

# CORPORATE GOVERNANCE







Just think of the trees, they let the birds perch and fly, with no intention to call them when they come and no longing for their return when they fly away. If people's hearts can be like the trees, they will not be off the Way.

LANGYA







# corporate governance...

Governance is an ongoing commitment, shared by the Board of Directors, the Management and all SNGPL people. Continued success is closely linked to strong leadership from the Board of Directors. The Board is accountable to the Company's shareholders for effective governance of its management and the affairs of the Company. SNGPL believes in the following good governance principles:

- The Board of Directors is independent, experienced and diverse.
- The Board focuses on key business priorities and leadership development.
- Established policies, guide good governance and business integrity.
- The Board and Audit Committee oversee the integrity of the Company's financial statements.
- Good governance thrives from continuous improvement.

The Company complies with the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan in March 2002.



All seasons are beautiful for the person who carries happiness within.  
HORACE FRIESS



## THE BOARD

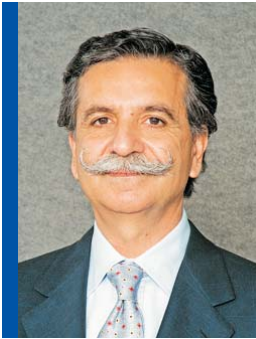


Standing from left to right:

**Uzma Adil Khan**, Company Secretary, **Arif Saeed**, Director, **S. M. Asghar**, Director, **Mian Raza Mansha**, Director, **Munawar B. Ahmad**, Director, **Abdul Bari Khan**, Director, **Shahzada Dawood**, Director, **Qasim Rabbani**, Director, **Shah Muhammad Chaudhary**, Chief Financial Officer.

Sitting from left to right:

**Amanullah Shaikh**, Director, **Saeed Ullah Shah**, Director, **Tariq Iqbal Khan**, Director, **Altaf M. Saleem**, Chairman, **A. Rashid Lone**, Managing Director, **Hussain Dawood**, Director, **Arif Mansur**, Director.



**Altaf M. Saleem**

- Chairman

Served as Federal Minister for Privatization and Chairman, Privatization Commission. He is currently Chairman of Earthquake Rehabilitation and Reconstruction Authority (ERRA), National Vocational and Technical Education Commission (NAVTEC) and Pakistan Industrial Credit & Investment Corporation (PICIC). He has over thirty years experience of corporate sector and has served on Boards of several public listed companies both in manufacturing and service sector.

He is a trustee of Lahore University of Management Sciences and serves on the Board of National School of Public Policy.



**A. Rashid Lone**

- Chief Executive/Managing Director

Director, Sui Southern Gas Company, Interstate Gas System (Pvt) Ltd. Petroleum Institute of Pakistan and State Petroleum Refining & Petrochemical Corporation (Pvt) Limited (PERAC). He is a registered professional engineer with Pakistan Engineering Council and Fellow Member of Pakistan Institute of Chemical Engineers.

Mr. Lone has several years of experience in gas industry particularly in the planning, design, construction and operations of natural gas transmission and distribution networks in Pakistan. He has successfully completed several mega pipeline projects per international standards using local expertise and without foreign lending. He is a Chemical Engineer by profession holding B.Sc (Hons.) and M.Sc. (Chemical Engineering) degrees from the University of Punjab, Lahore, Pakistan.



**Munawar B. Ahmad**

- Director

Chief Executive and Managing Director SSGC since October 2002 and Chairman and CEO, State Petroleum Refining & Petrochemical Corporation (Pvt) Limited (PERAC) since July 2005. Mr. Munawar Baseer Ahmad has 34 years of diversified experience having held senior management and engineering positions with leading multinationals in the USA, Middle East and Pakistan in the oil, gas, technology and engineering industries. A professional registered engineer in USA (Texas) and Pakistan; he is a member of PIP, MAP, CSP and IEEE. He is also a Director on the Board of PIP, SNGPL and ISGSL and had successfully undertaken Pakistan Power Sector restructuring under a World Bank Programme as CEO. He holds a B. Sc Engg. Degree from UET, Lahore, M.Sc Engg. and MBA from University of Houston, Texas, USA.



**S. M. Asghar**

- Director

Director, Dawood Hercules Chemicals Limited. Has vast industrial experience in finance, taxation, legal and corporate affairs. Member of the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan.



**Hussain Dawood**

● Director

Chairman, The Dawood Group and Engro Chemical Pakistan Ltd. Director, Pakistan Refinery Ltd., Pakistan Business Council, Institute of Strategic Studies and Beaconhouse National University. His social responsibilities include chairmanship of the Dawood Foundation and Pakistan Poverty Alleviation Fund. Has diverse professional, entrepreneurial, business, social and diplomatic experiences. He is the first Pakistani to become a member of the World Economic Forum in Davos, Switzerland. A postgraduate of the J.L. Kellogg School of Management, USA.



**Shahzada Dawood**

● Director

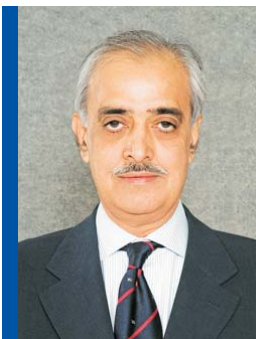
Chief Executive, Dawood Hercules Chemicals Limited and Member on the Boards of Central Insurance Company Ltd., Dawood Lawrencepur Ltd., Engro Asahi Polymer & Chemicals Ltd., Engro Chemical Pakistan Ltd., Engro Foods (Pvt) Ltd., Engro Vopak Terminal Ltd. and Inbox Business Technologies (Pvt) Ltd. He is also the Trustee of The Dawood Foundation. A Masters degree holder in Textile Marketing and LLB.



**Abdul Bari Khan**

● Director

Chief Executive Officer of Pakistan Industrial Development Corporation (PIDC), State Cement Corporation of Pakistan (SCCP) and Iran-Pakistan Industries (IPI). Ex-Managing Director, Dir. Forest Industries Limited, Pakistan Motorcar Company Limited, Trailer Development Corporation Limited, and Republic Motors Limited. Director of several major companies and Member of the Board of Governors of Lahore University of Management Sciences (LUMS), Malakund University (MKU), NWFP, Lasbela University of Agriculture, Water and Marine Sciences (LUAWMS), Balochistan, & Pakistan Institute of Management (PIM), Karachi. He has vast and diversified working experience in Public Sector. He is an MBA from Institute of Business Administration (IBA), University of Karachi.



**Tariq Iqbal Khan**

● Director

Mr. Tariq Iqbal Khan, Chairman/ Managing Director, National Investment Trust and Investment Corporation of Pakistan. Mr. Tariq Iqbal Khan combines very rich and diversified experience of Industry, Capital Markets, Corporate Sector, Company Law and as such he has been associated with the leading Institutions and organizations of the Country. He is a founder Director of Islamabad Stock Exchange and also had been its president from 1995 to 1998.

He has served as Member, Tax policy and Co-ordination in Central Board of Revenue and later joined Securities and Exchange commission of Pakistan as a commissioner and officiated as acting Chairman in 2000. A Chartered Accountant from A.F. Ferguson & Company.





**Mian Raza Mansha**

- Director

Chief Executive, D.G. Khan Cement Company Limited. Director, Nishat Mills Limited, National Investment Trust Limited and Nishat Shuaiba Paper Products Company Limited. Chairperson Alumni, Student Committee University of Pennsylvania. A graduate from the University of Pennsylvania.



**Arif Mansur**

- Director

Additional Finance Secretary of Ministry of Finance, Government of Pakistan. Has vast experience in different positions in Government, National Supreme Audit Institution, accounting organization, legislative secretarial, foreign mission and project management. MBA Finance and Marketing from Greenwich University, Karachi, M.Sc. Defence and Strategic Studies from Quaid-i-Azam University, Islamabad and M.A. Political Science, University of the Punjab.



**Qasim Rabbani**

- Director

Director, Sui Southern Gas Co., Limited. Chairman, Human Resource Committee, SNGPL. He has been Vice President, Treasurer and Council Member of the Marketing Association of Pakistan. Member of the Board of Governors of the IBA, University of Karachi and a Member of their visiting faculty. He has diversified experience in various multi-national and local companies. MBA from Institute of Business Administration (IBA), University of Karachi.

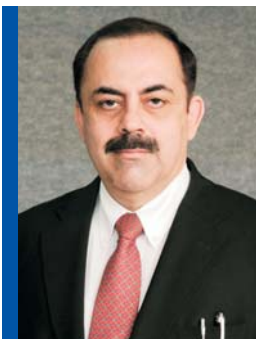


**Arif Saeed**

- Director

Chief Executive, Dar Es Salaam Textile Mills Limited. Director, Servis Group, Ovex Technologies (Pvt) Ltd., Punjab Social Security Health Management Co. and Lahore Stock Exchange (Guarantees) Ltd. Former Chairman, All Pakistan Textile Mills Association (APTMA). B.A. (Hons) from Oxford University (UK).

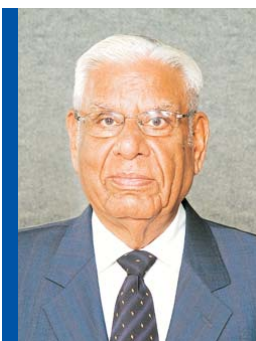




**Saeed Ullah Shah**

- Director

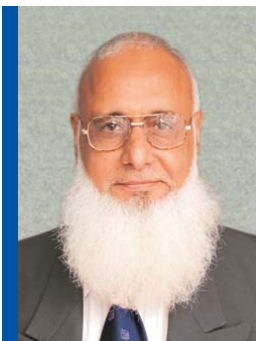
Director General (Gas), Ministry of Petroleum & Natural Resources (MP & NR), Govt. of Pakistan (GOP). Director, SSGCL, ISGSL and Pirkoh Gas Company (Pvt). Ltd. Ex-Director (Technical) and Director General (Special Projects) of MP&NR (GOP). A Petroleum Geologist by profession having vast experience of Petroleum Industry. Holds B. Sc. (Hons) and M. Sc. Degrees.



**Amanullah Shaikh**

- Director

Ex-Director, Sui Southern Gas Company Limited and Enar Petrotech Services. Member of Institute of Petroleum, London and Institute of Engineers, Pakistan. Having more than 40 years experience in Petroleum Industry, LPG, Gas Distribution, Cross Country Pipelines, Construction of Storage Terminals and Blending Plants. A graduate in Mechanical Engineering.



**Shah Muhammad Chaudhary**

- Chief Financial Officer

Fellow member of the Institute of Chartered Accountants of Pakistan having extensive experience in senior positions in world bank, import sector, agriculture development and telecommunication etc.



**Uzma Adil Khan**

- Company Secretary

Fellow member of the Institute of Chartered Accountants of Pakistan and Institute of Chartered Secretaries and Managers having wide experience in senior positions in textile, educational institutions and SECP.



# BOARD OF DIRECTORS

The Board has a non-executive chairman and thirteen other members, consisting of one executive and twelve independent non-executive directors. It collectively has a wide range of relevant business, financial and international experience, which is vital to the successful operations of an enterprise.

The non-executive directors fulfill a vital role in corporate accountability by bringing their independent judgment to bear on issues brought before the Board and Board's Committees. They bring considerable knowledge and expertise from other areas of business in public life together with an international perspective, and their views carry significant weight, in Board's decision.

The Board has three sub-committees, the Audit, Finance and Human Resource Committees, to which it has delegated various matters in accordance with their respective Terms of Reference.

These committees were re-organized during the financial year 2005-06 in order to facilitate the Company in arranging frequent meetings, to meet their business objectives and corporate governance obligations.

## Responsibilities

The Board is responsible to the shareholders in conducting the Company's business and determining the Company's strategy, reviews its quarterly performance and other activities. It deals with matters reserved for its decisions as laid down in the statute. The Board receives sufficient and timely information regarding corporate and business issues. The agendas for the Board meetings are circulated within the stipulated time, as are minutes of each of these meetings. The Board is committed to the objectives of achieving the highest standards of corporate governance, which are designed to provide assurance, that the organization is directed and controlled by its Board of Directors, so as to achieve its business objectives responsibly in accordance with the highest standards of accountability and integrity.

## MEETINGS

The full Board meets frequently 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. The formation of the Board and Directors attendance at BOD meetings during the year is given below;

### FORMATION OF THE BOARD AND DIRECTORS' ATTENDANCE DURING THE F.Y. 2005-06

Sr. #	Name	Designation	Status	Total No. of BOD Meetings held*	No. of Meetings Attended
1	Mr. Altaf M. Saleem	Chairman	Non-Executive	8	7
2	Mr. A. Rashid Lone	MD/CEO	Executive	8	8
3	Mr. Munawar B. Ahmad	Director	Non-Executive	8	3
4	Mr. S. M. Asghar	Director	Non-Executive	8	8
5	Mr. M. Iqbal Awan	Director	Non-Executive	7	3
6	Mr. Hussain Dawood	Director	Non-Executive	8	6
7	Mr. Shahzada Dawood	Director	Non-Executive	8	7
8	Mr. Abdul Bari Khan	Director	Non-Executive	8	7
9	Mr. Tariq Iqbal Khan	Director	Non-Executive	8	5
10	Mian Raza Mansha	Director	Non-Executive	8	3
11	M. Arif Mansur	Director	Non-Executive	1	-
12	Mr. Qasim Rabbani	Director	Non-Executive	8	5
13	Mr. Arif Saeed	Director	Non-Executive	8	8
14	Mr. Saeed Ullah Shah	Director	Non-Executive	8	6
15	Mr. Amanullah Shaikh	Director	Non-Executive	8	8

\*Held during the period concerned Director was on Board



## 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 controls 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.



from left to right: **S. M. Asghar**, Director, **Arif Saeed**, Director, **Mian Raza Mansha**, Director, **Amanullah Shaikh**, Chairman Audit Committee, **Arif Mansur**, Director, **Abdul Bari Khan**, Director,

The terms of reference of the Audit Committee are broadly as follows:

### Procedure:

1. The Committee shall meet at least once in each quarter.
2. Quorum will be three members.
3. The Secretary of the Audit Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

### Responsibilities

The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the listed company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee shall also include the following:

- a) determination of appropriate measures to safeguard the listed company's assets;
- b) review of preliminary announcements of results prior to publication;
- c) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;

- the going-concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards; and
  - compliance with listing regulations and other statutory and regulatory requirements.
- d) facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - e) review of management letter issued by external auditors and management's response thereto;
  - f) ensuring coordination between the internal and external auditors of the listed company;
  - g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
  - h) consideration of major findings of internal investigations and management's response thereto;
  - i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
  - j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Director;
  - k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
  - l) determination of compliance with relevant statutory requirements;
  - m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
  - n) consideration of any other issue or matter as may be assigned by the Board of Directors.

The composition of the Audit Committee, categories and details of meeting attendance by the directors are given below:

**F.Y. 2005-06**

Sr. #	Name	Designation	Status	Total No. of Meetings held*	No. of Meetings Attended
1	Mr. Amanullah Shaikh	Chairman	Non-Executive	5	4
2	Mr. M. Iqbal Awan**	Chairman	Non-Executive	5	3
3	Mr. S. M. Asghar	Member	Non-Executive	5	4
4	Mr. Abdul Bari Khan	Member	Non-Executive	0	0
5	Mian Raza Mansha	Member	Non-Executive	5	3
6	Mr. Arif Mansur	Member	Non-Executive	0	0
7	Mr. Arif Saeed	Member	Non-Executive	5	3

\*Held during the period concerned Director was on Board \*\* Resigned on April 27, 2006

## **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.



From left to right: **Arif Mansur**, Director, **A. Rashid Lone**, Chief Executive/Managing Director, **Arif Saeed**, Director, **Tariq Iqbal Khan**, Chairman Finance Committee, **Munawar B. Ahmad**, Director, **Qasim Rabbani**, Director,

The terms of reference of the Finance Committee are broadly as follows:

**Procedure:**

1. The Committee shall meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Finance Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

**Responsibilities:**

The Finance Committee of Directors shall be responsible to review strategic business issues as assigned by the Board of Directors, which include but are not limited to the following:

- i. Major investment proposals, policies prepared by the Management for approval of the Board in excess of the financial powers delegated to the Managing Director / Finance Committee.
- ii. Major contracts including financial/economic appraisals of the same in excess of the financial powers delegated to the Managing Director / Finance Committee.
- iii. The examination of Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- iv. Comparison of the Revenue and Capital budget with the proposals submitted to OGRA alongwith the major deviations including reasons thereof.
- v. The examination of Budgetary and Operating limits of authority and recommend to the Board any deviation or any enhancement thereof.
- vi. Approval of contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Chief Executive Officer. Recommend to the Board

of Directors alongwith their findings in respect of the contracts or order exceeding the financial authority of the Finance Committee of Directors.

- vii. To approve/recommend major contracts of civil work alongwith cost benefit analysis thereof which also include purchase of land.
- viii. To review manual/policies adopted by the Management in respect of procurement of various materials and services.
- ix. To review the borrowing plans of the Company and recommendation thereof to the Board for approval assessing the requirements thereof or otherwise.
- x. Any other assignment given by the Board of Directors.
- xi. The Board of Directors has delegated specified financial powers to the Finance Committee.

The composition of the Finance Committee, categories and details of meeting attendance by the directors are given below:

**F.Y. 2005-06**

Sr. #	Name	Designation	Status	Total No. of Meetings held*	No. of Meetings Attended
1	Mr. Tariq Iqbal Khan	Chairman	Non-Executive	6	6
2	Mr. A. Rashid Lone	MD/CEO	Executive	6	6
3	Mr. Munawar B. Ahmad	Member	Non-Executive	6	5
4	Mr. M. Iqbal Awan	Member	Non-Executive	5	3
5	Mr. Arif Mansur	Member	Non-Executive	1	0
6	Mr. Qasim Rabbani	Member	Non-Executive	6	4
7	Mr. Arif Saeed	Member	Non-Executive	6	2

\*Held during the period concerned Director was on Board

**HUMAN RESOURCE COMMITTEE**

The Human Resource Committee comprises five non-executive and one executive director. 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.



From left to right: **Mian Raza Mansha**, Director, **A. Rashid Lone**, Chief Executive/Managing Director, **Qasim Rabbani**, Chairman Human Resource Committee, **Hussain Dawood**, **Saeed Ullah Shah**, Director, **Shahzada Dawood**, Director,



The terms of reference of the Human Resource Committee are broadly as follows:

**Procedure:**

1. Committee will meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Human Resource Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

**Responsibilities:**

The Committee will be responsible for making recommendations to the Board for maintaining:

- a sound plan of organization for the Company;
- an effective employees development programme;
- sound compensation and benefit and plans, policies and practices, designed to attract and retain the caliber of personnel needed to manage the business effectively.

**Functions:**

b) Review organization structure periodically to:

- Evaluate and recommend for approval of changes in organization, functions, and relationships affecting Management positions equivalent in importance to those on the Management position schedule;
- establish plans and procedure which provide an effective basis for Management control over company manpower;
- determine appropriate limits of authority and approval procedures for personnel matters requiring decision at different level of Management.

c) Review the employees development system to ensure that it:

- Foresees the Company's Senior Management requirement;
- provides for early identification and development of key personnel;
- brings forward specific succession plans for Senior Management positions;
- training and development plans.

d) Compensation and Benefits:

- review data of competitive compensation practices and review and evaluate policies and programmes through which the corporation/ Company compensates its employees;
- review salary ranges, salaries and other compensation for CEO and Senior Management/Executive Directors reporting to the CEO.

The attendance at the Board and its Committees' meetings during the financial year 2005-06 is annexed.

The composition of the Human Resource Committee, categories and details of meeting attendance by the directors are given below:

**F.Y. 2005-06**

<b>Sr. #</b>	<b>Name</b>	<b>Designation</b>	<b>Status</b>	<b>Total No. of Meetings held*</b>	<b>No. of Meetings Attended</b>
1	Mr. Qasim Rabbani	Member	Non-Executive	6	6
2	Mr. A. Rashid Lone	MD/CEO	Executive	6	6
3	Mr. Hussain Dawood	Member	Non-Executive	0	0
4	Mr. Shahzada Dawood	Member	Non-Executive	6	6
5	Mian Raza Mansha	Member	Non-Executive	6	2
6	Mr. Saeed Ullah Shah	Member	Non-Executive	6	6

\*Held during the period concerned Director was on Board



# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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, Chapter XIII of the Listing Regulations of Lahore Stock Exchange and 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 of Directors. At present the Board comprises 14 Directors, 13 of whom are independent 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. Two casual vacancies occurred in the Board of Directors during the financial year and were filled up by the Directors on the same day, viz Mr.Saeed Ullah Shah and Mr.Arif Mansur were appointed in place of Mr. M. Naeem Malik and Mr. M. Iqbal Awan respectively.
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 and 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 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. Orientation courses were arranged for the Directors during the year to apprise them their responsibilities and duties.
10. 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 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 requirements of the code.
15. The Board has formed an Audit Committee. It comprises six Members, all of them are independent 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 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.
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.

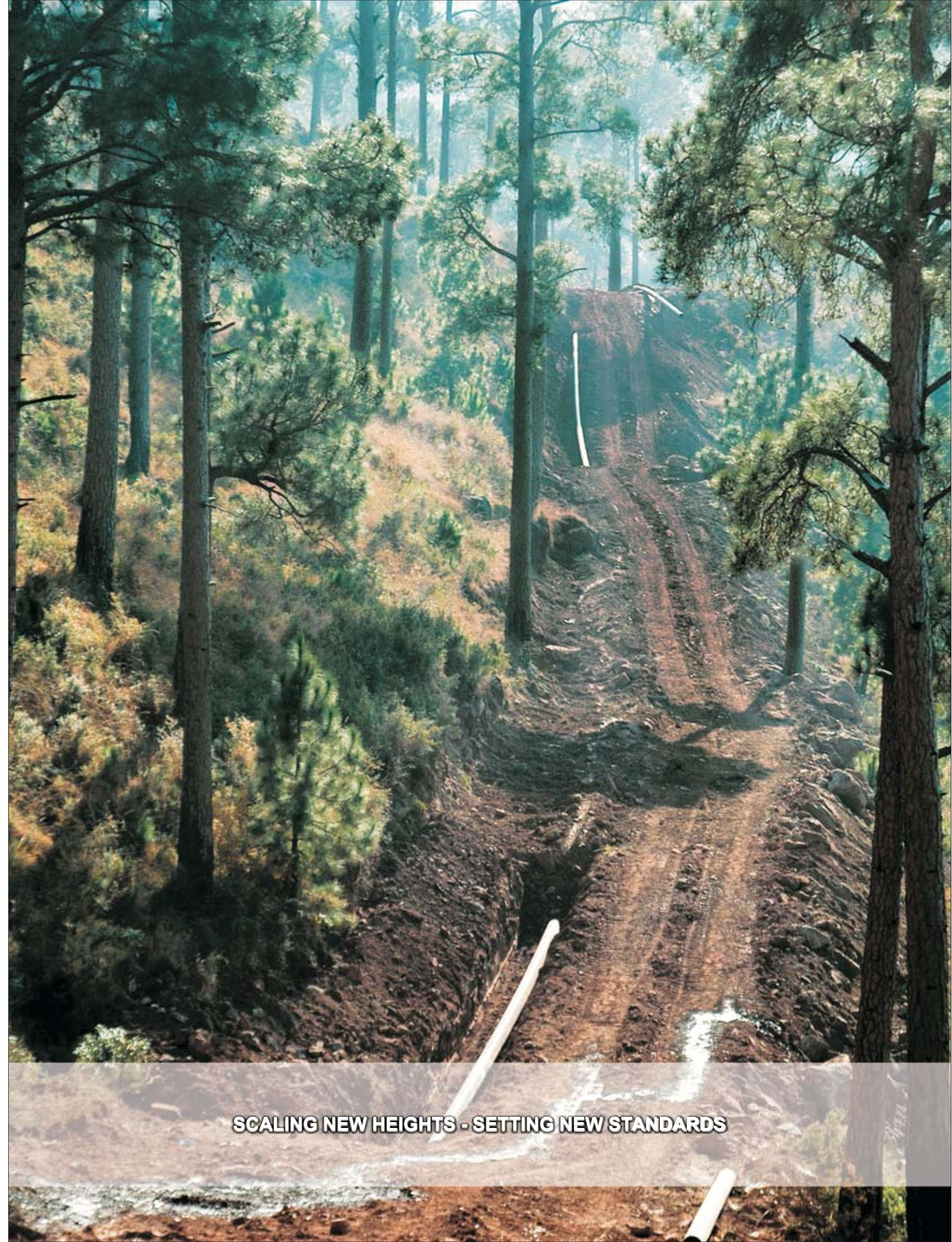
Lahore  
September 29, 2006

On behalf of the Board



A. RASHID LONE  
Chief Executive





**SCALING NEW HEIGHTS - SETTING NEW STANDARDS**