

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37, Chapter XIII of listing regulations of Karachi Stock Exchange (Guarantee) Limited 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 the representation of independent non-executive Directors on its Board of Directors (the Board). At present, the Board includes four (4) non-executive directors. The company encourages representing of minority shareholders on the Board, however, none of the minority shareholder offered himself for election.
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 and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of the directors of the company are members of any Stock Exchange.
4. No casual vacancy occurred in the Board during the year.
5. 'Statement of Ethics and Business Practices' has been developed, which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meeting of the board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are conversant with the relevant laws applicable to the Company including the Companies Ordinance, 1984, Listing Regulations, Code of Corporate Governance, Company Memorandum and Articles of Association and other relevant rules and regulations and are aware of their duties and responsibilities. Orientation course material was circulated to the Board which has been taken as read and understood.

10. The Board has approved the appointment of Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO. Chief Financial Officer is working with the Company for more than last five years.
11. 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.
12. The CEO and CFO duly endorsed the financial statement of the Company before approval of the Board.
13. 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.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three (3) members, whom two are non-executives directors. The Chairperson of audit committee is non-executive director of the Company.
16. The meeting of the audit committee were held at least once in every quarter after listing prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.
17. The Company has appointed an Internal Auditor who is considered suitably qualified and experienced for the purpose, however, the Company is still in the process of establishing a proper Internal Audit Department.
18. 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 the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guideline on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi, September 16, 2006

**Tariq Rafi**  
Chief Executive