

**STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR
ENDED JUNE 30, 2009**

The statement is being presented to comply with the Code of Corporate Governance contained in Regulation no.37 (Chapter-XI) of listing regulation of Karachi Stock exchange (guarantee) Ltd., for the purpose of establishing a framework of good governance, where by 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 non-executive directors and directors representing the minority interests on its Board of Directors. At present the Board of Directors includes three independent non-executive directors and none representing minority shareholders.
- 2) The Directors of the Board have confirmed that none of them is serving as a Director in more than ten listed companies, including the company.
- 3) All directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBF1, or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 4) There is no casual vacancy occurred during the year.
- 5) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board has met at least once in every quarter, written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 6) The Board arranged an orientation course for its directors during the period to apprise them of their duties and responsibilities. The course was arranged in house and its duration was three hours.
- 7) The company has prepared a "Statement of Ethics and Business Practices", which has been signed by the directors and employees of the company.
- 8) The company Board has developed a vision / mission statement, overall corporate strategy and company is in the process of developing significant policies that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended have been maintained.
- 9) The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO. There were no new appointments during the year.
- 10) The Board had set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and their representative are involved in the internal audit function on a full time basis.
- 11) The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.
- 12) The Directors' report for this period has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
- 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) All the powers of the Board has been duly exercised and the Board has taken 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.
- 16) The Board has formed an audit committee. It comprises 3 members, of whom 2 are no-executive directors.
- 17) 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. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 18) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program 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 the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 19) 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.
- 20) The related party transactions and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justification for term and pricing method for the transactions that were made on term equivalent to those that prevail in the arm's length transactions.
- 21) We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors

Shahzad Ahmad
Chief Executive