

Avtd`k

thtdNZi Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) Gi section 2(g) tgvZvteK telzj dlvBb wmi wvgKm wj wgtUW ‘issuer’ wnmvte AwfwnZ (AZtci 0Bmjqvi 0 etj Duj w-Z);

thtdNZi Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) Gi section 2(cc) tgvZvteK “Commission” means Securities and Exchange Commission constituted under the Securities and Exchange Commission Act, 1993 (AZtci 0 Kvgkb 0 etj Duj w-Z);

thtdNZi Securities and Exchange Rules, 1987 Gi rule 12(2) G Dtdj L-i tdtQ th, “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. ...”;

thtdNZi Securities and Exchange Rules, 1987 Gi rule 12 Abhvdq Bmjqvi Rb 30, 2010 Bs Zwii tL mgvB ermtdi i Rb` c0ZKZ Aw\_R weei Yx Bmij Ktdi tQ hv M/s. Chowdhury Hossain Rashid & Co., (wewax wbi xqK), KZR wbi xqK ntdtQ Ges D<sup>3</sup> wbi xqK c0Z0vb, wbi xqK mspvS-Kvh w m=uv` b ceR GZ` nsuk0-wbi xqK c0Zte` b Bmij Ktdi tQ;

thtdNZi Avtdj vP` wbi xqK c0Zte` tbi Dci, wbi xqKtdi / Kvgktdi AwfgZ, Ab`vtdi`i gtda, wbtavi jc :

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	Auditor’s Qualifications / Commissions Observations	Commission’s Comments
4.	<p><b>Qualified opinion of the auditors:</b> The inventories stated in the accounts have been carried forward from the previous audited accounts and have been confirmed by the management. We could not observe the counting of the physical inventories as on June 30, 2010, if any, done by the management. We, however, have physically examined the condition of the inventories and we feel due to long time storing the quality and value of the same in reality may reduce as against as shown in the accounts.</p>	<p>In view of the auditor’s qualification, it appears that as the inventories of Tk. 114,055,689.00 as on June 30, 2010 had been carried forward since long without any consumption/sale. Due to long time storing, the quality of the same should have deteriorated as well as the value of them might be reduced. Under the said circumstances, the balance of inventories was required to be valued to a net realizable value. As per Para# 9 Bangladesh Accounting Standards (BAS)-2, “Inventories shall be measured at the lower of cost and net realisable value.” According to the observation of the external auditors the same has not been done by the company. It appears that the balance of inventories of Tk. 114,055,689.00 as on June 30, 2010 was not valued to a net realizable value, which would be less in value as the quality of the same was deteriorated and they have failed to value the inventories as per BAS-2. As such, the balance of inventories as on June 30, 2010 was over stated and loss for the period was under stated due to non-provisioning of its inventories. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view of company’s affairs as of June 30, 2010 and the result of its operation.</p>
5.	<p><b>Qualified opinion of the auditors:</b> As the factory is laid off no depreciation is charged on fixed assets. We, however, observed that due to long time laid off, the plant and machinery of the factory became rusty and needed maintenance.</p> <p><b>Commission’s Observation:</b> Note No. 2(e) (ii): Depreciation Policy: Depreciation on Revalued fixed asset was charged at a rate of 1% on reducing balance method. Whereas depreciation on the same assets, originally carried at cost, was charged at different rates. It also appears that Capital Reserve on</p>	<p>As per Para# 6 of BAS-16, “Depreciation is the systemic allocation of the depreciable amount of an asset over its useful life.” As per Para#52 of BAS-16, “Depreciation is recognised even if the fair value of the asset exceeds its carrying amount, as long as the asset’s residual value does not exceed its carrying amount. Repair and maintenance of an asset do not negate the need to depreciate it.” As per Para# 55 of BAS-16, “..... Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation can be zero while there is no production.” It appears that the company has not charged any depreciation on its fixed assets due to lay off of the factory which is not consistence with the requirement of Bangladesh Accounting Standards-16.</p> <p>Due to non-charging any depreciation on the fixed assets of the company, expenses as well as the loss for the year ended on December 31, 2010 was under stated. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view</p>

	Revaluation of Assets (Tk.235,861,681.00) has been remained unchanged since long, which indicates that no depreciation is charged on such revalued assets.	of company's affairs as of June 30, 2010 and the result of its operation.
6.	<b>Qualified opinion of the auditors:</b> We observed that the amount of liability on account of long-term and short-term bank loans remained same as of previous year. During the year the bank did not charge any interest on the loan (as per bank statement). However, in our opinion, these liabilities may substantially be changed at the time of settlement of the same with bank in future.	As per Para# 5 of BAS-23, "Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing funds." As per Para# 8 of BAS-23, "An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them." Due to non-charging interest on the banks loans as per BAS-23, interest expenses as well as loss of the company and/or bank loans of the company for the year June 30, 2010 were understated. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view of company's affairs as of June 30, 2010 and the result of its operation.
7.	<b>Qualified opinion of the auditors:</b> As the factory is laid off, the amount of liability that may arise on account of employees' salary, wages and benefits could not be ascertained and, therefore, provisions made in the accounts may not be adequate.	The reply/clarification/explanation of BFCL is not acceptable as the company has not followed BAS-19 in determination of cost of employees benefit. As per BAS-19, the cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather when it is paid or payable. So, the company should ascertain the quantum of liability for its employees' wages, salary and other benefits as per BAS-19 in each year and provision should be provided for that as per BAS-19. Due to under provisioning for the employees' benefit, expenses as well as loss of the company and/or liabilities for employees' benefits of the company for the year June 30, 2010 were understated. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view of company's affairs as of June 30, 2010 and the result of its operation.
8.	<b>Qualified opinion of the auditors:</b> The recovery of debtors, in our opinion, is doubtful. In this connection third party direct confirmation in relation to trade debtors (local sale), receivables and trade creditors could not be obtained.	As per requirement of Para#1(G)(5) of Part-II of the Schedule under rule 12(2) of the Securities and Exchange Rules, 1987, listed company is required to make provision for doubtful or bad debts. Due to non-provisioning for the company's doubtful debts, expenses as well as loss of the company for the year June 30, 2010 were understated. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view of company's affairs as of June 30, 2010 and the result of its operation.
	<b>Commission's Observation: Note-14 &amp;15: Deferred Revenue Expenditure and Preliminary Expenses:</b> Deferred Revenue Expenditure of Tk.78,904,885.00 and Preliminary Expenses of Tk. 5,001,897.00 have been remained unchanged since long, which indicates that no amortization is done for such deferred expenses.	The reply/clarification/explanation of BFCL is not acceptable as deferred revenue expenditures and preliminary expenses are not related to the bank. Due to non-making any amortization for deferred revenue expenditure and preliminary expenses, expenses as well as loss of the company for the year ended on June 30, 2010 were understated. Therefore, the financial statements of the company for the year ended on June 30, 2010 did not give the true and fair view of company's affairs as of June 30, 2010 and the result of its operation

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বর্ণিত অবস্থায় প্রতীয়মান হয় যে, Bmjqtii Rþ 30, 2010 mgvß ermðii wbiwqjZ Aww\_R weei bxtZ Aww\_R Ae-vi mWk I mZ Z cãZdij Z nqwb, hv Kugktbi wbKU fj Z cðvb Kiv ntqtQ etj MY ntqtQ |

thñZ; Dctiv³ wclqmgñi dj kãZtZ t Lv hvq th, Bmjqtii i Rþ 30, 2010 Bs Zwi tL mgvß ermðii Aww\_R weei Yx IAS Abjvqx cðZ Ki tZ e-ñtqtQ weavq D³ Aww\_R weei YxtZ Bmjqtii i ev-e Ae-vi mWk I -^Q (true and fair) fite cãZdij Z nqwb Z\_v D³ ifc KgRvtUi gva'tg Bmjqtii Avtj vP" Rules Gi msuké-wearb j sNb Kti tQ, hv Avtj vP" Ordinance Gi section 18 Gi mj-úo j sNb;

thñZ; Bmjqtii Dctiv³ e-ÿvi Rb Kugkb KZK cÎ mî bs- SEC/Enforcement/557/2007/440 Zwi L Rj vB 12, 2011 Bs Gi gva'tg Bmjqtii I Dni cwi Pij KMYtK Securities and Exchange Ordinance, 1969 Gi section 22 Gi Aaxb Kvi Y`kftbv I i bixi tbwJk Rwi Kiv nq Ges Rj vB 28, 2011 Bs Zwi tL D³ i bvbX AbjvZ nq;

thñZ; D³ i bvbxtZ `wLj KZ Bmjqtii i cÎ bs: BFC/SEC/Enforcement/07/2011 Zwi L Rj vB 28, 2011 Bs Gi gva'tg Dij w-Z e-ÿvi Z\_v wearb j sNb msµvš-e'vL v cðvb mšw RbK bv nI qvq Kugktbi wbKU MñbthwM etj wefepZ nqwb;

thñZ; Avtj vP Bmjvri GKU cvej K wj wgtUW tKvúvbx Ges Dnvi cwi Pj KgÉj xi m`mMY tKvúvbx cZwbaZKvix hviv wmwKDwi wJR mspvš-AvBb I Dnvi Aaxb RvixKZ wea-weavb cwi cvj tbi Rb` `vqx;

thñZ; wmwKDwi wJR mspvš-AvBb I Dnvi wea-weavb cwi cvj tbi D<sup>3</sup> Bmjvri Gi e`e`vcbv cwi Pj Kmn mKj cwi Pj tKi D<sup>3</sup> ifc e`\_Zv Securities and Exchange Ordinance, 1969 Gi section 22 Gi Aaxb kw`thM` Aciva; Ges

thñZ; Kugk tbi wePbvq, wmwKDwi wJR mspvš-AvBb I Dnvi wea-weavb cwi cvj tbi Dwj wZ e`\_Zvi Rb`, cRerRvti i ksLj v, `^QZv Ges Rb`\_D<sup>3</sup> Bmjvri i e`e`vcbv cwi Pj K mn mKj cwi Pj K tK Rwi gvbv Kiv cQvRb I mgvPxb;

AZGe, thñZ; Kugkb, Dwj wZ hveZxq vel q wePbvceK, Securities and Exchange Ordinance, 1969 Gi section 22 [hv The Securities and Exchange (Amendment) Act, 2000 ðvi v mstkwaZ] tZ cD È ¶lgZvetj :-

1. t½j dvBb wmi wvKw wj wgtUW Gi e`e`vcbv cwi Pj K mn cZ`K cwi Pj K [cZ`K Gi bvtg Avj v` frte ] Gi Dci 01 (GK) j ¶ UvKv Rwi gvbv avh`Kij hv AÍ Avt` tki 15 (c tbi) w` tbi gta` wmwKDwi wJR I G. tPÄ Kugkb0 Gi AbKtj BmjKZ e`vsK WdU/tc-AW¶i i gva`tg Kugk tbi Rgv Kitz nte |
2. G Avt` k Rvixi Zwi L nZ Dcti Dwj wZ wmwKDwi wJR mspvš-AvBb I Dnvi wea-weavb j sNb hZw` b Pj te Zvi cZ w` tbi Rb` D<sup>3</sup> Bmjvri Gi e`e`vcbv cwi Pj K mn cZ`K cwi Pj K [cZ`K Gi bvtg Avj v` frte ] Gi Dci `k nrvri (10,000/-) UvKv AvZwi <sup>3</sup> Rwi gvbv avh`Kij hv Dcti (1) G Dwj wZ c`wZtZ Kugk tbi Rgv Kitz nte |

wmwKDwi wJR I G. tPÄ Kugk tbi Avt` kµtg-

Aa`vcK W. Gg. Lvqi`j tnv tmb  
tPqvi g`vb

weZi bt  
e`e`vcbv cwi Pj K mn cZ`K cwi Pj K [cZ`K Gi bvtg Avj v` frte] , t½j dvBb wmi wvKw wj wgtUW

