SEC/Enforcement/504/2006/986
September 11, 2006

Ambee Pharmaceuticals Ltd. (Issuer)
House No.01, Road No.71, Gulshan, Dhaka-1212

Directors
Ambee Pharmaceuticals Ltd.
House No.01, Road No.71, Gulshan, Dhaka-1212

Managing Director
Ambee Pharmaceuticals Ltd.
House No.01, Road No.71, Gulshan, Dhaka-1212

Company Secretary
Ambee Pharmaceuticals Ltd.
House No.01, Road No.71, Gulshan, Dhaka-1212

Sub: **Non compliance of securities law concerning retention of auditor for a consecutive period exceeding three years: Post-facto approval with Warning**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Ambee Pharmaceuticals Ltd. is an issuer (herein after referred to as "issuer").

Condition (b) of the Commission's Order No.SEC/CFD-71/2001/Admin/02/05 dated January 3, 2002, gazetted on January 30, 2002, reads as follows:

"The issuer company shall not appoint any firm of chartered accountants as its statutory auditor for a consecutive period exceeding three years:

Provided that this provision shall not apply in the case of auditors who will have audited consecutively for three years upon completion of their current assignment:

Provided further that the issuer may continue with the existing statutory auditor subject to the clearance of the Commission if it recommends at least 10% dividend on the face value/paid up capital or 7.5% on the net worth, whichever is higher, for the year immediately preceding the year for which the statutory auditor is appointed."

It appeared from the record that Ambee Pharmaceuticals Ltd. has retained its auditor M/s. M. J. Abedin & Co., Chartered Accountants, as statutory auditor for a consecutive period exceeding three years (i.e. for the years ended December 31, 2002 to December 31, 2005) without obtaining prior clearance of the Commission.

Above appointment, without the Commission's clearance, falls under the purview of the aforesaid order issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Contd......P/2

SEC/Enforcement/504/2006/986
September 11, 2006

The Commission vide its letter No.SEC/CFD/11:1/99/2643 dated June 29, 2006 requested the issuer to submit its explanations, in reply, the issuer submitted a letter dated July 10, 2006 mentioning, among others, that due to regular payment of dividend at attractive rates it presumed the clearance for retention of the same auditor was not required.

The issuer's aforesaid activities tantamount to non-compliance of the securities related laws which appeared deliberate and contravention of the provisions of the Order mentioned above attracting penal provisions of the Securities and Exchange Ordinance, 1969.

A show cause cum hearing notice No.SEC/Enforcement/504/2006/850 dated July 31, 2006 was issued to you for explaining the said non-compliance. The hearing was conducted on August 23, 2006.

The official appeared at the hearing submitted a letter dated August 15, 2006 mentioning, among others, that as they continuously paid dividend at attractive rates (i.e. for 2002 @ 22%, for 2003 @ 25%, for 2004 @ 25% for 2005 @ 25%), as such they presumed that no clearance of the Commission was required for the appointment of auditor. They also mentioned that it was an unintentional mistake. They further submitted a letter dated August 15, 2006 requesting for approval of re-appointment of same auditor for the year ending on December 31, 2006.

The Commission, considering the all above, has decided to condone the non-compliance of the issuer and to dispose of the proceedings against it with warning for the stated violation, and has accorded post-facto approval to the issuer for retention of its statutory auditor for the financial year 2006.

Please note that this disposal does not absolve the issuer or any of its directors or officials concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said defaults.

For Securities and Exchange Commission

Mansur Alam
Executive Director

<u>Copy for information:</u>
Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.
Executive Director (R & D), SEC
Executive Director (CFD), SEC
Director (MIS), SEC
Chairman's Office, SEC