

SEC/Enforcement/330/2005/352

Dated: April 4, 2007

Chittagong Vegetable Oil Industries Limited (Issuer)
Head Office: 37, Katalgong, Panchlaish, Chittagong

Directors
Chittagong Vegetable Oil Industries Limited
Head Office: 37, Katalgong, Panchlaish, Chittagong

Managing Director
Chittagong Vegetable Oil Industries Limited
Head Office: 37, Katalgong, Panchlaish, Chittagong

Company Secretary
Chittagong Vegetable Oil Industries Limited
Head Office: 37, Katalgong, Panchlaish, Chittagong

Sub: Non compliance with the Securities related laws in connection with audited financial statements for the years ended on June 30, 2005 and June 30, 2006: Warning.

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

As per sub-rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof.

As per sub-rule 2 of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of an issuer of a listed security shall be prepared in accordance with the requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh.

It appeared from the financial statements for the years ended on June 30, 2005 and June 30, 2006 that cash flows from operating activities had not been presented in the cash flow statements in direct method. But as per requirement of Para 1.A (1) of Part-III of Schedule of Securities and Exchange Rules, 1987, the same should be presented using direct method.

A show cause cum hearing notice No. SEC/Enforcement/330/2005/61 dated January 18, 2007 was issued to the issuer as well as its directors, managing director and company secretary to explain the above and also to provide an opportunity of being heard by the Commission. The hearing was conducted on February 18, 2007.

Mr. A. H. M. Habibullah, managing director of the issuer appeared for the hearing. In course of hearing, the issuer submitted written explanations vide letter No. CVO/16-20 dated February 18, 2007 stating, among others, that the presentation of cash flow in indirect method instead of direct method caused inadvertently due to some communication gap. As the factory was shut down for several years, most of the trained staff including the secretary left the organization resulting in some dislocation in the file system. They assured to follow the guidelines of SEC in future.

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The Commission, however, considering the explanation has decided to dispose off the matter against it for the stated contravention, by placing on record the Commission's dissatisfaction on the defaults made by it, with a warning to ensure strict compliance of all securities related laws in future.

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

For the Securities and Exchange Commission

Mansur Alam
Executive Director

CC:

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