



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

First National Equities Limited

Number and date of SCN: CSD/ARN/96/2015-4011, dated April 11, 2016
Hearing held on: May 17, 2016
Present: Mr. Naved Ishaq, representative

ORDER

**UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE
COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including chief executive (together referred to as "respondents") of First National Equities Limited (the "Company"):

- | | | | |
|---|---|---|---------------------|
| 1 | Mr. Shahzad Akbar, Chairman | 5 | Mr. Rais Ahmed Dar |
| 2 | Mr. Ali A. Malik, Chief Executive Officer | 6 | Mr. Amir Shehzad |
| 3 | Mr. Muhammad Iqbal Khan | 7 | Mr. Azeem ul Hassan |
| 4 | Mr. Saeed Ahmed Bajwa | | |

The proceedings were initiated through show cause notice (the "SCN") dated April 11, 2016, under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements ("Quarterly Accounts") for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On	Filed On	Delay
30-Sep-14	31-Oct-14	14-Nov-14	14 Days
31-Dec-14	28-Feb-15	11-Mar-15	11 Days
31-Mar-15	30-Apr-15	18-May-15	18 Days
30-Sep-15	31-Oct-15	--	Not Filed



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 1 -

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for delay in filing the aforesaid Quarterly Accounts. The respondents were also provided an opportunity of hearing on April 26, 2016 to explain their position. The secretary of the Company through letter dated April 25, 2016 requested to send all the correspondence at the principal office of the Company and reschedule the date of hearing. The case was again fixed for hearing on May 17, 2016. Mr. Naveed Ishaq, the Company Secretary and the representative of the respondents, appeared before the undersigned and stated as under:

- The delays in filing of Quarterly Accounts have been caused due to sickness of the old CFO, who has now resigned and new CFO has been appointed in his place.
- The Company will ensure timely filing of all the Quarterly Accounts in future.
- The aforesaid delays in filing the Quarterly Accounts with the Commission were inadvertent and not willful.

3. Before proceeding further, it is important to mention that in terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245 of the Ordinance provides as under:

"If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues."

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 (3) have been delegated to the Director (Corporate Supervision Department).



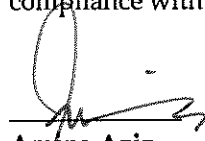
SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 2 -

4. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. The requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law.

5. It is clear from the record that the Company filed the aforesaid three Quarterly Accounts with the Commission with delays, while the accounts for quarter ended September 30, 2015 have not been filed with the Commission in physical form along with requisite filing fee. However, those accounts for quarter ended September 30, 2015 were filed with the respective Company Registration Office with a delay of 18 days and have also been posted on the Company's website. Moreover, the Company has a good history of compliance with respect to filing of Quarterly Accounts. Therefore, considering these facts and assurance for strict future compliance, in exercise of the powers conferred by section 245 of the Ordinance, instead of imposing fines, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of section 245 of the Ordinance.


Amina Aziz
Director (CSD)

Announced:
June 9, 2016
Islamabad