

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

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Chapter XI of the Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Islamabad Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance as stated in the Code of Corporate 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 and directors representing minority interests on its Board of Directors. At present all the Board members except chairman of the Board are non-executive directors. Except two directors all other are independent directors. Five directors represent 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 tax payers and none of them has defaulted in payment of any loan to a banking company, DFI or an NBFIs or, being a member of a stock exchange, has been declared as defaulter by that stock exchange. None of the directors and their spouses have been involved in the business of stock brokerage.
4. During the year ended June 30, 2009, no casual vacancy in Board of Directors occurred.
5. The Company has prepared a "Statement of Ethics and Business Practices", 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 the appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board. At present the company does not have paid non-executive directors.
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 met 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 related party transactions have been placed before the Audit Committee and approved by the Board of Directors with justification for non-arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.
10. The Board members have been explained at length their responsibilities, obligations and the supervisory role they will be expected to play as Directors each time a new directive was issued by the SECP. All non-executive directors, being businessmen or career professionals,

are conversant with their role. A formal comprehensive orientation course will be organized for them during the coming year to up-date them on their duties and responsibilities.

11. The Board has 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. Appointment of CFO/Company Secretary is according to the requirements of the Code of Corporate Governance.
12. 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.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises four members, and all members of the Committee are non-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 Board has set-up effective internal audit and internal control functions and the personnel involved are considered suitably qualified and experience for the purpose and are conversant with the policies and procedure of the company.
19. 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 code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. 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.
21. We confirm that all other material principles contained in the Code have been complied with.

**Karachi: September 28, 2009**

  
Chairman & Chief Executive

  
Vice Chairman

  
Director