

July 30, 2005

By Courier Service

1. Sonali Paper & Board Mills Limited, 05, Rajuk Avenue, Printers Buliding, Dhaka-1000.
2. Directors, Sonali Paper & Board Mills Limited
05, Rajuk Avenue, Printers Buliding, Dhaka-1000.
3. Managing Director, Sonali Paper & Board Mills Limited
05, Rajuk Avenue, Printers Buliding, Dhaka-1000.

Subject: Non-compliance of securities laws in connection with submission of the audited financial statements for the year ended June 30, 2004- WARNING.

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) Sonali Paper & Board Mills Limited is an issuer (herein after referred to as "issuer").

As per rule 12, sub-rule (3A) of the Securities and Exchange Rules, 1987 issued under the said Ordinance, as amended through the Notification No. SEC/LSD/SER-1987/149 dated 4th January 2000, gazetted on 16 February 2000, the issuer company's financial statements is required to 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 should be submitted to the Commission and the Stock Exchanges within fourteen days thereof, which the issuer failed to comply by not submitting the audited financial statements for the year ended on June 30, 2004, by November 11, 2004.

A show-cause notice was issued on 06/06/05 to the issuer/you for the said failure. In reply through letter dated 11/06/05, the issuer asked 3 months' time to prepare the said statements stating the reasons of closure of factory, no income, etc.

The above reasons were not considered acceptable. As such, the Directors and the Managing Director were called for hearing on 12/7/2005 which was not conducted due to certain unavoidable circumstances. In the mean time, the issuer has submitted the said financial statements through letter dated 10/7/2005. Therefore, the delay in submission was for 7 months.

Failure to furnish the audited financial statements for the year ended June 30, 2004 within the stipulated time is a clear violation/contravention of the above mentioned rules.

However, the Commission, after taking into consideration furnishing of the said financial statements on 11/07/2005 by the issuer has decided to dispose of the proceedings against Sonali Paper & Board Mills Limited and others concerned for the stated violation, by placing on record the Commission's dissatisfaction on the default made by the company, its directors and its officials concerned, with a strong warning to ensure compliance of all securities related laws in future.

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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 persons, if any, affected as a result of the issuer's above said default.

For 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.

Distribution:

Executive Director, (R & D), SEC

Executive Director, (CFD), SEC

Director, (MIS), SEC