

No.SEC/Enforcement/476/2006/943  
Dated: August 27, 2006

By Special Messenger

Legacy Footwear Limited  
64, Bijoy Nagar, Kakrail, Dhaka-1000

Directors  
Legacy Footwear Limited  
64, Bijoy Nagar, Kakrail, Dhaka-1000

Managing Director  
Legacy Footwear Limited  
64, Bijoy Nagar, Kakrail, Dhaka-1000

Company Secretary  
Legacy Footwear Limited  
64, Bijoy Nagar, Kakrail, Dhaka-1000

Sub: Non-compliance with securities related laws in connection with audited financial statements for the year ended on December 31, 2004: Disposal

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

The statutory auditor of the issuer has issued qualified audit report on the audited financial statements for the year ended on December 31, 2004. It is appeared from the audited financial statements of the issuer, that the issuer has failed to select and apply accounting policies in accordance with BAS-1 and accounting convention of consistency in accounting for depreciation resulting overstatement of income amounting to Tk. 467,285.

A show cause cum hearing notice No.SEC/Enforcement/476/2006/831 dated July 24, 2006 was issued to explain the above and also to provide an opportunity of being heard to the issuer and other concerned. The hearing was conducted on August 13, 2006.

Mr. Debnanda Goswami, company secretary appeared for hearing and submitted a written explanation vide letter dated August 13, 2006 mentioning, among others, that tax holiday period expired in June 2004. As per income tax law the issuer made two separate accounts, one account is for tax holiday period and another account is for the period after tax holiday. The issuer stated that if the accounts had been prepared for the whole year together, the income would have been less by Tk 4,67,285.00. For above reason the issuer had to make two separate accounts. The issuer also requested to accept their explanation.

The Commission, after considering the submissions made by the issuer through its above said letter and also at the time of hearing, has decided to dispose off the proceedings against it and others concerned for the alleged default.

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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, 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  
Executive Director, (CFD), SEC  
Director, (MIS), SEC  
Chairman's Office, SEC