

**STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR  
ENDED JUNE 30, 2011**

The statement is being presented to comply with the Code of Corporate Governance contained in the 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 independent non-executive directors and directors representing the minority interests on its Board of Directors. At present the Board includes one independent non-executive and three non-executive directors and none representing minority shareholders.
- 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 finance company.
- 4) No casual vacancy occurred in the Board during the year.
- 5) The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by 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 Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.
- 8) 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 five times during the year including at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranged an in house orientation course for its directors during the year to apprise them of their duties and responsibilities.
- 10) The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit (HIA), including their remuneration and terms and conditions of employment, as determined by the CEO. There were no new appointments of CFO, Company Secretary and HIA during the year.
- 11) The directors' report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by the CEO and CFO 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 shareholdings.

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- 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 members, of whom all are non-executive directors including the chairman of the committee.
- 16) 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 formulated and advised to the committee for compliance.
- 17) The Board has set up an effective internal audit function which comprises of persons who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
- 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 with necessary justifications for term and pricing method for the transactions that were 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