



Through Courier

Before The Director / HOD (MSRD)

In the matter of Show Cause Notice issued to Murree Brewery Company Limited

*Date of Hearing:* May 21, 2013

*Present at the Hearing:*

*Representing the Murree Brewery Company Limited:*

(i) Mr. Rab Nawaz Shares Accountant

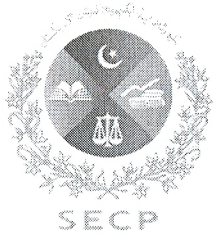
*Assisting the Director/HOD (MSRD)*

(i) Ms. Tayyaba Nisar Assistant Director (MSRD)

**ORDER**

1. This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. 1(17) M. Brewery/ MSW/ SMD/ 2013 dated May 09, 2013 ("SCN") issued to Murree Brewery Company Limited ("Respondent"), by the Securities and Exchange Commission of Pakistan ("Commission") under Section 22 of the Securities and Exchange Ordinance, 1969 ("Ordinance").

2. The brief facts of the case are that the Respondent is a public limited company listed on the Karachi Stock Exchange Limited ("KSE"). The meeting of the Board of Directors ("BOD") of the Respondent was held on April 24, 2013 to consider the Annual Accounts for the quarter ended March 31, 2013. After the board meeting, the Respondent communicated the financial results to the KSE at 12:55 pm ("First Announcement"). However, on the same day at 02:40 pm, the Respondent communicated amended Profit After Tax amount ("Second Announcement"). The comparison of both announcements is presented below:



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision and Registration Department)

<b>Figures of Profit/ (Loss) After Tax</b> <i>(Rs.in thousands)</i>				
	<b>Quarter ended 31<sup>st</sup> March</b>		<b>Nine months ended 31<sup>st</sup> March</b>	
<b>April 24, 2013</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
1 <sup>st</sup> Announcement (12:55 pm)	Rs.89,617	Rs. 91,721	Rs. 231,110	Rs. 180,247
2 <sup>nd</sup> Announcement (02:40 pm)	Rs.175,940	Rs. 149,507	Rs. 468,587	Rs. 286,954

3. From the aforementioned, it was observed that the Respondent has failed to disclose the requisite price-sensitive material information as envisaged in the Clause 35 (xx) of the Listing Regulations, since same was not correctly disseminated to the Stock Exchanges as required. Moreover, the facts stated above represent that the Respondent has also failed to comply with the provisions of Regulation 16 (1) of the Listing Regulations of the KSE and the requirements stated in the Correspondence manual of KSE, made pursuant to the Listing Regulations by not disseminating the price sensitive information in the manner notified by the Exchange.

4. Considering the above, the Commission served the SCN dated May 09, 2013 to the Respondent stating that the Respondent has prima facie contravened the provisions of Regulation 16 (1) and 35 (xx) of the Listing Regulations and requirements stated in the Correspondence Manual of KSE, made pursuant to the Listing regulations. The Respondent was asked to submit its written reply within ten days of the date of SCN. The Respondent was further required to appear before the undersigned on May 21, 2013 for a hearing.

5. In reply to the SCN, the Respondent submitted its written response vide letter dated May 14, 2013. The relevant extracts of the same are reproduced here as under:

1. *"We hereby submit as under .....The Financial results were communicated to Stock Exchanges on 24<sup>th</sup> April, 2013 at 12.55 pm. No doubt trading hours to transmit*



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision and Registration Department)

*the results were 3.30 pm. Here, our intention was to communicate the results to stakeholders immediately after Board meeting.*

2. *The typographical mistake occurred in our statement i.e. tax amount was shown inadvertently against the Profit After Tax and this occurred first time in 152 years.*
3. *We noticed this mistake and revised statement was transmitted at 2.40 pm after 1.5 hours.*
4. *The information was immediately disseminated vice versa Board of Directors decision. Our earning per share clearly indicates that there was an improvement which is the last line and figures were also highlighted. Quarterly Rs. 8.40 vs Rs. 7.13 (previous period) and 9 months Rs. 22.36 vs Rs. 13.69 (previous period) per share. That's why market price of our share was not affected.*
5. *It is pertinent to note the mistake was only on one page, whereas all other papers i.e. Form-7, Balance Sheet, Profit & Loss Account were in order.*
6. *It is out history to declare Stock/ Cash dividends based on annual results in Annual General Meeting.*
7. *The hard copies which were sent to KSE same day through courier, the figures were in order.*

*In the last, we request to your honour, kindly ignore this typographical mistake for which we will be highly grateful for your cooperation."*

6. The hearing in the matter was held on May 21, 2013 at Commission's Islamabad Office which was attended by Mr. Rab Nawaz, Shares Accountant ("**Representative of the Respondent**") on behalf of the Respondent.

7. The Representative of the Respondent during the course of hearing reiterated the facts submitted to the Commission vide letter dated May 14, 2013 and accepted that it was a mistake on part of the Respondent and should not at first place taken place. He apprised that because of error, which by no means was intentional, the tax amount was inadvertently shown against the figures of Profit After Tax. The Representative of the Respondent further added that the market price of the share was not affected by this typographical mistake as the figures of Earning Per Share were correct. Moreover, he said that the mistake was only



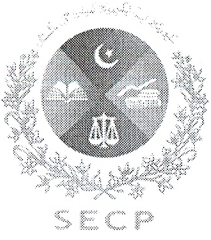
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
**Securities Market Division**  
**(Market Supervision and Registration Department)**

on one page and the rest of the financial statements were in order. The Representative of the Respondent admitted the mistake and asserted that the violations of the provisions of the Listing Regulations have occurred inadvertently by the Respondent.

8. I have heard the arguments presented by the Representative of the Respondent during the hearing. Additionally, I have perused the record and written reply filed by the Respondent. I am of the view that for efficient, fair and transparent market, two principles must apply: companies need to release relevant information as soon as it is available; and all the investors who want to deal in shares should have access to the same information at the same time. Moreover, for the protection of the investor's interest, a listed company must communicate information to shareholders and potential shareholder in such a way as to avoid the creation of a false market. Therefore, when an announcement is to be made, a company must take all reasonable care to ensure that any information it disseminate to the market is not misleading, false or deceptive, and that it does not omit anything that is likely to affect the price of the scrip.

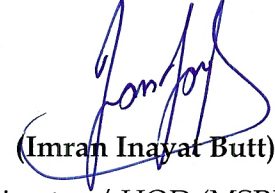
9. It is pertinent to mention that Murree Brewery Company Limited is one of the well reputed listed company. Accordingly, the Respondent is expected to be fully complied with the regulatory requirements. In any event, it is expected from any institute of Respondent's repute that any disclosure of price sensitive information should be equitable and not in a manner that compromises the investors' confidence or the fairness and transparency of the market.

10. Keeping in view the apologetic admission of the mistake by the Respondent and its assurance to abide by all the rules and regulations in future, a lenient view in the matter has been taken. Therefore, a strict warning is being issued to the Respondent. I, further, direct the Respondent to ensure that care and caution be exercised while announcing any price sensitive information and to ensure that full compliance be made of all rules, regulations and directives of the Commission in the future for avoiding any punitive action under the law.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision and Registration Department)

11. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.



(Imran Inayat Butt)

Director / HOD (MSRD)

Announced on June 11, 2013  
Islamabad.