

No.SEC/Enforcement/479/2006/974
Dated: September 7, 2006

By Special Messenger

The Engineers Limited
48 Dilkusha C/A, Dhaka-1000

Directors
The Engineers Limited
48 Dilkusha C/A, Dhaka-1000

Managing Director
The Engineers Limited
48 Dilkusha C/A, Dhaka-1000

Company Secretary
The Engineers Limited
48 Dilkusha C/A, Dhaka-1000

Sub: Non-compliance with securities related laws in connection with the half yearly financial statements for the period ended on February 28, 2006: Warning

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

As per rule 13 of the Securities and Exchange Rules, 1987 every issuer shall, within one month of close of the first half-year, transmit to the stock exchange in which its securities are listed, to the security holders and to the Commission half-yearly financial statements which shall be prepared in the same manner and form as the annual financial statements.

As per rule 13A of the Securities and Exchange Rules, 1987 forms prescribed for the purpose of preparing the financial statements and the audit report may be adapted or amended, if deemed necessary, for compliance with the International Accounting Standards (IAS) and International Standards of Auditing (ISA).

On examination of the half yearly financial statements of the issuer for the period ended on February 28, 2006, it is appeared that the issuer has failed to prepare the statements in accordance with the requirement of IAS/BAS 34. As a result of the above, the financial statements of The Engineers Limited for the half year ended on February 28, 2006 did not show true and fair view of the state of affairs of the company as well as the results of operation for that period. It also appeared from the aforesaid financial statements that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the period ended on February 28, 2006.

Failure to furnish true and fair half yearly financial statements for the period ended on February 28, 2006 is a clear contravention of rule 13 of the Securities and Exchange Rules, 1987, read with section 18 of the Securities and Exchange Ordinance, 1969.

The issuer's aforesaid non-compliance/violation appeared to be deliberate and clear contravention of the provisions of the aforesaid Securities laws attracts appropriate provision of the Securities and Exchange Ordinance, 1969.

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A show cause cum hearing notice No.SEC/Enforcement/479/2006/830 dated July 24, 2006 was issued to explain the above said contravention and also to provide an opportunity of being heard to the issuer and other concerned. The hearing was conducted on August 15, 2006.

Mr. A.H Baqer, Company Secretary and Mr. Helaluddin, Chief Account appeared for hearing and submitted a written explanation vide letter No. TEL-2 dated August 6, 2006 mentioning, among others, that due to ignorance the issuer failed to comply with IAS/BAS-34 and apologized for the same. They also mentioned that they have submitted revised half yearly financial statements and assured for compliance of IAS/BAS-34 in future.

The Commission, after considering the submissions made by The Engineers Limited through its above said letters and also at the time of hearing, has decided to dispose off the proceedings against The Engineers Limited and others 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, if any, affected as a result of the issuer's above said default.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Distributions:

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

Copy for information:

Executive Director (R & D), SEC
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Chairman's Office, SEC