

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the code) Contained in Regulation No. 37 and Chapter XIII, of listing regulations of the Karachi Stock Exchange (Guarantee) Limited and the Lahore Stock Exchange (Guarantee) Limited, respectively, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive Directors on its Board of Directors including those representing minority interests. At present the Board includes four non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including this company.
3. All the resident Directors of the Company are registered as taxpayers in Pakistan and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or an Non Banking Finance Company and none of them is the member of any stock exchange.
4. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and is in the process of being signed by the employees of the Company.
5. The Board has developed and approved a vision/mission statement. However, overall corporate strategy and significant policies of the Company in vogue are in the process of being developed/approved.
6. All the powers of the Board have been duly exercised and Board has taken decisions on material transactions including appointment and determinations of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and the executive director.
7. All meetings of the Board were presided over by the Chairman of the respective meeting elected by the directors amongst their body. The Board met at least once in every quarter. Written notices of the Board meetings, agenda and working papers were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. Most of the directors have attended orientation courses. Further, the directors of the company at the time of filing their consent to act as such, have given a declaration that they are aware of their duties and powers under the Companies Ordinance, 1984, the listing regulations of the stock exchange and relevant laws.
9. The appointments of CFO, Company Secretary and the Head of Internal Audit have been approved by the Board.
10. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO before approval of the Board.

12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code except that the financial statements for the half year ended 30 June 2006 and for third quarter ended 30 September 2006 were not circulated as the appointment of new auditors was made by Securities and Exchange Commission of Pakistan vide their letter dated January 12, 2007.
14. The Board has formed. an audit committee, it comprises of three members who are non-executive directors.
15. The meetings of the audit committee were held at least once every quarter Prior to approval of interim and final results of the company and as required by the code. However, the members of the audit committee did communicate among themselves and with the management and external auditors on the issues relating to the financial statements and approved the same. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Company has an internal audit department and is managed by experienced and qualified personnel. The audit team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 06th April 2007

**(M. SHAHNAWAZ AGHA)**  
Chairman & Chief Executive