

**No. SEC/Enforcement/561/2007/561**

**Dated: May 23, 2007**

Bangladesh Monospool Paper Manufacturing Co. Ltd. (Issuer)  
House No. SW(C) 14, Road No. 7, Gulshan-1, Dhaka-1212

Director  
Bangladesh Monospool Paper Manufacturing Co. Ltd.  
House No. SW(C) 14, Road No. 7, Gulshan-1, Dhaka-1212

Managing Director  
Bangladesh Monospool Paper Manufacturing Co. Ltd.  
House No. SW(C) 14, Road No. 7, Gulshan-1, Dhaka-1212

Company Secretary  
Bangladesh Monospool Paper Manufacturing Co. Ltd.  
House No. SW(C) 14, Road No. 7, Gulshan-1, Dhaka-1212

**Sub: Non-compliance with securities related laws in connection with audited financial statements for the year ended on June 30, 2006: Warning.**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Bangladesh Monospool Paper Manufacturing Co. Ltd. is an issuer (herein after referred to as issuer).

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.

As per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the issuer submitted its audited financial statements for the year ended on June 30, 2006 to the Commission.

In this connection, the Commission, vide letter No. SEC/CFD/8:4/99/2867 dated November 22, 2006, sought explanations from the issuer on details of “Other Expenses” totaling Tk. 2,046,513 shown under “Conversion Costs” Tk. 1,017,068 and “Selling and Distribution Expenses” Tk. 1,029,445 in the audited financial statements for the year ended on June 30, 2006 and 2005 side-by-side, which the issuer failed to furnish.

The Commission vide letter No. SEC/CFD/8:4/99/2931 dated December 21, 2006, again sought explanations on the aforesaid expenses, and in reply, the issuer submitted a letter No. GgmcGgwm/GmBwm/09/03-03/07 dated January 17, 2007, stating, among others, the following:

“eb`v`Evi Ges m`u`Y`a`Ysm c`B Kvi LvbwU c`pivq PjyKiv mn wecYb KvhPig m`p`fv`te m`u`v` t`bi Rb` c`BqvRbxq Li`Pi evBti  
t`c`l`bgj K I AcZ`mkZ` m`KQyUvKv LiP Kiv n`qt`Q| D<sup>3</sup> LiPmgn MZvbMwZK bq Ges we`tkl Kvi t`b LiP Kiv n`qt`Q weavq ms`k`e`  
LiP mgn Ab`vb` LtZ` mnmvef`y` Kiv n`qt`Q| f`wel` t`Z G ai`t`bi Li`Pi c`pive`E NU`j Zvni we`wi Z weeiY gj ewl`R c`Z`te` t`b  
Dc`v`cb Kiv n`te`|0

The above explanations of the issuer appeared to be vague, confusing/unsatisfactory and, as such, a show cause cum hearing notice No. SEC/Enforcement/561/2007/368 dated April 11, 2007 was issued to the issuer as well as its directors and company secretary to explain the above and also to provide an opportunity of being heard by the Commission. The hearing was conducted on April 26, 2007.

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Mr. Mustafa Jamal Mohiuddin, Managing Director; Mr. Md. Mobarak Hossain, Director and Mr. Mustafizur Rahman, Company Secretary of the issuer appeared for the hearing. In course of hearing, the issuer submitted a letter No. MPMC/SEC-09/03-08/07 dated April 25, 2007 stating, among others, the following:

(a) To avoid any impact on the goodwill of the company marketing works of the company were kept running during post flood period through doing paper converting works under sub-contract from other factories since at that time production in the factory of the company was totally closed due to damage of the machineries. Paper converting works were still being done through sub-contract from other factories since all the machines of the factory could not be prepared for huge damage in the flood. The company had been trying to procure modern machineries for full swing production in the factory. The amount mentioned above was spent for the sub-contract works which had been shown as 'Other expenses' under Conversion Cost.

(b) The company has lodge insurance claim for Tk. 5,32,37,607.00 against damage of huge stock of paper, costly machineries and the factory building in the devastating flood. The insurance claim has not yet been settled. The claim has been lodged with Bangladesh Co-operative Insurance Company Ltd. against the loss in the insured godown during prolonged devastating flood in September 2004. To get the insurance claim the company spent the amount for every time who visited the factory several times for inspection of the materials and also the machineries.

The company, in the said letter, regretted for not furnishing the specific explanations on the above expenses in the previous letter dated January 17, 2007, which appeared to be deliberate.

However, the Commission, considering the subsequent submissions of the issuer, has decided to dispose of the proceedings against themselves by placing on record the Commission's dissatisfaction on the stated activities of the issuer and its directors as well, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected, as a result of your above said default/contravention.

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