

## **Certificate on Compliance of Corporate Governance Guidelines**

**[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CM/CMRRCD/2006-158/134/Admin/55 dated 07 August 2012]**

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by MIDAS FINANCING LIMITED ("the Company") for the year ended 30 June 2015. Such Compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company In ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.

*RAG'd*

S. Abdul Rashid FCS



Dhaka, 30 November 2015

## Corporate Governance Compliance Status

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 :

### (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
<b>1.2 (ii)</b>	<b>Independent Director (ID) means a director:</b>			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFIs	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days	-		N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases	-		N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
<b>1.5</b>	<b>The Director's Report to Shareholders shall include</b>			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	-		N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments	√		
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc	-		N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	-		N/A
1.5 (x)	Remuneration to directors including IDs	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	-		N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		
1.5 (xx)	Number of Board meetings and attendance of directors	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	-		N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	√		
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.4.1 (ii) (a)	Reporting on conflicts of interests	-		N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	-		N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	-		N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	-		N/A
3.4.2	Reporting to BSEC	-		N/A
3.5	Reporting to the Shareholders and General Investors	√		Given in the Annual Report
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
4.00 (ix)	Non-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Composition of BOD to be similar to holding company	√		
5 (ii)	One ID to be in both holding and subsidiary company	√		
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	√		
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	√		
5 (v)	Audit Committee of holding company to review financial statements/ investments of subsidiary company	√		
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		Given in the Annual Report
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		