

No. SEC/Enforcement/503/2006/1091
Dated: October 08 2006

By Courier Service

Beach Hatchery Ltd., TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000

Directors, Beach Hatchery Ltd., TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000

Managing Director, Beach Hatchery Ltd., TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000

Company Secretary, Beach Hatchery Ltd., TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000

Sub: Non compliance with the provisions of securities related laws in connection with Audited Financial Statements for the year ended on December 31, 2005: Disposal

The statutory auditor of Beach Hatchery Ltd. (issuer) has issued qualified audit report on the financial statements for the year ended on December 31, 2005 stating that on examination of the financial statements of the issuer it appeared that the issuer has entered with related party transactions beyond normal course of business which has not been done in arms length basis and disclosed.

It appeared from the above that the issuer has violated para 22 of Bangladesh Accounting Standard (BAS) and, as a result of the above, the financial statements of Beach Hatchery Limited for the year ended on December 31, 2005 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.

Failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987.

Issuer's aforesaid non-compliance/violation appeared to be deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969.

The Commission issued a show cause cum hearing notice No. SEC/Enforcement/503/2006/870, dated August 01, 2006 to the issuer to explain the above failure and also to provide an opportunity of being heard to the issuer in this respect.

Mr. Khan Md. Masud Rana, Chief Accountant and Md. Nur Islam, Company Secretary of the issuer appeared for the hearing and submitted a written explanation vide letter No. BHL/HO/2006-842 dated August 21, 2006 stating, among others, the issuer's involvement with related parties was on account of supply of raw material, air lifting of fry from Cox's Bazar to Jessore etc. In some cases the arrangement did not materialize and the advances made has since realized and adjusted. Advances outstanding against related party will be adjusted soon.

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The Commission, considering the submissions made by the issuer, has decided to dispose off the proceedings against the issuer and others concerned for the stated contravention.

Please note that this disposal does not absolve the issuer from its lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said defaults.

For and on behalf of
the Securities and Exchange Commission

(Mansur Alam)
Executive Director

Copy for information:

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