

No.SEC/Enforcement/395/2005/917
Dated: August 17, 2006

By Special Messenger

1. Rahman Chemicals Limited
Amin court (7th Floor), 62-63, Motijheel C/A, Dhaka-1000
2. Directors
Rahman Chemicals Limited
Amin court (7th Floor), 62-63, Motijheel C/A, Dhaka-1000
3. Managing Director
Rahman Chemicals Limited
Amin court (7th Floor), 62-63, Motijheel C/A, Dhaka-1000
4. Company Secretary
Rahman Chemicals Limited
Amin court (7th Floor), 62-63, Motijheel C/A, Dhaka-1000

Sub: Non-compliance with the securities related laws in connection with the financial statements for the year ended on December 31, 2004: Warning with direction for rectification.

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

On examination it appeared that the issuer submitted to the Commission unreliable financial statements for the year ended December 31, 2004, as contained in the Commission's show cause cum hearing notice No. SEC/Enforcement/395/2005 dated April 17, 2006 issued to yourselves, which tantamount to contravention of section 18 of the Securities and Exchange Ordinance, 1969 read with rule 12 of the Securities and Exchange Rules, 1987. The hearing was conducted on May 31, 2006.

Mr. Syed Khaledur Rahman, Managing Director, Mr. ATM Zulfiqar Haider, GM (Accounts), Mr. Juhurul Islam, Company Secretary and Mr. Moklesur Rahman, Chief Accountant of the issuer appeared for the hearing and submitted written explanations vide letters No. 01-067/26 dated May 2, 2006 and No. 01-067/63 dated May 31, 2006 mentioning, among others, that the company has decided to adjust the bank balances with the loan balances of respective banks and also to take vigorous attempt to recover the old advances. The issuer also sought exoneration from the charges brought against it.

The Commission, considering the submissions made by the issuer, has decided to dispose off the proceedings against it for the stated contravention, by placing on record the Commission's dissatisfaction on the defaults made by it, with a warning to ensure strict compliance of all securities related laws in future.

The Commission also direct the issuer, including its directors and company secretary, under section 20A of the Securities and Exchange Ordinance, 1969, to rectify its financial statements, which should be reflected in the subsequent financial statements, including that of the year, 2005.

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Please note that the above disposal does not absolve the issuer or any of its directors or officers 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

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited
Executive Director (R&D), SEC
Executive Director (CFD), SEC
Director (LSD), SEC
Director (MIS), SEC
Chairman's Office