

No.SEC/Enforcement/475/2006/1072
Dated: October 03, 2006

By Special Messenger

Mita Textiles Limited
92, Kakrail (Ground Floor),
Dhaka-1000

Directors, Mita Textiles Limited
92, Kakrail (Ground Floor),
Dhaka-1000

Managing Director
Mita Textiles Limited, 92, Kakrail (Ground Floor),
Dhaka-1000

Company Secretary
Mita Textiles Limited, 92, Kakrail (Ground Floor),
Dhaka-1000

Sub: Non-compliance with securities related laws in connection with audited financial statements for the year ended on June 30, 2005: Warning

:

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

The statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005. It appeared from the above said audited financial statements of the issuer that the issuer has failed to satisfy the statutory auditor in respect of existence of inventory.

It also appeared from the aforesaid audited report and subsequent explanations that the issuer has furnished to the Commission and others concerned a false/incorrect financial statement for the year ended on June 30, 2005 which is a contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared to be deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969.

As per section 184 (3) of the Companies Act, 1994, the board shall be bound to give the fullest information and explanation in its report on every reservation, qualification and adverse remark contained in the auditor's report, which the issuer has also failed to complied with.

A show cause cum hearing notice No.SEC/Enforcement/475/2006/828 dated July 24, 2006 was issued to you to explain the above said contravention and also to provide an opportunity of being heard to the issuer and others concerned. The hearing was conducted on August 13, 2006.

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Mr. Mustafizur Rahman, Managing Director, Mr. Lutful Huq, Company Secretary and Abdul Kalam, Manager Finance appeared for hearing and submitted a written explanation vide letter No. SH-2943/2006 dated August 10, 2006 mentioning among others, that the issuer could not call the auditors during the physical inventories as on June 30, 2005. Since the audit was done subsequently the auditor could not verify the inventories. The issuer regretted for the lapses and assured for strict compliance with the rules in future.

The Commission, after considering the submissions made by the issuer through its above said letters and also at the time of hearing, has decided to dispose off the proceedings against it and other concerned for the stated violation, by placing on record the Commission's dissatisfaction on the defaults made by the company and its official concerned, with a warning to ensure compliance of all securities related laws in future.

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

For Securities and Exchange Commission

Mansur Alam
Executive Director

Distribution:
Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.

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