



Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division

[Islamabad]

Before Rashid Sadiq, Executive Director

In the matter of

M/S MACDONALD LAYTON & COMPANY LIMITED
(Order under Sub-section (3) of section 245 of the Companies Ordinance, 1984)

Number and date of notice	EMD/233/554/2002/5926-32 dated: April 10, 2003
Date of hearing	May 06, 2003
Present	Brig. (Retd.) N. Humayun Chief Executive/Chairman Maj. Gen. (Retd.) Shafqat Ahmed Executive Director
Date of Order	June 27, 2003

This order shall dispose of the proceedings initiated against M/S MacDonald Layton & Company Limited (the "Company") for failure to prepare and transmit the quarterly accounts for the second quarter ended December 31, 2002, to its shareholders, Stock Exchange, Registrar and the Commission.

2. The facts leading to this case, briefly stated, are that the financial year of the Company starts on July, 01 and ends on June, 30. In terms of the requirements of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 as amended on October 26, 2002 through the Companies (Amendments) Ordinance, 2002 read with Circular No. 18 dated December 19, 2002 the Company was required to prepare and transmit its second quarter accounts for the periods ended December 31, 2002 within two months of the close of the quarter i.e. by February 28, 2003 to the members, stock exchange the Registrar and the Commission. As per record of



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the Commission the Company failed to file the second quarter accounts for the period ended December 31, 2002 with the Commission and in contravention of the aforesaid mandatory requirements which necessitated action as provided under the Ordinance.

3. Consequently, a notice dated April 10, 2003 was issued to the directors and Chief Executive of the Company to show cause in writing as to why fine as provided in Sub-section (3) of Section 245 of the Ordinance may not be imposed upon them for making default in submission of the aforesaid quarterly accounts in violation of Sub-section (1) of Section 245. However, no reply to the notice was received. In order to provide an opportunity of personal hearing to the Company and its directors, the case was fixed for April 30, 2003, which was cancelled at the request of the company and re-fixed on May 06, 2003. On the said date Brig. (R) N. Humayun Chief Executive/Chairman and Maj. Gen. (R) Shafqat Ahmed, director appeared and pleaded the case.

4. At the time of the hearing it was contended that a dispute between the Company and the financial institution has been going on since the last eighteen year and since that time the expenses have been met from sale of replaceable assets, recoveries from debtors and personal sources of the directors who in turn have not been paid for the last six years for their services. It was stated that financial position of the company was such that it was not even able to pay the fee to the auditors. The auditors have withheld their report on the annual accounts for the year ended June 30, 2002, therefore, the audited accounts have not been laid before the shareholders and since the annual accounts have not been finalized the accounts of the subsequent periods have also been delayed. They requested that the default may be condoned keeping in view the company's financial position and its past performance with regards to compliance with the statutory requirements.



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5. The directors including chief executive of the Company are responsible for preparation and circulation of quarterly accounts and they should make serious efforts to ensure the compliance of the relevant provisions of law. It appears from the circumstances that they have not taken serious attempts to prepare and transmit the quarterly accounts. I am, therefore, constrained to believe that the directors including the Chief Executive of the Company have willfully and deliberately committed the default in preparation, circulation and filing of second quarter accounts, which is established from the record.

6. In view of the foregoing, I hereby, impose a token fine of Rs 25,000 (Rupees twenty five thousand) on the chief executive of the Company only for violation of Sub-section (1) of Section 245 of the Ordinance. However, taking a lenient view, no fine is imposed on the other directors. I hope that the directors would react positively to the lenient view taken by me by ensuring that no default is made in future in respect of this statutory requirement.

7. The Chief Executive of the company is directed to deposit the fine amounting to Rs. 25,000/- (Twenty five thousand only) in the bank account of the Commission within 30 days of the receipt of this order and submit a copy of the receipted challan to the Commission.

Rashid Sadiq

Executive Director (Enforcement and Monitoring)

Announced
June 27 , 2003
ISLAMABAD