICL occupies 2.37% of the market share of the premium being earned by the private sector general insurance companies during 2006 while average market share of general insurance companies is 2.27%.

3.0 Insurance Industry

Insurance industry of Bangladesh has a long history of evolution. About a century back, couple of insurance companies started both general and life insurance business during the British regime in India. However, insurance business got the momentum during the East Pakistan regime. In the pre-liberation period, there were as many as 49 privately owned insurance companies underwriting general insurance business along with one central Govt. run-organization, namely, Pakistan Insurance Corporation. After liberation, the insurance industry was nationalized vide Presidential Order No. 95 of 1972. By virtue of nationalization order, 5 Corporations were set up to manage the insurance industry of which four were subsidiary corporation, two each for life and General and an apex body ,viz., Jatiya Bima corporation as a controlling corporation. At a later stage, the above five corporations were replaced by two state owned corporations namely, Sadharan Bima Corporation for general business and Jiban Bima Corporation for life business under a restructuring plan made in 1973 in order to curtail excessive administrative expenses of the aforementioned corporations. Again, in the process of denationalization, the Insurance Corporations Act was amended in 1984 to allow insurance companies to operate in the private sector subject to certain restrictions regarding business operation and reinsurance. Subsequent to that, the Act was further amended for the relaxation of the existing regulation to promote the private sector insurance companies. Presently, 62 insurance companies are operating in the

CREDIT RATING REPORT
ON
Northern General Insurance Company Limited

country, of which 44 are in general business and the remaining 18 are in life business, even though the two state-owned corporations are dominating the market.

Too Many Companies in a Small Market

The gross premium of general and life insurance business stood respectively at Tk. 9.02 billion and Tk. 26.83 billion during 2006 with a combined growth rate of 26.10% compared to that of the previous year. On the other hand, claim settlement during the same period stood at Tk. 4.20 billion for general and Tk. 6.24 billion for life with an aggregate growth rate of 42.04% over the previous year. However, presence of large number of companies in a small market leads to tough market competition and unethical practices which has already created a significant number of sick insurance companies in the industry. Understanding the importance of revitalizing the sector in line with the international norms, the regulatory authorities have decided to introduce mandatory credit rating requirement in the industry. Under the above directives, all general insurance companies are directed to get credit rating with effect from 2007 with mandatory surveillance at the end of each year. However, the life insurance companies were directed to have the surveillance rating biannually.

New Regulation in Process

The Government is in the process of amending the existing regulations in order to bring more regulatory control and transparency in the operation of the sector. The Department of Insurance is proposed to be abolished by setting up the Independent Insurance Regulatory Authority Ordinance 2007. In addition, two Insurance Ordinances have been proposed which were titled as Insurance Ordinance 2007 and 'Takaful Ordinance 2007 while former for the general and life insurance and the later for the Takaful insurance companies operating under islami Shariah principles. The above two Ordinances will replace the age old Insurance Act 1938 and Insurance Rule 1958. CRISL expects paradigm shift in the operation of the insurance companies with the above changes in the regulatory regime.

4.0 Corporate Governance

Corporate governance at initial stage

Corporate governance is the set of processes, customs, policies, laws and regulations affecting the way a corporation is directed, administered or controlled to perform efficiently and generates long term economic value for its shareholders while respecting the interest of its stakeholders and the society as a whole. The specific areas covered are transparency in disclosure of relevant reliable financial and operational information, information on ownership and control, information on internal processing of management. The Corporate governance practice of the company is still at the initial stage. CRISL evaluates the corporate governance of NGICL in the following areas:

4.1 Board of Directors

The Board of NGICL consists of sixteen directors including the Managing Director as ex-officio. All the directors are the sponsor shareholder of the company. Mr. Al-haj Nasiruddin, the present Chairman of the Board is also the sponsor director of Social Investment Bank Ltd., and also the proprietor of M\s. Nasim Trading Company & M\s Nams Trade Corporation. The other members of the Board are eminent personalities involved in diversified business sectors like bank, insurance, garments, textiles, chemicals printing, fishing, oil, real estate etc. The Board held 7 and 6 meetings respectively in 2006 and 2005. The Board mainly deals with strategic areas of business operation and reviews the operational performance of the company.

4.2 Board Committees

Large size of Board Committees

In order to ensure effectiveness in operation, the board has formed three Board Committees named Executive Committee (EC), Claim Committee (CC) and Audit Committee (AC). The EC consisted of 15 members, headed by Board member Mr. Abdul Matin. The EC had conducted 7 meeting during 2006. The EC deals with business collection, remittance, legal affairs, lease agreement, lease rental, maintenance, establishment, general administration, recruitment, promotion, transfer, reward, punishment of staff and other financial or organizational matter that may warrant immediate decision.

The fourteen-member Claim Committee, under the leadership of Mr. Mohammed Azam, had conducted 7 meeting during 2006. The main responsibilities of the Claim Committee are to review the claims intimated and approved for payment under its financial power or recommend to the Board for final approval. However, these extra large sizes of EC & CC ultimately distorts the purpose of formation of the Board Committees. The Board has formed a four-member Audit Committee under the chairmanship of Mr. S. M Ayub Ali Chowdhury which has conducted 6 meeting during 2006. The main responsibility of the committee is to look after internal audit affairs, recovery of outstanding premium & collection, reconciliation, expenditure, commission etc.

4.2 Management

Experience management team

Insurance is basically a technical business dependent to a great extent on the quality of techno-human resources available to form a management team. The NGICL is not an exception. The day-to-day operation of the company is being managed by an experienced management team with wide exposure in insurance business. The team is led by Mr. Md. Mohiuddin Ahmed who joined the company as Additional Managing Director in 12 June 2006 and subsequently been assigned to the position of Managing Director (current charge) on 2007. He started his career in United Bank Limited in January 1969 as trainee officer. In his more than thirty five years long career, he served many important positions in different banks and non-banking institutions including Janata Bank, BCCI, Pubali Bank, Al Baraka Bank, First Security Bank etc. In the management team Mr. Mohiuddin Ahmed is aided by one Deputy Managing Director, four Senior Executive Vice President, four Executive Vice President and a host of other senior Officials. Mr. Bayazid Muztaba Siddiqi, the Deputy Managing Director of the company has more than 25 years experience in insurance industry under various capacities like underwriting, re-insurance, claims, administration etc. The activities of the company are being carried out through five departments namely, Administration Department, Finance and Accounts Department, Claims & Re-insurance & Underwriting Department, Audit Department & IT Department. The delegation of financial power in NGICL is in line with requirement. Management has formed a four member Claim Committee to scrutinize the related papers and the committee can approve up to TK. 0.15 million yet CRISL observed no evidence of exercising such delegation. The company has as many as twenty two branches and the activities of the branches are being supervised by the Finance and Accounts Department headed by Mr. Mohammed Ahsan Ullah having vast experience in Accounts and Finance.

4.4 IT Infrastructure in MIS

IT Infrastructure in initial stage

Application of information technology in every phase of the insurance operation is vital for the general insurance companies. Integrated insurance software provides real time information to the management and technical personnel. Integrated software of underwriting, accounting, reinsurance, claim, etc. provides quick service to the related parties and also extends support for risk analysis, trend analysis of accident, claim behavior, that ultimately help management to take judicious decision. The present IT infrastructure of the company is at initial stage. NGICL has newly started IT department with the initiative of current Chairman and Managing Director. Before the inauguration of the IT department, other departments like Claim & Reinsurance, Underwriting, and Administration follows tedious manual system, which make them unable to provide prompt information as required. These departments are using the computers only for correspondence through Microsoft Office Package. From Nov 2007, the head office of the company is equipped with thirteen computers with Local Area Network (LAN) connection supported by one server. The company uses two local vendor made softwares named ‘Insurance Business Management System (IBMS)’ and ‘Insurance Accounts Management System (IAMS)’ that can provide immediate information regarding deposit position, collection position, business summary – branch and class wise, details of branch wise outstanding, personnel details, ledger, trial balance, revenue account etc. However, the data protection system of the company was found poor. At present, the NGICL does not keep sufficient backup and does not have any data security.

4.5 Human Resources Management

Poor human resource development program

NGICL as mentioned earlier, has a management team with long experience in the insurance industry. However, the performance of the management is found moderate. NGICL has no board approved service rule of its own but a committee is working to make a draft services rule for the company. The company provides some long-term benefits for their employees like provident fund contribution, gratuity, bonuses etc. Human resource activities of the company are looked after by the Administration Department. Total human resource strength of the company stood 158 as on December 23, 2007. Human resource turnover in top management has been found substantial. During the year 2007 the company lost 2 higher officials. Some of the vacancies have already been filled up by appropriate replacements. In order to improve the human resources and their quality in line with the modern business need Insurance Companies arrange different training programs for its employees. However, the participation of the employees of NGICL in training program have been found insignificant. During the last two years, the company financed only 6 different level executives to attend different training programs organized by Bangladesh Insurance Academy.

4.3 Marketing Strategy

Good in-house business

Government regulation provides an unbeatable advantage to the general insurance companies and thus results to the emergence of as many as 44 companies in a small market. The private sector general insurance companies enjoy 50% of the public sector business (PSB). NGICL earned 10.16% of its gross premium from government business during 2006. The company earned around 33% in-house business. Major business of the company comes from garments, textile, power sector, banks and financial institutions, and pharmaceuticals industries. The marketing related functions of the company are being carried out by the Business Development Department headed by a Deputy Managing Director. The company has 343 permanent marketing executives, while they don't have any contractual marketing executive. The company has been dealing with all the traditional product line of general insurance business.

5.0 BUSINESS PROFILE

5.1 Business Mix

NGICL carries out all types of general insurance business as per the Insurance Act which include fire, marine, motor, engineering and miscellaneous business. Fire insurance business of the company covers fire insurance and industrial "all risks" insurance. Marine insurance includes marine cargo and marine hull while motor insurance include covers comprehensive insurance. Miscellaneous insurance covers contractor's "all risks" insurance, erection "all risks" insurance, machinery breakdown insurance, deterioration of stock insurance, boiler & pressure vessel insurance, electrical plant insurance, burglary & housebreaking insurance, cash-in-transit insurance, cash-in safe insurance, cash-on counter insurance, public liability insurance, product liability insurance, personal accident insurance, people's personal accident insurance, workmen's compensation insurance, employers' liability insurance, goods-in-transit insurance, credit insurance, loss of profit insurance, householder's insurance, comprehensive travel insurance, health plan insurance, dread disease insurance and fidelity guarantee insurance.

Risk appetite towards marine business

NGICL underwrote Tk. 31.85 billion (sum insured) risk during 2006 of which Tk. 12.39 billion in fire business, Tk. 14.41 billion in marine cargo, Tk. 2.29 billion in motor business, and 2.76 billion in miscellaneous business category. The above underwriting portfolio reveals company's risk appetite towards marine business which is considered to be low risky compared to other business category. While analyzing the premium composition of NGICL, it has been revealed that marine policies contribute 34.88% of the total gross premium followed by 30.37% of fire, 27.04% of motor and 7.71% of miscellaneous policies during 2006.

5.2 Reinsurance

Reinsurance Arrangement with Sadharan Bima Corporation

Reinsurance, broadly speaking, is the insurance of insurance where the original insurer gets the risks covered with another (reinsurer) for the same reason the original insured got protection for. The reinsurance policy of the company is to obtain maximum reinsurance protection at minimum cost. In accordance with the present rule, 50% of the re-insurable general insurance business shall be reinsured with Sadharan Bima Corporation (SBC) and the remaining to be reinsured either with the corporation or any other insurer inside or outside Bangladesh. NGICL, in line with the existing regulation, takes its 100% reinsurance coverage from SBC which is made for one year and renewed every year. The retention of the company is being protected by excess of loss treaty for motor insurance and CAT excess of loss treaty for fire and allied perils. SBC, as mentioned earlier, is the only government owned company with authorization to do reinsurance business. The company does not carry any rating. The government of Bangladesh does not provide any claim paying guarantee to the policy holders of SBC. However, the financial strength of SBC was found good with huge asset base. The corporation reported profit before tax of Tk. 420.38 million during 2006. NGICL underwrote Tk. 31.77 billion risk during 2006 of which gross reinsurance coverage was Tk. 8.58 billion representing gross retained risk of Tk. 23.19 billion. It is notable here that gross reinsurance coverage against sum insured has slightly been reduced to 27% during 2006 from 27.12% in 2005.

5.3 Claim Settlement

An insurance company, as per law, is supposed to settle a claim within 90 days from the date of receipt of full documents; however, no explicit idea of 'full document' is given in law which gives rise to mystification between the insurer and the insured. NGICL, as per Insurance Act 1938, appoints a government licensed surveyor for the assessment of actual quantum of loss. Meanwhile, the related papers and documents are scrutinized and after receiving final survey report, the file is submitted to the claim department. The claim department reviews the file and forwards the same to the Managing Director or Management Claim Committee. While analyzing the settlement of big claims (where the share of the company exceeds Tk. 5 lac) during 2006, it has been revealed that the company settled 31 claims worth of Tk. 28.76 million of which no in-house claim was found. It has also been revealed that the company has outstanding claim of Tk. 48.57 million as on December 31, 2006 of which 69.20% was under fire business, 12.79% was under marine business and 18.03% under motor business. CRISL reviewed the outstanding claim status as on June 30, 2007 and it has been identified that the status had been improved and their outstanding claim amount stood at Tk. 15.81 million. Moreover, there were eight policies under litigation as on the reporting date.

5.4 Underwriting Quality and Expertise

Moderate Underwriting Performance

Insurance industry in Bangladesh operates under the structured underwriting and tariff guidelines which gave rise to the rivalry and unethical practices among the companies to some extent to raise the base of the policyholders. The Central Rating Committee modifies tariff rates after every specified period. The above committee may adjust the tariff rate according to the performance of the specific sector and the client. Couple of years ago, the Chief Controller of Insurance (CCOI) abolished the agency commission system to stop the underhand transaction between the agent and the policy buyer. The above move was, however, not fruitful to eradicate the unethical practices and thus resulted to the reintroduction of commission system in the sector. The overall underwriting quality of NGICL found moderate. The underwriting activities are being carried out under the direct supervision of a Executive Vice President having 37 years long experience in underwriting, reinsurance and claims. In addition, the company has one underwriting expert who is in the rank of Asstt. Vice President having wide experience in insurance business. Moreover, the long experienced Deputy Managing Director adds value to the underwriting quality. The company has experience of underwriting 3 high valued (more than one billion) risk assignments alone, of which total sum insured stood at Tk. 5 billion during 2006.

5.5 Expenditure Pattern of Management

Management expenses exceeding allowable limit

Management expenditure of an insurance business plays an important role to measure the efficiency of the company. Expense ratio depicts the managements' efficiency to run the business. Under the above backdrop, the regulators imposed some restrictions on the above expenses in order to keep the expenses at certain level. The Expense ratio of NGICL is about 59.66% in 2006, which is in line with the peer median. The allowable limit of the management expense was Tk. 69.76 million in 2006 as per Insurance Rule 40, 1958 while the actual management expenses of NGICL stood at Tk. 86.47 million during 2006 which is 1.24 times higher than their allowable limit.

5.5 Sectoral Business review

NGICL, as mentioned earlier, carries out all types of general insurance business. While analyzing the performance in terms of business class, CRISL reviews the following dimensions:

5.5.1 Fire Business

Tk. 28.32 million loss at the YE 2006

Like most of the general insurance companies in the industry, underwriting performance of NGICL, in fire business is poor. The gross premium stood at Tk. 57.49 million during 2006 against 62.53 million with 8.06% reduction than that of the previous year, and the sum insured in this segment also slightly decreased to Tk. 12.40 billion in 2006 from Tk. 12.42 billion in 2005. The retention ratio of fire business increased to 45.63% in 2006 against 35.52% in 2005, which was found higher compared to its peer. The underwriting loss stood at Tk. 20.02 million in 2006 mainly because of the combine effect of immense increase in expense and claim ratio which was further aggravated by decrease in gross premium income. Expense ratio increase to 79.58% in 2006 from 66.77% in 2005 against peer median of 82.79%. Moreover, claim ratio stood at 74.09% in 2006 against 86.22% in 2005 which is quite higher than the peer median of 22.6% in 2006. Combine ratio has slightly increased to 153.67% at the YE 2006 from 152.99% at the YE 2005.

Analyzing the risk prone area of fire insurance business; policies covering stock of readymade garments, furniture, paper, garments factory etc. are considered to be more risky than that of residential house, crockery, stock of food grain etc. In another way, industrial areas are more vulnerable than residential areas. NGICL's fire policies of 2006 were found to be concentrated in high risk areas regarding both insured perils and locations.

5.5.2 Marine Business

Underwriting performance of marine business found satisfactory among the business segment in terms of underwriting profit. However, gross premium from this segment reduced to Tk. 66.02 million during 2006 representing 13.94% decline from the previous year mainly because of reduction of tariff rate. Sum insured in the business segment decreased to Tk. 14.41 billion in 2006 from Tk. 15.55 billion in 2005 with 7.33% decrease from the previous year. The retention ratio of the company, during 2006 found in line with the peer median, stood at 74.66% in 2006 against 61.64% in 2005. Claim ratio increased to 7.26% at the YE 2006 from 4.99% at the YE 2005. Expense ratio increased to 51.1% in 2006 from 40.1% in 2005. This increase was due to increase of agency commission by 36.50% in 2006. Nevertheless, the company reported underwriting profit of Tk. 28.32 million in 2006 representing 18.17% decrease from the previous year (Tk. 34.61 million).

5.5.3 Motor Business

NGICL, increased its exposure in terms of retained risk in motor business which is considered to be in high risk category business segment as set by CRISL being globally followed. However, the total motor business is covered under excess of loss treaty. The gross premium during 2006 stood at Tk. 51.20 million against Tk. 28.09 million in 2005 with 82.27% growth rate over the previous year. The sum insured was also increased by 50.09%. The retention ratio of the company, during 2006 found in line with the peer median, stood at 96.88% in 2006 against 94.99% in 2005. Claim ratio decreased drastically to 11.98% at the YE 2006 from 62.7% at the YE 2005. Expense ratio increased to 49.04% in 2006 from 61.64% in 2005. This increase was due to significant increase of agency commission in 2006. Motor business, above all, reveals Tk. 10.35 million underwriting profit in 2006 which was -0.71 million in 2005.

5.5.4 Miscellaneous Business

Among the business segments, NGICL has lowest involvement in miscellaneous business both in terms of sum insured and gross premium earned. The company reported underwriting loss of Tk. 1.95 million in miscellaneous business during 2006. The sum insured amount in the business segment stood at Tk. 2.76 billion against reinsurance coverage of Tk. 0.53 billion. The gross premium slightly increased to Tk. 14.6 million in 2006 of which Tk. 13.59 million has been given as reinsurance premium representing 6.17% retention ratio. Even though the expense ratio found 169.27% at the YE 2006 against 117.56% at the same period of 2005, which was relatively higher, compared to its peer median in 2006. This increase was due to significant increase of agency commission and expense of management in 2006. Claim ratio decreased drastically to 6.17% at the YE 2006 from 79.67% at the YE 2005. Combine ratio has slightly decrease to 175.44% at the YE 2006 from 197.23% at the YE 2005 due to decrease in net claim paid.

5.6 Retention Capacity

SBC revises the retention limit of private sector general insurance companies from time to time depending on the financial strength, underwriting expertise etc. However, retention limit of NGICL with SBC had been revised in 2006. The retention limit of the other general insurance companies of same generation has been found higher than that of NGICL. While analyzing the treaty limit of the business class, an improvement was found during the year 2006. Treaty limit of fire is Tk. 3.50 million, for marine cargo is Tk. 2.50 million, for engineering business is Tk. 1 million and for miscellaneous accident business is Tk. 0.3 to 0.75 million in 2006. In 2005 treaty limit of fire, marine cargo, and engineering business are Tk. 2.5 million, Tk. 2 million and Tk. 1 million respectively. No improvement was found in this regard in case of miscellaneous class of business.

5.7 Investment Portfolio

NGICL is yet to develop a documented investment policy. However, Accounts and Finance department initiates all the investment decisions after getting approval from the Managing Director. The investment portfolio of the company stood at Tk. 107.07 million as on December 31, 2006 representing 84.15% in fixed deposits (FDR), 8.41% in National Investment Bond (NIB) as regulatory requirement and the remaining 7.44% in shares and short term deposit. NGICL maintains a diversified FRD portfolio with as many as 35 banks. While analyzing the performance of investment portfolio, it has been revealed that the return from investment portfolio stood at Tk. 6.10 million during 2006 of which 80.49% return is being generated from the FDR investment, 19.51% from the National Investment Bond while remaining from Short Term Deposit Account.

Diversified FDR Portfolio

6.0 RISK MANAGEMENT

An insurance company, by virtue of its business nature, undertakes the risks of the policyholders. Management of risks is very crucial as the same is highly correlated with the long run sustainability and operating efficiency of the insurer. Principally, the higher the risk management practice, the lower the risk and the protection for the stakeholders is evident. The risk management primarily deals with the fortuitous events and their impacts which basically come from the core business activities of the insurance company. In addition, some operational risks are also associated with, which are also needed to be addressed. CRISL has reviewed the risk management of the company as delineated below:

6.1 Industry Risk

High Industry Risk

Too many insurance companies in a small market pose significant risk for all the companies. Although the government at this point of time is not contemplating to issue additional license, there is no guarantee of such non issuance in future as the same is dependent on the wishes of the political government. AT present the Government has the active plan to bring significant changes in the regulation of the industry which may also raise the risk of merger or acquisition. Very recently the regulators made the credit rating mandatory for all insurance companies. CRISL foresees that continuous bad rating of an insurance company might affect the business thus results in a threat to its survival.

6.2 Business Risk

NGICL doesn't have any documented underwriting manual for business risk management yet follows common practice, rules and guidelines as framed by the regulatory authority. The company has a regular risk inspection team. In case of branch level policies, the branch managers make necessary inspection and queries on risks and sends the report to the head office for approval.

6.3 Internal Control Risk

Internal control procedure is an integral part of financial and business processes which acts as the safeguard of the assets, promotes operating efficiency, ensures compliance with applicable policies and regulations and adherence to the prescribed managerial policies. The company has a Board Audit Committee and a three member Internal Audit Department in order to ensure internal control of the company. The department mainly looks after the activities of the branches and head office as to whether respective personnel follows the directives of the Insurance Act, the directive of the Board and the Managing Director or not and submits the report to the Managing Director. Funding requirements of branches are approved by the head office. As part of the branch control mechanism, Internal Audit Department, carries out inspection to the branches and report to the Managing Director independently with recommendation.

6.4 Catastrophic Risk

CAT XL treaty in Fire & Marine Business

The geographical location and topographical features of Bangladesh have exposed the country to almost all kinds of natural and human induced disasters. Over the last three decades, Bangladesh experienced more than 170 large-scale natural disasters, putting the country as one of frequently hit zone in the WHO South-East Asia Region. These catastrophes are estimated to have killed half a million people and affected more than 400 million. The study on the disaster profiles of the Least Developed Countries (LDCs) has shown that the observed annual frequency of large scale disaster in Bangladesh has been about 6 per year which is extremely high in comparison to other LDCs. The study on the incidence of natural disasters in South Asia conducted by ECHO shows that out of the combined natural disasters in South and South-East Asian Countries over the past 10 years, Bangladesh has witnessed nearly 90 percent of them while other countries in the region have lived through only 10 percent representing a high probability of catastrophic losses. While reviewing the 10 worst catastrophes in the globe (in terms of victims) from 1970-2004, it has been examined that Bangladesh experienced two big ones causing 438,000 victims (dead or missing). Having said so, insurance penetration rates are still very low in the affected countries including Bangladesh.

NGICL is yet to face any catastrophic losses since its inception. However, it has CAT excess of loss treaty to protect retention amount against fire and allied perils with SBC where it can recover loss of Tk. 7 million in excess of Tk. 3 million and in case of marine cargo it can recover loss of Tk. 7.5 million in excess of Tk. 2.5 million. The company doesn't have any CAT excess of loss treaty against marine hull, motor, engineering and miscellaneous business.

7.0 PERFORMANCE

7.1 Financial Performance

The overall financial performance of NGICL was found below average in both 2005 and 2006. The trend analysis of some indicators revealed upturn during 2006. Net underwriting profit stood at Tk. 16.71 million in 2006 compared to Tk. 12.01 million showing an increase of 39.13%. Consolidated

Below average Financial Performance

gross premium increased to Tk. 189.31 million at the YE 2006 from Tk. 183.41 million at the YE 2005 showing an increase of 3.22%. Consequently, both gross and net underwriting margin respectively increased to 47.71% and 11.85% in 2006 from 44.42% and 9.22% in 2005. However, both the above indicators have been found below the peer median in both 2005 and 2006. Pre tax operating profit also increased to Tk. 11.74 million in 2006 from 8.29 million in 2005, which pull up the operating margin to 8.33% in 2006 from 6.36% in 2005 against peer median of 26.13%. Again, return on average assets (ROAA) increased to 4.09% in 2006 from 2.95% in 2005 against peer median of 6.20% in 2006. Return on average equity (ROAE) increased to 12.39% in 2006 from 6.46% in 2005 against the peer median of 11.42%. However, return on average investment (ROAI) decreased to 8.59% at the YE 2006 from 9.1% at the YE 2005 against the peer median of 9.22% in 2006.

7.2 Technical analysis

Average Technical Performance

The overall technical performance of the company was found average compared to its peer median as well as industry average in 2006. The retention ratio of the company has been found in a rising trend because; retention limit (other than miscellaneous class of business) in business classes had been improved in 2006. The retention ratio of the company stood at 66.7% and 62.48% against the peer median of 66.21% and 62.48% at the YE 2006 and YE 2005 respectively. However, the company could not control its expenses of management and agency commission during the last two years thus resulted to increase the expense ratio to 59.66% at the YE 2006, which increased to 47.77% at the YE 2005, recorded a rise by 24.89% against the peer median of 59.67% in 2006. Though the claim ratio was reduced to 25.17% in 2006 from 38.87% in 2005, it was higher than the peer median (21.78%) in 2006. While analyzing the overall efficiency, it has been revealed that the combined ratio decreased to 84.83% in 2006 from 86.64% in 2005 due to the cumulative effect of aforementioned decreased in claim ratio.

8.0 BALANCE SHEET STRENGTH

8.1 Solvency Analysis

Equity base of NGICL has been found poor among most of the companies to its contemporary. The revised Insurance Act 2001 increased the paid-up capital to Tk. 150 million for the general insurance companies incorporated after 1994 as part of the minimum capital requirement. The equity base of the company stood at Tk. 78.97 million as on December 31, 2006 of which 75.98% was paid up capital, 23.55% was reserve for exceptional losses and remaining 0.47 % was retained earnings.

Poor equity base

While analyzing solvency aspect in relative measurement, the company's performance is below the peer. External liability to Share Holders Equity was 1.53 times at the YE 2006 which was 1.73 times at the same period of 2005 against the peer median of 0.94 and 0.7 at the YE 2006 and 2005 respectively. Besides, Unexpired Risk Reserve to Net claim stood at 1.42 times at the YE 2006 which was 0.91 times at the YE 2005 due to decrease in claim settlement by 29.93%. Net worth to total asset is quite lower than the peer median which was 26.41% at the YE 2006 against the peer median of 43.48% and 25.31% at the YE 2005 against the peer median of 51.35%. Again, internal capital generation ratio (ICGR) increased to 14.61% at the YE 2006 from 8.9% at the YE 2005 against the peer median of 6.47%. This increase was due to boost up of profit after tax by 111.23%. Exceptional loss reserve to net Premium increased to 3.17% at the YE 2006 against 1.05% at the same period of 2005. Technical Reserve Ratio shows a positive picture in compare to its peer which stood at 52.36% at the YE 2006 against the peer median of 40.99%. Though Insurance liability to total asset has slightly decreased to 47.80% in 2006 from 50.14% in 2005, the position was not sufficient compared to its peer competitor.

8.2 Liquidity and Funding

Below average Liquidity Position

Liquidity refers to the ability of an asset to be converted into cash quickly and without any price discount. Liquidity position of general insurance industry in Bangladesh is sound. Generally in Bangladesh, general insurance companies, on an average, keeps 45%-55% of the total asset keep in liquid form to meet instant claim and other management expenses. However, the position of NGICL was found quite lower than the peer. Liquid assets to insurance fund stood at 2.07 times in 2006 against 2.05 times in 2005 which was found lower compared to its peer median of 4.4 times in 2006. Again, liquid assets to total assets decreased to 35.06% in 2006 against 34.07% in 2005 which was found lower compared to peer median of 39.32%. Operating cash flow coverage ratio stood at 0.77 times at the YE 2006 against 0.89 times at the YE 2005. The decrease in operating cash flow coverage ratio was due to sudden decrease of total insurance fund. Current ratio of the company improved to 1.25 times in 2006, yet found lower compared to peer median of 1.48 times in 2006. Liquid assets to net claim paid was 2.95 times in 2006 against peer median of 5.16 times, however, the same has decreased to 1.85 times in 2005 due to decrease in claim during the period. The maturity structure of fixed deposit revealed flexibility to support the liquidity requirement of the company to meet up the claims and other operational expenses in case of need, which put the temporary claim paying ability in comfortable position.

9.0 Summary Observation

Comforts:	**Concerns:**
• Diversified FDR portfolio • Concentrated towards less risky marine business • Good In-house business	• Below average financial performance • Moderate operating efficiency • Moderate underwriting performance • IT at initial stage • Moderate Corporate governance • Large size of Board Committees • Poor equity base • Below average liquidity indicators • Poor human resource development program • High Management expenses
Prospects: • Expansion of branch network • Further product diversification • Deregulation may increase the business of private sector companies	**Challenges:** • Too many companies in small market • Emergence of foreign companies

10.0 Prospects

The business prospects of the general insurance companies particularly depend on smooth and sound operation of trade and commerce which is positively correlated with the stable macroeconomic fundamentals of the country. Despite the impact of higher oil prices and the end of textile and clothing quotas, the development outlook remains broadly positive. After reviewing the favorable state of the economy, the Government and development partners envisage a 6% to 6.5% GDP growth in the fiscal year 2006-07 which is still, however, lower than the 7%, required to achieve the Millennium Development Goals. The growth in industrial sector has been fairly robust rising to 11% in FY 2006. Inflationary pressures will persist, as monetary policy is set to remain broadly accommodative so as to support strong credit demand and economic expansion. Although the trade deficit will widen, pressures on the balance of payments are expected to remain at a manageable level, aided by strong remittance inflows. Major development challenges need to be tackled if investment is to be stepped up to move the country onto the higher growth path required for rapid poverty reduction including substantial improvements to infrastructure, public policy, and governance.

Based on the positive macroeconomic outlook, it is presumed to have strong growth potential of industry and service sectors, which will offer NGICL to explore potential business opportunities along with other insurance companies. However, existence of too many insurance companies operating in the industry will lead to tough and unhealthy competition that ultimately will press on a new challenge for NGICL to retain its market share. However, successful implementation of three new Ordinances will make the country's insurance sector vibrant and operationally sound.

END

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CREDIT RATING REPORT
ON
Northern General Insurance Company Limited

11.0 CORPORATE INFORMATION:

Date of Incorporation:	April 08, 1996
Date of Commencement of Business:	April 08, 1996

Board of Directors:

Al-haj Nasiruddin	Chairman
Mr. Hamidul Haq	Director
Ms. Thamina Rahman	Director
Mr. S.M. Ayub Ali Chowdhury	Director
Mr. Abdul Matin	Director
Al-haj Mohd. Saiful Alam	Director
Mr. Arshadul Alam	Director
Mr. Foysal Ahmed Patwary	Director
Ms. Ferdousi Islam	Director
Mr. Md. Sarwar Salim	Director
Mr. Shahriar Khaled	Director
Al-haj Md. Shafiul Alam	Director
Mr. Abdus Samad	Director
Mr. Mohd. Azam	Director
Al-haj Md. Mortuza Siddique	Director

Name of the Members	Designation
Mr. Mohiuddin Ahmed	Managing Director
Mr. Bayazid Muztaba Siddiqi	Deputy Managing Director
Mr. Sk. Abdur Rafiq Mr. Meer Golam Rahman Mr. Mustafizur Rahman Mr. Khudiram Samadder	Sr. Executive Vice President
Mr. Mohammed Ahsan Ullah Mr. Tafazzal Hossain Mr. S.M. Ahsanul Haque Mr. Md. Raihan Ferdous	Executive Vice President
Mr. Kazi Mizanur Rahman Mr. Md.Nazmul Huda Mr. Harun or Rasid Mr. Mohammed Salim Mr. Md. Abdul Haq Chowdhury Mr. Md. Mahabubul Haque	Senior Vice President
Mr. Md. Masud Rana Mr. Badrul Haque Rafi(Echo)	Vice President
Mr. Md. Iqbal Rashidi, ABIA Mr. Uzzal Kumar Chakraborty	Sr. Asstt. Vice President
Mr. Md. Aminul Islam Mr. Md. Abdul Halim Mr. Md. Hafizur Rahman	Asstt. Vice President
Mr. M.H. Galib	Joint Asstt. Vice President
Mr. Md. Samsul Alam Khan	Senior Manager
Mr. Md. Hafizullah Mr. Md. Waliullah Sikder Mr. Bipul Roy	Manager

CREDIT RATING REPORT
ON
Northern General Insurance Company Limited

Financials

Balance Sheet (as on 31 December)

Figures in million taka

Particulars	**2004**	**2005**	**2006**
ASSETS			
Cash in Hand	0.61	0.79	0.67
Cash with Banks	76.53	87.64	98.06
Cash and Bank Balance	77.14	88.44	98.73
Stamps in Hand	0.46	0.74	0.60
Amount Due from insurance business	134.67	146.27	149.22
Advance, deposit and prepayments	8.07	11.26	19.66
Outstanding Interest, Dividend and Rent	4.49	5.44	6.10
Outstanding Premium	37.13	0.00	0.00
Investment in Shares	0.01	0.01	0.02
Investment in NIB	9.00	9.00	9.00
Fixed Assets	13.02	12.68	12.29
Other Assets	1.65	1.73	3.44
Total Assets	**285.65**	**275.59**	**299.04**
Paid Up Capital	60.00	60.00	60.00
Reserve for Exceptional Loss	13.40	14.60	18.60
Retained Earning	-8.01	-4.85	0.37
Shareholders' Equity	65.39	69.75	78.97
Fire Insurance	7.56	8.89	10.49
Marine Insurance	23.10	25.73	19.82
Motor Insurance	9.51	10.67	19.84
Miscellaneous Insurance	0.30	0.58	0.40
Balance of Fund Account	40.48	45.87	50.56
Estimated Liability in respect of Outstanding Claims	9.71	39.22	48.57
Deposit Premium	47.57	7.18	8.45
Amount Due to insurance business	115.38	98.96	94.35
Sundry Creditors	7.12	14.60	18.15
Total Liab. and Shareholders' Equity	**285.65**	**275.59**	**299.04**

CREDIT RATING REPORT
ON
Northern General Insurance Company Limited

PROFIT & LOSS A/C (year ended 31 December)

Figures in million taka

PARTICULARS	2004	2005	2006
Net Underwriting P/L	20.30	12.01	16.71
Interest, Dividend and Rent	6.57	8.29	8.75
Other income	0.13	0.08	1.72
Total Income	27.00	20.38	27.18
Management Expenses	11.68	12.09	15.43
Profit before Tax	15.32	8.29	11.74

CONSOLIDATED REVENUE A/C (year ended 31 December)

Figures in million taka

PARTICULARS	2004	2005	2006
Gross Premium of the year	165.88	183.41	189.31
Re-insurance Premium	64.75	68.81	63.05
Net Premium	101.13	114.60	126.26
Commission on Re-Insurance ceded & others	14.06	15.70	14.73
Adjusted Net Premium	115.19	130.30	141.00
Opening Balance	33.20	40.48	45.87
Total	148.39	170.78	186.87
Net Claims Paid	38.66	50.65	35.49
Agency Commission paid	0.14	14.17	31.00
Commission on Re-insurance accepted	0.00	0.14	0.00
Expenses of Management	48.81	47.94	53.12
Profit Transferred to P/L A/C	20.30	12.01	16.71
Balance (C/F)	40.48	45.87	50.56

CREDIT RATING REPORT
ON

Northern General Insurance Company Limited

CRISL RATING SCALES AND DEFINITIONS
INSURANCE CLAIM PAYING ABILITY RATING

RATING	DEFINITION
AAA Triple A	Highest claims paying ability. Risk factors are negligible and almost risk free.
AA+, AA, AA- Double A	Very high claims paying ability. Protection factors are strong. Risk is modest, but may vary slightly over time due to underwriting and/or economic condition.
A+, A, A- Single A	High claims paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.
BBB+, BBB, BBB- Triple B	Good claims paying ability. Protection factors are good. Changes in underwriting and/or economic conditions are likely to have impact on capacity to meet policyholder obligations than insurers in higher rated categories.
BB+, BB, BB- Double B	Average claim paying ability. Protection factors are average. The companies are deemed likely to meet these obligations when due. But changes in underwriting and/or economic conditions are more likely to weaken the capacity to meet policyholder obligations than insurers in higher rated categories.
B+, B, B- Single B	Inadequate Claim paying ability. Protection factors are weak. Changes in underwriting and/or economic conditions are very likely to further weaken the capacity to meet policyholder obligations than insurers in higher rated categories.
CCC	Uncertain claims paying ability. The companies may not meet these obligations when due. Protection factors are very weak and vary widely with changes in economic and/or underwriting conditions.
CC	Poor claims paying ability. Adverse underwriting or economic conditions would lead to lack of ability on part of insurer to meet policyholder obligations.
C	Very high risk that policyholders obligations will not be paid when due. Present factors cause claim paying ability to be vulnerable to default or very likely to be default. Timely payment of policyholder obligations possible only if favorable economic and underwriting conditions emerge.
D	Insurance companies rated in this category are adjudged to be currently in default.