

No. SEC/Enforcement/169/2003/1128
October 16, 2006

Directive

Whereas, as per section 2(g) of the Securities and Exchange Ordinance 1969, (XVII of 1969), Khaza Mosaic Tiles & Stone Industries Limited' is an issuer of securities (hereinafter called the "issuer");

Whereas, as per rule 12(3) of the Securities and Exchange Rules, 1987 (issued under the Securities and Exchange Ordinance, 1969), substituted through the Notification No.SEC/LSD/SER-1987/149 dated January 4, 2000, gazetted on February 16, 2000, the financial statements of an issuer of a listed security shall be audited by partnership firm of chartered accountants within the meaning of Bangladesh Chartered Accountants Order (P.O. 2 of 1973) consisting of not less than two partners in practice for a minimum of seven years none of whom were associated in any way with the issuer during the auditing period (which includes holding of the securities by themselves or through spouse or any other relatives and their employees), in accordance with the International Standard of Auditing applicable in Bangladesh and the report of the auditors shall be in Form "B" annexed to the Schedule;

Whereas, the issuer has appointed the proprietorship firm M/s. Hafiz Ahmed & Co., Chartered Accountants, instead of partnership firm, to audit the financial statements for the year ended on June 30, 2005, violating the said provisions of the Rules;

Whereas, a show-cause cum hearing notice dated August 27, 2006 was issued to the issuer, its directors as well as to the company secretary to appear at the hearing on September 3, 2006 along with the explanation for auditing the financial statements by proprietorship firm, instead of partnership firm, but none appeared;

Whereas, the issuer submitted a letter dated September 3, 2006 stating that they have submitted audited financial statements which was audited by proprietorship firm, instead of partnership firm as required by the Commission's Rule, and that they also acknowledged the default and apologized for the said mistake which was not considered acceptable;

Whereas, the above failure of the issuer is detrimental to the investors who have invested in securities issued by the said issuer pursuant to the requirements of the above said Rules affecting development of the capital market at large;

Whereas, protection of investors in securities as well as development of the capital and the securities markets are, among others, the objectives of the Commission for which the Securities and Exchange Commission has been set up under the Securities and Exchange Commission Act, 1993 (Act No. XV of 1993); and

Whereas, in view of all above, the Commission deems it to be expedient that, in the interest of the investors in securities and the capital market as well, a directive to the above said issuer and its officials concerned should be issued for submission of the audited financial statements for the year ended on June 30, 2005 in accordance with the said provisions of the Rules;

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Now, therefore, the Securities and Exchange Commission, in exercise of its power conferred in it by section 20A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), hereby directs Khaza Mosaic Tiles & Stone Industries Limited, and its officials concerned, to submit its financial statements for the year ended on June 30, 2005 duly audited by the auditor in accordance with the above said provisions of the Securities and Exchange Rules, 1987, by December 31, 2006, latest.

By order of the Securities and Exchange Commission

Mansur Alam
Executive Director

Distribution:

Khaza Mosaic Tiles & Stone Industries Limited
Directors, Khaza Mosaic Tiles & Stone Industries Limited
Managing Director, Khaza Mosaic Tiles & Stone Industries Limited
Company Secretary, Khaza Mosaic Tiles & Stone Industries Limited

Copy for information:

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