No. SEC/Enforcement/726/2008/ By Registered A/D

June 20, 2010 By Special Messenger

M/s. Rahman Mustafiz Haq & Co.
Chartered Accountants
85 Naya Paltan (3rd floor)
Dhaka-1000

Sub: Show cause cum hearing notice: Non compliance with the securities related laws in connection with audited financial statements of Anwar Galvanizing Ltd. (Issuer) for the year ended on June 30, 2009 : Rescheduling.

This refers to the Commission's show cause cum hearing notice no. SEC/Enforcement/726/2008/512 dated June 08, 2010, based on which the hearing was scheduled on June 24, 2010 and your letter dated June 14, 2010, submitted to the Commission, requesting to reschedule the date of hearing.

The Commission, considering your request, has rescheduled the date of hearing and, accordingly, you are hereby given an opportunity of being heard by the Commission and, accordingly, requested to appear at hearing personally or through any person authorized by you **(written authorization need to be submitted during the hearing)** on **July 25, 2010 at 11:15 AM,** at the room of the Member (Law & Enforcement) of the Commission, as provided under sub-rule 3B of rule 12 of the Securities and Exchange Rules, 1987, **along with your written explanation, if any**, showing cause as to why appropriate action should not be taken by the Commission against you/yourselves, for the above stated non-compliances/contraventions, failing which the Commission will be constrained to take decision ex-parte in this respect.

For Securities and Exchange Commission

(Mohammad Abul Hasan)

Deputy Director (Enforcement)

Copy for information:

1. PO to Member (Enforcement), SEC
2. PO to Director (MIS and R& D)
3. PO to Director, (CFD), SEC
4. Chairman's Office, SEC

No. SEC/Enforcement/726/2008/ **By Registered A/D**

June 08, 2010 **By Special Messenger**

M/s. Rahman Mustafiz Haq & Co.
Chartered Accountants
85 Naya Paltan (3rd floor)
Dhaka-1000

Sub: Show cause cum hearing notice: Non compliance with the securities related laws in connection with audited financial statements of Anwar Galvanizing Ltd. (Issuer) for the year ended on June 30, 2009.

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Anwar Galvanizing Ltd. is an issuer (herein after referred to as "issuer");

Whereas, sub-rule (3) of rule 12 of the Securities and Exchange Rules, 1987 requires that the financial statements of an issuer of a listed security shall be audited in accordance with the International Standards of Auditing applicable in Bangladesh and the report of the Auditors shall be in Form "B" annexed to the Schedule;

Whereas, M/s. Rahman Mustafiz Haq & Co., Chartered Accountants, was entrusted with the responsibility of auditing of the accounts of the issuer for the year ended on June 30, 2009;

Whereas, M/s. Rahman Mustafiz Haq & Co., Chartered Accountants, as a statutory auditor of Anwar Galvanizing Ltd.., issued audit report on the financial statements for the year ended June 30, 2009 and certified the report as true and fair;

Whereas, in accordance with rule 12 of the Securities and Exchange Rules, 1987, the issuer submitted the said audit report to the Commission as well as to the shareholders concerned;

Whereas, on examination of the aforesaid audited financial statements, it appears to the Commission that:
" you have made unspecific/unclear observation(s) and/or expressed qualified opinion on the financial statements, statin "Subject to the above noted facts and to their consequential effect, in our opinion, the annexed Balance Sheet, Profit And Loss account, Statements of changes in Equity and Cash Flow Statement represent a true and fair view of the state of the company's affairs as at June 30, 2009 ....".

It may be mentioned here that there are 27 notes and other disclosures to the said financial statements. But, you have neither specified the notes or disclosures, which are qualified by you nor made any indication of their consequential effects on the financial statements.

As per Para# 40 of Bangladesh Standards on Auditing (BSA)-700, "Whenever the auditor expresses an opinion that is other than unqualified, a clear description of all the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the financial statements..............." Hence, it appears to the Commission that you have avoided your responsibility by issuing of an unclear audit report on the financial statements of Anwar Galvanizing Ltd. for the year ended on June 30, 2009. However, on examination of the financial statements for the year ended on June 30, 2009 along with notes to the said financial statements of Anwar Galvanizing Ltd., we have some observations, which are as under:

In the Balance Sheet of the said financial statements, NAV has been shown Tk.118.60 per share. But as per our observation the NAV is Tk.75.34 per share, which arises as under:

Share Capital	Tk. 132,000,000
Tax Holiday Reserve	34,057,703
Retained Earnings	(9,505,965)
	156,551,738
Less: Deferred Expenses	57,103,194
Total NAV	99,448,544
Total No. of shares	1,320,000
NAV per share	Tk. 75.34

Contd..........Page-2

ii) In the Balance Sheet, Deferred Expenses have shown Tk.45,886,219 and Tk.57,103,194 for the years ended on June 30, 2008 and 2009 respectively, but there is no disclosure regarding the creation and increase of said expenses for the year ended on June 30, 2008 and 2009 respectively.

iii) The Statement of Changes in Equity for the year ended on June 30, 2009 has not been prepared on the basis of the Statement of Changes in Equity for the year ended on June 30, 2008; because the balance of negative Retained Earning for the year ended on June 30, 2008 has not been considered in preparing the Statement of Changes in Equity for the year ended on June 30, 2009. As a result the balance shown in the Statement of Changes in Equity for the year ended on June 30, 2009 and the figure reported as shareholders equity in the Balance Sheet has been overstated. ."

Whereas, it appears from the above that the issuer has failed to prepare its financial statements in accordance with the applicable International Accounting Standards (IAS) and, as such, the financial statements of the issuer for the year ended on June 30, 2009 do not reflect true and fair view of the state of affairs and the results its operation, **but the auditor failed to qualify the aforesaid matters in the respective audit report;**

Whereas, the aforesaid activities of the auditor appear to be deliberate and clear contravention of the provisions of the aforesaid securities laws, attracting provision of sub-rule 3B of rule 12 of the Securities and Exchange Rules, 1987 ;

Now, therefore, you are hereby given an opportunity of being heard by the Commission and, accordingly, requested to appear at hearing personally or through any person authorized by you **(written authorization need to be submitted during the hearing)** on June 24, 2010 at 11.30 a..m**.,** at the room of the Member (Law & Enforcement) of the Commission, as provided under sub-rule 3B of rule 12 of the Securities and Exchange Rules, 1987, **along with your written explanation, if any**, showing cause as to why appropriate action should not be taken by the

Commission against you/yourselves, for the above stated non-compliances/contraventions, failing which the Commission will be constrained to take decision exparte in this respect.

For Securities and Exchange Commission

Mohammad Abul Hasan

Deputy Director (Enforcement)

<u>Copy for information:</u>

5. Anwar Galvanizing Ltd. (Issuer), Baitul Hossain Building, 14th Floor, 27 Dilkusha, Dhaka-1000
6. President, Institute of Chartered Accountants of Bangladesh, 100, Kazi Nazrul Islam Avenue, Dhaka-1215
7. Chief Executive Officer, Dhaka Stock Exchange Ltd.
8. Chief Executive Officer, Chittagong Stock Exchange Ltd.
9. PO to Member (Enforcement), SEC
10. PO to Director, (CFD), SEC
11. Chairman's Office, SEC

No. SEC/Enforcement/726/2008/

June 08, 2010

Anwar Galvanizing Ltd. (Issuer)

Baitul Hossain Building, 14th Floor, 27 Dilkusha C/A, Dhaka-1000

Directors,

Anwar Galvanizing Ltd., Baitul Hossain Building, 14th Floor, 27 Dilkusha C/A, Dhaka-1000

Managing Director

Anwar Galvanizing Ltd., Baitul Hossain Building, 14th Floor, 27 Dilkusha C/A, Dhaka-1000

Company Secretary

Anwar Galvanizing Ltd., Baitul Hossain Building, 14th Floor, 27 Dilkusha C/A, Dhaka-1000

Sub: Show-cause cum notice for hearing: Non-compliance with the securities related laws in connection with the audited financial statements for the year ended on June 30, 2009.

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Anwar Galvanizing Ltd.. is an issuer (herein after referred to as "issuer");

Whereas, 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;

Whereas, M/s. Rahman Mustafiz Haq & Co., Chartered Accountants, was entrusted with the responsibility of auditing of the accounts of the issuer for the year ended on June 30, 2009;

Whereas, as required by rule 12 of the Securities and Exchange Rules, 1987, the issuer submitted the audited financial statements for the year ended on June 30, 2009 to the Commission and others concerned;

Whereas, on examination of the aforesaid audited financial statements, the Commission has observed, among others, following points:

"i) In the Balance Sheet of the said financial statements, NAV has been shown Tk.118.60 per share. But as per our observation the NAV is Tk.75.34 per share, which arises as under:

Share Capital	Tk.132,000,000
Tax Holiday Reserve	34,057,703
Retained Earnings	(9,505,965)
	156,551,738
Less: Deferred Expenses	57,103,194
Total NAV	99,448,544
Total No. of shares	1,320,000
NAV per share	Tk.75.34

Contd..........Page-2

ii) In the Balance Sheet, Deferred Expenses have shown Tk.45,886,219 and Tk.57,103,194 for the years ended on June 30, 2008 and 2009 respectively, but there is no disclosure regarding the creation and increase of said expenses for the year ended on June 30, 2008 and 2009 respectively.

iii) The Statement of Changes in Equity for the year ended on June 30, 2009 has not been prepared on the basis of the Statement of Changes in Equity for the year ended on June 30, 2008; because the balance of negative Retained Earning for the year ended on June 30, 2008 has not been considered in preparing the Statement of Changes in Equity for the year ended on June 30, 2009. As a result the balance shown in the Statement of Changes in Equity for the year ended on June 30, 2009 and the figure reported as shareholders equity in the Balance Sheet has been overstated.

iv) It has been mentioned in the note No.2.3 of the said financial statements that no depreciation has been charged during the year due to suspended of its production activities since 2006. But as per the requirement of Bangladesh Accounting Standards you should have to charge the required depreciation.”

Whereas, as a result of the above, the audited financial statements of the issuer for the year ended on June 30, 2009 do not portray true and fair view of the financial position, which tantamount to furnishing of incorrect information to SEC; and

Whereas, furnishing of incorrect audited financial statements for the year ended on June 30, 2009 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared to be deliberate attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969;

Now, therefore, you are hereby given an opportunity of being heard by the Commission and, accordingly, requested to appear at hearing personally or through any person authorized by you (**written authorization need to be submitted during the hearing**) on **June 24, 2010 at 11:00 AM,** at the room of the Member (Law & Enforcement) of the Commission, as provided under section 22 of the Securities and Exchange Ordinance, 1969, along with your **written explanation, if any, and a list of directors**, showing cause as to why appropriate action should not be taken by the Commission against you/yourselves, for the above stated non-compliances/contraventions, failing which the Commission will be constrained to take decision ex-parte in this respect.

For Securities and Exchange Commission

(Mohammad Abul Hasan)

Deputy Director(Enforcement)

Copy for information:

1. CEO, Dhaka Stock Exchange Ltd.
2. CEO, Chittagong Stock Exchange Ltd.
3. P.O to Member (Enforcement)
4. PO to Director (CFD), SEC
5. Chairman’s Office, SEC