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## Statement of Compliance with the Code of Corporate Governance

### Year Ended June 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 and No. XIII of listing regulations of the Karachi Stock Exchange (Guarantee) Limited and 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 and non-executive directors on its Board of Directors. At present the Board includes seven non-executive directors of which five are independent directors.
2. The directors have confirmed that none of them is serving as director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI / NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancy caused by the resignation of Mr. Muhammad Shafi (NIT nominee) was filled up by the directors on February 9, 2008 by co-opting Mr. Mansoob A. Akhtar (NIT nominee) as director of the company.
5. All the powers of the Board have been duly exercised and decisions on material transactions, including the terms and conditions of appointment of CEO have been taken by the Board.
6. The meetings of the Board were presided over by the Chairman. During the year Board meetings were held in each quarter and notices along with the working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
7. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, on the terms and conditions of employment, as determined by the CEO.
8. The Directors' report has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
9. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
10. 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.
11. The Company has complied with all the corporate and financial reporting requirements of the Code.



12. The Board has formed an audit committee comprising of three members, who are non-executive directors including the chairman of the committee.
13. The meetings of the audit committee were held every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
14. The Board has set-up an effective internal audit function.
15. 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) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
16. 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.
17. We confirm that all other material principles contained in the Code have been complied with except for the following, implementation of the same has been deferred as business plan to recommence its operation has not yet been envisaged in view of the pending court cases:
  - i) Statement of Ethics and Business Practices.
  - ii) Vision / Mission Statement
  - iii) Orientation Courses for Directors.

Karachi: October 8, 2008

**Muslim R. Habib**  
*Chairman & Chief Executive*