

## **Press Release**

### **SEC Imposes Rs50,000 Fine on Hala Enterprises**

**Islamabad – Nov 5, 2004:** The Securities and Exchange Commission of Pakistan (SEC) has imposed a fine of Rs.50,000 on the Chief Executive of M/s. Hala Enterprises Limited for delayed submission of its quarterly accounts.

Under section 245 of the Companies Ordinance, 1984 (Companies Ordinance), the Company was required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the 3<sup>rd</sup> quarter ended March 31, 2004, which were filed with the Commission on June 04, 2004 i.e. with a delay of 1 month and 4 days.

A notice was, therefore, served on the Chief Executive and its directors calling upon them to explain as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.

In response to the show cause notice, the Company's Secretary stated on behalf of all the directors that the aforesaid quarterly accounts were forwarded to the Commission within the prescribed time through the courier service on April 30, 2004. He also attached photocopies of the said accounts. The reply was examined and it was observed that the Company had only transmitted its financial results, whereas the quarterly accounts, as required under the provisions of the Companies Ordinance and International Accounting Standards (IAS) No. 34 were filed. It being clear violation of the statutory requirements, the case was fixed on October 26, 2004 so as to provide an opportunity of hearing to the defaulters.

During hearing, Mr. Saleem Iqbal Khawaja, Chief Executive, Corplink (Pvt.) Ltd. (Corporate and Financial Consultants) appeared on behalf of directors of the Company and repeated the same arguments as were submitted earlier by the Company's Secretary in his written reply.

The SEC Commission, who heard the case observed: "I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have wilfully and deliberately committed the delay in preparation, circulation and filing of quarterly accounts. In view of the foregoing, I impose a fine of Rs.50, 000/- (Rupees fifty thousand only) on the Chief Executive of the Company. The other directors of the Company are reprimanded to be careful in future.