



**Tamarix aphylla (L.) Karst.**

Common name: Tamarisk  
Vernacular name: Frash, Ghaz,  
Khaggal  
Economic age: 35

Distribution: In Pakistan it is common to the plains of the Punjab, Sindh, Balochistan and NWFP. Extensively planted in the sand dune area of Thal desert.

Uses: Carpentry, agriculture implements, fuelwood, shelter belts, charcoal, tannin, erosion control, and sand dune stabilization.

progressing well, with training being imparted in defensive driving, first aid and in some of the other more specialized HSE subjects.

## SPORTS

SNGPL is promoting games for good physical and mental health of its employees. In this context, Annual Games were conducted from 10th to 12th December 2004, wherein over 150 athletes from the Head Office and all the Regions of the Company participated with enthusiasm. The participating athletes and players demonstrated excellent sportsmanship regardless of the outcome of the competitions, besides, the Company's cricket team participates in grade 1 national level tournaments of Pakistan Cricket Board (PCB) and has its own mountaineering and judo karate teams as well.



## INTERNAL CONTROLS

The Company has a strong internal control system. The Head of the Internal Audit Department of the Company reports functionally to the Audit Committee of Directors and administratively to the Chief Executive of the Company. The Internal Control System is reviewed on regular basis to achieve maximum effectiveness for establishing appropriate policies. The Internal Control System is managed in such a way that risks can be minimized rather than eliminated. The effectiveness of any internal control system depends upon the strong observance of prescribed procedures / policies. Non-observance of such measures by the staff is always a risk. An evaluation of the Company's internal financial control system is made by the Audit Committee of the Directors. The internal audit policies are duly approved by the Audit Committee of Directors on behalf of the Board in line with the guidelines laid down by Securities & Exchange Commission of Pakistan (SECP).

## CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors is aware of the commitment of the business to behave ethically and contribute to the economic development, while improving the quality of life of the workforce, as well as the community and the society at large. The Management is formulating a policy on Corporate Social Responsibility (CSR) which shall be presented to the Board of



Directors in the next financial year, for their approval. However, the Company, after due approval from the Board, has made contributions towards the furtherance of education in certain designated universities.

#### **BUSINESS PROCESS RE-ENGINEERING**

A comprehensive strategy has been approved by the Board of Directors and OGRA along with the budgetary plan. During the next financial

year the first phase of the MIS plan shall be implemented. It includes a comprehensive structured network including wireless technology, that will provide complete connectivity across the enterprise. As part of the plan a Business Process Re-engineering (BPR) exercise will be conducted, that will address business process improvement opportunities, followed by automation of different departments, so that Business Intelligence is applied.

#### **BOARD & BOARD COMMITTEES**

On completion of the previous triennial ended June 25, 2005. Thirteen Directors were elected for a period of three years commencing from June 26, 2005, the elections were held on June 21, 2005, besides the Managing Director/CEO who is an ex-officio director.

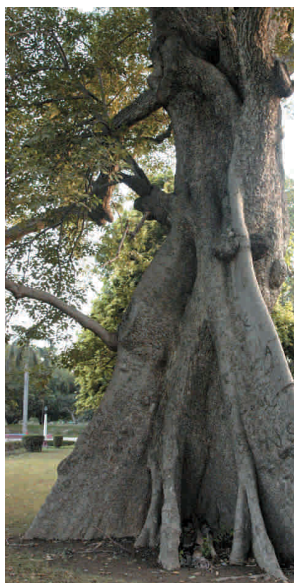
The full Board meets almost every month and manages overall control of the Company's affairs by a schedule of matters reserved for its decisions. These include approval of financial statements, authority level of treasury policies, risk management policies, business plan of the Company and succession plan for senior executives. The Board delegates the day-to-day business management control to the Chief Executive of the Company.

#### **AUDIT COMMITTEE**

The Company has an Audit Committee, composed of entirely non-executive directors, which meets at least once in each quarter. Its Terms of Reference cover the areas recommended by the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. Its responsibilities mainly include monitoring internal control throughout the Company, approve the Company's accounting and other policies on behalf of the Board and review the quarterly and annual financial statements before making their recommendations for the approval of the Board.







**Bombax cieba Linn.**

Common name: Silk Cotton Tree  
Vernacular name: Simal  
Economic age: 20 years

Distribution: In Pakistan it is in the sub-Himalayan tract from Hazara eastward. It is planted on the plains, in gardens and along roadsides.

Uses: Fuel, ornamental, furniture and carving, canoes, medicinal (bark and roots), cotton from seed for pillows and quilts, match sticks and packing cases.

## FINANCE COMMITTEE

The Finance Committee consists of six members, five of whom excluding the Chief Executive are non executive directors. It meets frequently for reviewing major investment proposals, examination of Capital and Revenue Budgets of the Company, approval of contracts within their financial powers and other assignments given by the Board of Directors.

## HUMAN RESOURCE COMMITTEE

The Human Resource Committee comprises four non-executive directors and the Chief Executive. It is primarily responsible for making recommendations to the Board inter-alia for maintaining a sound organizational plan of the Company, effective employees' development, compensation programme and specific succession plans for Senior Management positions.

The attendance at the Board and its Committees' meetings during the financial year 2004-05 is annexed.

## GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently, the going concern basis continues to be appropriate in preparing the financial statements.

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors hereby declare that for the year ended June 30, 2005:

- a) The financial statements, together with the notes thereon have been drawn up in conformity with the Fourth Schedule to the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, result of its operations, cash flows and changes in equity.



- b) Proper Books of Accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubt upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, except for those included in the Company's Statement of Compliance with the Code of Corporate Governance.

- h) Key operating and financial data for the last six years in summarized form is annexed.
- i) The Company is currently making conceptual study to carry maximum gas beyond Multan under Project IX, to facilitate gas consumers from all walks of life in Central Punjab and Northern areas of the Country. The Company is also expanding its network to Murree Hills.
- j) Value of investment in employees retirement funds based on audited accounts for the year ended June 30, 2004 are as follows:

	<b>Rupees in thousand</b>
SN Senior Staff Pension Fund	307,067
SN Junior Staff Pension Fund	661,634
SN Executive Staff Gratuity Fund	15,154
SN Non-Executive Staff Gratuity Fund	507,560
Trustees Provident Fund	1,146,830

- k) No trading of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out. The number of shares, if any, held by them is annexed.

## **AUDITORS**

The Present joint auditors M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants and M/s. Riaz Ahmed and Co., Chartered Accountants, are retiring and being eligible, offer themselves for re-appointment.

## **IMPLEMENTATION OF TRANSFER PRICING POLICY**

The Transfer Pricing Policy has been adopted by the Company.

## **PATTERN OF SHARE HOLDING**

The Pattern of share holding as at June 30, 2005 is annexed.

## **DIRECTORS**

There has been only one change in the composition of your Board of Directors since the last election of directors held on Tuesday June 21, 2005. Mr. Saeed Ullah Shah, has been appointed as Director in place of Mr. M. Naeem Malik. Please join me to express our appreciation and thanks for the valuable services rendered for a considerable time period by Mr. M. Naeem Malik. We also welcome Mr. Saeed Ullah Shah to our Board of Directors.

## **ACKNOWLEDGEMENT**

Every year is a demanding year. Financial Year 2004-05 in this respect was no exception. It is therefore most comforting to know that we have in the business, skilled and loyal staff and quality management to cope with any challenge and opportunity. To every member of the staff and management are our sincere thanks for their dedication and commitment over the past year.

We place on record our acknowledgement and thanks for the continued guidance and support extended by the Government of Pakistan, Ministry of Petroleum & Natural Resources, Oil & Gas Regulatory Authority (OGRA), our valued consumers and all other parties associated with us, in making the year a successful one.

On behalf of the Board

**(A. Rashid Lone)**  
Chief Executive





## ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2004-05



**Cassia fistula Linn.**

Common Name: Indian  
Laburnum.

Vernacular name: Amaltas

Economic age: 20

Distribution: The tree is native to Pakistan, commonly found east of the Indus in the plains and continuing north into the Himalayas to a elevation of approximately 1200 meters. It is cultivated throughout the plains region.

Uses: Fuel, ornamental, fine furniture, agricultural implements, tool handles, support posts, cart wheels and axles, tannin and medicinal (seed pod pulp as a purgative).

Name of Directors	Total No. of Meetings*	No. of Meetings Attended
Lt Gen. (Retd) G. S. Butt	7	6
Mr. A. Rashid Lone	8	7
Mr. M. Iqbal Awan	8	7
Mr. M. Nawaz Tiwana	7	3
Mr. Tariq Mehmood	7	6
Mr. Tariq Iqbal Khan	8	4
Mr. Abdul Latif Uqaili	7	5
Mr. Mohammad Arshad	7	2
Mian Raza Mansha	8	5
Mr. Anjum M. Saleem	7	5
Mr. Qasim Rabbani	8	5
Mr. Munawar B. Ahmad	8	4
Mr. M. Naeem Malik	8	5
Mr. Shaukat Ali Rana	7	7
Mr. Altaf M. Saleem	1	1
Mr. Abdul Bari Khan	1	0
Mr. Arif Saeed	1	1
Mr. Amanullah Shaikh	1	1
Mr. Hussain Dawood	1	0
Mr. Shahzada Dawood	1	0
Syed Muhammad Asghar	1	1

## ATTENDANCE AT THE AUDIT COMMITTEE MEETING DURING THE YEAR 2004-05

Name of Directors	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Anjum M. Saleem	4	4
Mr. M. Iqbal Awan	4	2
Mr. Tariq Mehmood	4	3
Mr. Abdul Latif Uqaili	4	4

## ATTENDANCE AT THE FINANCE COMMITTEE MEETING DURING THE YEAR 2004-05

Name of Directors	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Tariq Iqbal Khan	7	6
Mr. A. Rashid Lone	7	6
Mr. M. Iqbal Awan	7	7
Mr. Qasim Rabbani	7	5
Mr. Munawar B. Ahmad	7	5
MR. Zahid Hussain	1	0
Mr. Shaukat Ali Rana	6	5

## ATTENDANCE AT THE HUMAN RESOURCE COMMITTEE MEETING DURING THE YEAR 2004-05

Name of Directors	Total No. of Meetings Held*	No. of Meetings Attended
Mr. M. Nawaz Tiwana	3	3
Mr. A. Rashid Lone	3	3
Mr. M. Naeem Malik	3	3
Mr. Qasim Rabbani	3	2
Mian Raza Mansha	3	1

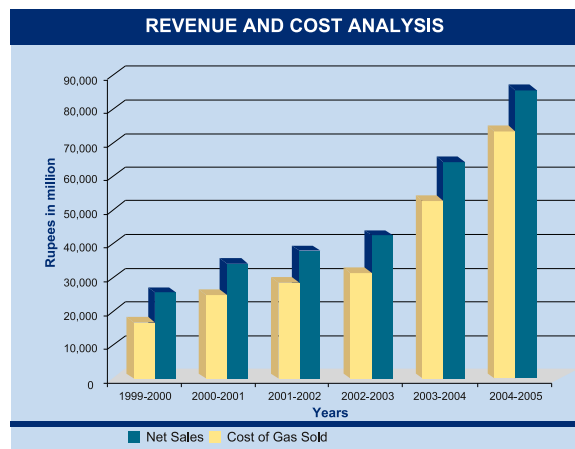
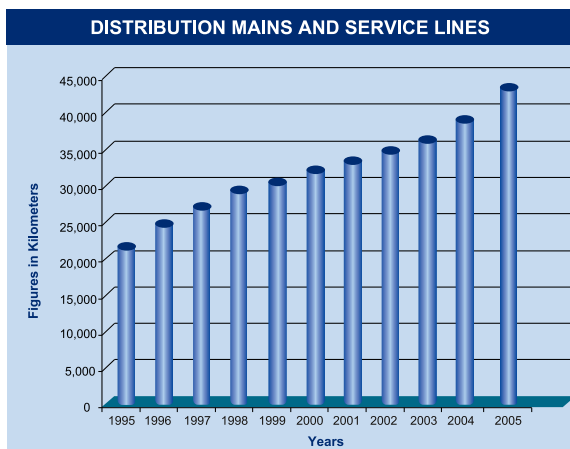
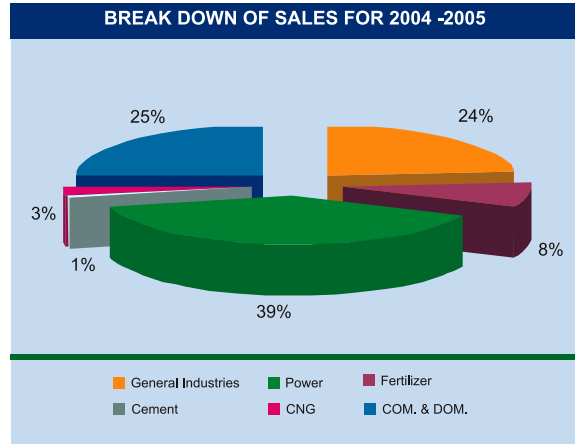
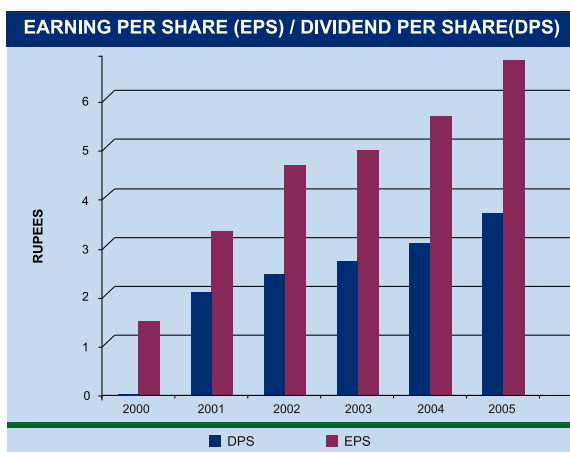
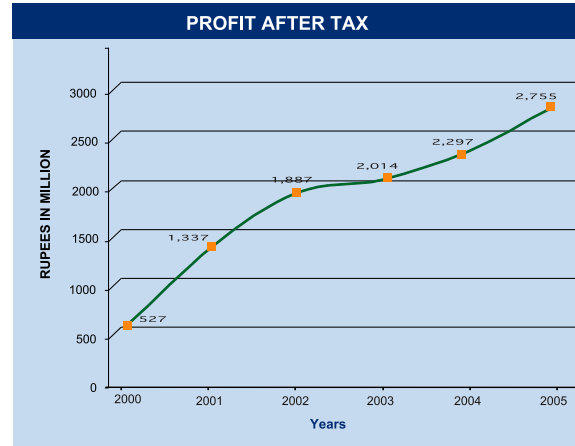
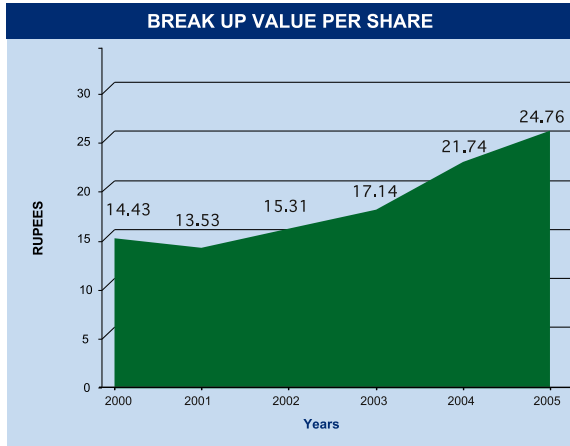
\*Held during the period concerned Director was on the Board.



# FINANCIAL HIGHLIGHTS

		2005	2004	2003	2002	2001	2000
<b>PROFIT AND LOSS</b>							
NET SALES	Rs.' 000	83,377,335	64,206,081	42,460,080	37,920,953	34,079,575	25,550,047
GROSS PROFIT	Rs.' 000	12,184,945	11,578,539	11,110,723	9,371,109	9,230,478	8,923,530
OPERATING PROFIT	Rs.' 000	4,639,190	4,423,803	4,510,262	3,913,603	3,724,206	4,021,432
PROFIT BEFORE TAXATION	Rs.' 000	4,280,317	3,664,377	3,207,067	2,764,239	2,329,323	1,364,976
PROFIT AFTER TAXATION	Rs.' 000	2,754,818	2,297,478	2,013,766	1,886,825	1,336,569	526,700
BONUS SHARES	Ratio	-	-	-	-	-	6.67:1
DIVIDEND PER SHARE	Rs./Share	3.00	2.50	2.20	2.00	1.70	0.00
<b>BALANCE SHEET</b>							
SHARE CAPITAL	Rs.' 000	4,991,866	4,991,866	4,991,866	4,991,866	4,991,866	4,340,753
RESERVES	Rs.' 000	7,368,821	5,861,970	3,564,492	2,648,937	1,760,485	1,923,646
PROPERTY, PLANT AND EQUIPMENT	Rs.' 000	40,448,733	36,935,447	33,547,740	30,271,302	28,933,866	29,070,295
NET CURRENT ASSETS/LIABILITIES	Rs.' 000	4,383,492	4,820,489	1,997,660	2,588,962	901,921	(4,738,635)
LONG TERM/DEFERRED LIABILITIES	Rs.' 000	32,745,048	31,140,465	27,216,213	25,475,790	23,365,707	18,406,127
<b>INVESTOR INFORMATION</b>							
GROSS PROFIT RATIO	%	14.38	18.01	24.34	22.31	25.27	33.59
EARNING PER SHARE (EPS)	Rs./Share	5.52	4.60	4.03	3.78	2.68	1.21
INVENTORY TURNOVER RATIO	Times	228.85	228.81	185.23	199.53	219.85	206.18
DEBTOR TURNOVER RATIO	Times	7.08	6.95	5.09	4.67	4.98	4.79
TOTAL ASSET TURNOVER RATIO	Times	1.30	1.13	0.97	0.92	0.84	0.67
FIXED ASSET TURNOVER RATIO	Times	2.09	1.74	1.36	1.39	1.26	0.91
BREAK UP VALUE PER SHARE	Rs./Share	24.76	21.74	17.14	15.31	13.53	14.43
MARKET VALUE PER SHARE (AS ON JUNE 30)	Rs./Share	61.30	64.70	33.10	13.80	10.00	16.20
PRICE EARNING RATIO	Times	11.11	14.06	8.21	3.65	3.73	13.35
DIVIDEND YIELD RATIO	%	4.89	3.86	6.65	14.49	17.00	-
DIVIDEND PAY OUT RATIO	%	54.35	54.32	54.54	52.91	63.49	-
RETURN ON CAPITAL EMPLOYED	%	8.13	7.78	9.91	9.92	9.22	13.15
DEBT / EQUITY RATIO	%	51	54	63	66	68	69
CURRENT RATIO	Times	1.22	1.32	1.17	1.21	1.07	0.69
INTEREST COVER RATIO	Times	5.68	4.78	3.09	2.98	2.62	1.50
<b>STATEMENT OF VALUE ADDED &amp; HOW DISTRIBUTED</b>							
EMPLOYEES AS REMUNERATION	Rs.' 000	2,894,444	2,914,930	2,813,123	2,626,823	2,316,750	2,335,466
GOVERNMENT AS TAXES(INCOME TAX & SALES TAX)	Rs.' 000	2,818,564	2,579,920	1,887,745	2,181,646	2,129,151	1,422,967
SHAREHOLDERS AS DIVIDEND (declared)	Rs.' 000	1,497,560	1,247,967	1,098,211	998,373	848,617	-
RETAINED WITHIN THE BUSINESS	Rs.' 000	1,263,579	6,321	16,810	1,255	1,803	1,851

\* THESE RATIOS ARE CALCULATED ON THE BASIS OF PRUDENTIAL REGULATIONS





# THE PATTERN OF SHARE HOLDING AS AT JUNE 30, 2005



**Juniperus excelsa M.Bieb.**

English name: Himalayan  
Pencil Cedar

Vernacular name: Sanober, Obusht  
Economic age: 250

Distribution: Balochistan,  
Kurram, Chitral, Northern Areas.

Uses: Fuel, pencils,  
gin (berries), medicinal (oil  
from fruit is carminative,  
stimulants, diuretic).

NO. OF SHARE HOLDERS	* NAME OF SHAREHOLDERS	SHAREHOLDING		SHARES HELD	PERCENTAGE
		FROM	TO		
3481		1	100	172,645	0.03
3577		101	500	991,196	0.20
5719		501	1,000	3,631,260	0.73
2905		1,001	5,000	6,391,553	1.28
403		5,001	10,000	2,978,214	0.60
151		10,001	15,000	1,907,950	0.38
58		15,001	20,000	1,032,614	0.21
43		20,001	25,000	998,410	0.20
13		25,001	30,000	363,130	0.07
27		30,001	35,000	884,898	0.18
12		35,001	40,000	449,843	0.09
8		40,001	45,000	346,225	0.07
22		45,001	50,000	1,065,324	0.21
10		50,001	55,000	532,479	0.11
5		55,001	60,000	290,974	0.06
4		60,001	65,000	253,125	0.05
4		65,001	70,000	265,865	0.05
5		70,001	75,000	367,123	0.07
4		75,001	80,000	304,059	0.06
2		80,001	85,000	168,150	0.03
2		85,001	90,000	175,977	0.04
3		90,001	95,000	279,353	0.06
6		95,001	100,000	599,000	0.12
1	CDC-Trustee Faysal Balanced Growth Fund	100,001	105,000	100,200	0.02
3		105,001	110,000	322,732	0.07
3		120,001	125,000	369,724	0.07
2		125,001	130,000	255,530	0.05
1	Abu Dhabi Investment Authority	130,001	135,000	133,741	0.03
1	Mr. Altaf Adam	135,001	140,000	138,000	0.03
6		145,001	150,000	896,500	0.18
3		150,001	155,000	458,962	0.09
2		155,001	160,000	312,000	0.06
1	Mr. Abdul Aziz Khan Niazi	170,001	175,000	172,500	0.03
2		175,001	180,000	352,596	0.07
1	Habib Bank A.G Zurich, London	185,001	190,000	190,000	0.04
4		195,001	200,000	800,000	0.16
1	Mr. Salman Afzal Malick	200,001	205,000	205,000	0.04
3		205,001	210,000	622,608	0.12
4		215,001	220,000	873,150	0.17
1	Mr. Ismail Abdul Shakoor	220,001	225,000	221,442	0.04
2		230,001	235,000	464,156	0.09
2		240,001	245,000	485,500	0.10
3		245,001	250,000	750,000	0.15
1	Live Securities (Pvt) Limited	250,001	255,000	254,011	0.05

NO. OF SHARE HOLDERS	* NAME OF SHAREHOLDERS	SHAREHOLDING		SHARES HELD	PERCENTAGE
		FROM	TO		
1	Investment Corporation of Pakistan	255,001	260,000	258,568	0.05
1	Mr. Rustom F. Cowasjee	275,001	280,000	277,613	0.06
1	Invest & Finance Securities (Pvt) Limited	280,001	285,000	281,146	0.06
1	Mr. Ghulam Reza Namaiti	285,001	290,000	289,634	0.06
6		295,001	300,000	1,800,000	0.36
2		305,001	310,000	613,700	0.12
1	Noman Abid & Company Limited	320,001	325,000	322,500	0.06
1	Shaikh Muhammad Ali	335,001	340,000	337,000	0.07
2		365,001	370,000	735,892	0.15
1	Mr. Sohail Raza Modsani	375,001	380,000	377,000	0.08
1	National Bank of Pakistan (Formerly NDFC)	380,001	385,000	383,499	0.08
1	Morgan Stanley & Company Inc.	385,001	390,000	387,600	0.08
3		395,001	400,000	1,200,000	0.24
2		400,001	405,000	805,500	0.16
2		435,001	440,000	872,878	0.17
1	Mr. Amin Issa Tai	465,001	470,000	468,000	0.09
1	MCB Provident Fund Pak Staff	495,001	500,000	500,000	0.10
2		500,001	505,000	1,004,319	0.20
1	The Bank of Khyber	545,001	550,000	550,000	0.11
1	State Street Bank & Trust Co.	550,001	555,000	552,280	0.11
1	EFU Life Assurance Ltd.	555,001	560,000	559,500	0.11
1	United Bank Limited – Trading Port Folio	560,001	565,000	563,661	0.11
1	Aeris International S.A.	565,001	570,000	565,800	0.11
1	Mr. Mohammed Ashraf Hussain Adhi	610,001	615,000	615,000	0.12
1	Faysal Bank Ltd.	670,001	675,000	675,000	0.14
1	EFU General Insurance Ltd.	795,001	800,000	795,390	0.16
1	Mr. Saeed Ahmed Butt	955,001	960,000	956,000	0.19
1	UniEM Fernost	995,001	1,000,000	1,000,000	0.20
1	Pakistan Kuwait Investment Company (Pvt) Ltd.	1,010,001	1,015,000	1,012,700	0.20
1	Security General Insurance Co. Ltd.	1,140,001	1,145,000	1,145,000	0.23
1	CDC Trustee - Abamco Capital Fund	1,235,001	1,240,000	1,239,718	0.25
1	MCB Employees Pension Fund	1,295,001	1,300,000	1,300,000	0.26
1	CDC-Trustee Abamco Stock Market Fund	1,360,001	1,365,000	1,363,983	0.27
1	A.R. Securities (Pvt) Ltd.	1,630,001	1,635,000	1,633,200	0.33
1	Sui Southern Gas Company Ltd.	1,900,001	1,905,000	1,900,178	0.38
1	Adamjee Insurance Co. Ltd.	1,975,001	1,980,000	1,978,337	0.40
1	Askari Commercial Bank Ltd.	2,200,001	2,205,000	2,200,020	0.44
1	CDC-Trustee PICIC Investment Fund	2,520,001	2,525,000	2,521,504	0.51
1	Millenium Securities & Invt., (Pvt) Ltd.	3,445,001	3,450,000	3,449,298	0.69
1	DJM Securities (Pvt) Ltd.,	3,505,001	3,510,000	3,507,280	0.70
1	National Bank of Pakistan - Captial Market Wing	5,490,001	5,495,000	5,490,969	1.10
1	Pakistan Insurance Corporation	6,845,001	6,850,000	6,846,285	1.37
1	CDC-Trustee PICIC Growth Fund	7,815,001	7,820,000	7,819,060	1.57





**Rhizophora mucronata. Lam**

Common name: Asiatic Mangrove.

Vernacular name: Kamo, Kunro, Bhora, Timmar,

Economic age: 30 years

Distribution: In Pakistan it is found on mud flats and along salt water creeks on the Lasbela and Makran coasts.

Uses: Fuel including charcoal, tannin, post and poles, medicinal (bark) and fodder.

NO. OF SHARE HOLDERS	* NAME OF SHAREHOLDERS	SHAREHOLDING		SHARES HELD	PERCENTAGE
		FROM	TO		
1	Elixir Securities Pakistan (Pvt) Ltd.	8,545,001	8,550,000	8,545,437	1.71
1	Dawood Lawrencepur Ltd.	9,120,001	9,125,000	9,122,300	1.83
1	Mr. Aqeel Karim Dhedhi	10,525,001	10,530,000	10,526,299	2.11
1	Central Insurance Company Ltd.	11,495,001	11,500,000	11,500,000	2.30
1	State Life Insurance Corporation of Pakistan.	15,635,001	15,640,000	15,635,411	3.13
1	Aqeel Karim Dhedhi Securities (Pvt) Ltd.	18,725,001	18,730,000	18,727,100	3.75
1	National Bank of Pakistan (Trustee Deptt.)	29,235,001	29,240,000	29,235,822	5.86
1	Pakistan Industrial Development Corporation (Pvt) Limited.	30,035,001	30,040,000	30,038,992	6.02
1	Muslim Commercial Bank Limited. (Treasury)	33,560,001	33,565,000	33,561,707	6.72
1	Dawood Hercules Chemicals Ltd.	58,590,001	58,595,000	58,593,500	11.74
1	The President Islamic Republic of Pakistan	179,715,001	179,720,000	179,717,373	36.00
<b>16,577</b>	<b>Total:</b>			<b>499,186,672</b>	<b>100.00</b>

\* Name of Shareholders have been specified where shares are held by a single Shareholder.

# CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2005

	CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
<b>1</b>	<b>Associated Companies, Undertakings and Related Parties</b>			
	i. Muslim Commercial Bank Limited (Treasury)	1	33,561,707	6.72
	ii. Pakistan Industrial Development Corporation (Pvt) Limited.	1	30,038,992	6.02
	iii. Central Insurance Company Limited.	1	11,500,000	2.30
	iv. Dawood Lawrencepur Limited.	1	9,122,300	1.83
	v. Askari Commercial Bank Limited.	1	2,200,020	0.44
	vi. Sui Southern Gas Company Limited.	1	1,900,178	0.38
	vii. Faysal Bank Limited.	1	675,000	0.14
	viii. Pakistan Industrial Credit & Investment Corporation Limited.	1	36,319	0.01
	ix. Prime Commercial Bank Limited.	1	10,108	0.00
<b>2</b>	<b>NIT and ICP</b>			
	i. National Investment Trust Limited.	1	129,030	0.03
	ii. Investment Corporation of Pakistan.	1	258,568	0.05
<b>3</b>	<b>Directors, CEO and their spouses and minor children.</b>			
	i. Mr. Altaf M. Saleem Chairman	1	760	0.00
	ii. Mr. A. Rashid Lone Managing Director	1	100	0.00
	iii. Mr. Hussain Dawood Director	1	5,000	0.00
	iv. Mrs. Kulsum Dawood Director's spouse	1	100	0.00
	v. Mr. Shahzada Dawood Director	1	5,000	0.00
	vi. Syed Muhammad Asghar Director	1	5,100	0.00
	vii. Mian Raza Mansha Director	1	100	0.00
<b>4</b>	<b>Executives</b>	13	11,686	0.00
<b>5</b>	<b>Public Sector Companies and Corporations</b>	-	-	-
<b>6</b>	<b>Banks, Development Financial Institutions, Non- Banking Financial Institutions, Insurance Companies, Modarbas and Mutual Funds.</b>			
	i. Banks, Development Financial Institutions, Non-Banking Financial Institutions	83	47,249,844	9.46
	ii. Insurance Companies	15	27,386,242	5.49
	iii. Modarabas and Mutual Funds	27	14,460,109	2.90
<b>7</b>	<b>Shareholders holding ten percent or more voting interest in the Company</b>			
	i. The President Islamic Republic of Pakistan	1	179,717,373	36.00
	ii. Dawood Hercules Chemicals Limited (Associated Company)	1	58,593,500	11.74
<b>8</b>	<b>General Public</b>			
	i. Resident	15639	43,572,592	8.73
	ii. Non-Resident	664	873,527	0.17
<b>9</b>	<b>Others</b>			
	The Deputy Administrator abandoned properties, foundations, societies and institutions	116	37,873,417	7.59
	<b>TOTAL</b>	<b>16,577</b>	<b>499,186,672</b>	<b>100.00</b>



# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



**Pinus roxburghii Sargent**

Common name: Chir pine  
Vernacular name: Nakhtar.  
Economic age: 100

Distribution: In Pakistan it is found in the Himalayas specially in Azad Kashmir, Murree, Hazara, Swat, Dir, Bajaur, Khyber, Malakand, and Orakzai Agencies. It is easily cultivated in the northern areas of the Punjab and the NWFP. Large plantations have been raised in Manshera, Abbottabad and Balakote areas of NWFP.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of Listing Regulations of Karachi Stock Exchange, Clause 49 (Chapter XIII) of the Listing Regulations of Lahore Stock Exchange and Section 36 (Chapter XI) of the Listing Regulations of Islamabad Stock Exchange, 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 non-executive Directors and Directors representing minority interest on its Board. At present, the Board comprises 14 Directors, 13 of whom are Non-Executive Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company, except one, who has been permitted by the SECP, to hold the office of director in more than ten listed companies.
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 DFI or an NBFIs or, being a Member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. A casual vacancy occurring in the Board of Directors since the last election of Directors was filled up by the Directors on the same day.
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 adopted a vision / mission statement, overall corporate strategy and significant policies of the Company. The Company has maintained a complete record of particulars of significant policies along with the dates on which they were approved or amended.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment, determination of remuneration and terms and conditions of employment of the CEO, 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 met at least once in every quarter during the year. Written notices of the Board meetings along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.
9. An orientation course is being arranged for the newly elected Board of Directors to acquaint them with the Code of Corporate Governance.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO at the time of their appointment.
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 financial statements of the Company were duly endorsed by 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 shareholding.

14. The Company has complied with all the corporate and financial reporting requirement of the code.

15. The Board has formed an Audit Committee. It comprises of five members, all of them are non-executive Directors including the Chairman of the Committee.

16. The meetings of the Audit Committee were held once in every quarter, prior to approval of quarterly and final accounts 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.

17. The Board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is 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 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 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. We confirm that all other material principles contained in the Code have been duly complied with.

On behalf of the Board

**A. Rashid Lone**  
Chief Executive

Lahore  
September 30 , 2005