

J. A. TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of corporate governance contained in the Regulation No. 37, chapter no. xiii of the listing regulations of Karachi and Lahore Stock Exchanges and chapter xi of Islamabad Stock Exchange for the purpose of establishing a frame work 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 board includes five independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. No director 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. The company has prepared a 'Statement of Ethics and Business Practices' to establish a standard of conduct which is signed by directors and employees of the company.
5. The board has developed a 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 and amended has been maintained.
6. 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 and other executive directors are taken by the Board.
7. 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 meet 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.

8. The Board of Directors of the Company are aware of their responsibilities and fully conversant with the provisions of companies Ordinance, 1984 and all other business and regulatory laws and the provisions of the Memorandum and Articles of Association required for managing the affairs of the company on behalf of the shareholders.
9. 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.
10. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
11. 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.
12. The company has complied with all the corporate and financial reporting requirements of the Code.
13. The Board has formed an audit committee. It comprises of three members, of whom two are non executive directors.
14. 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.
15. The Board has set-up an effective internal audit function. The audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they (or their representative) are involved in the internal audit function on a full time basis.
16. 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 Accounts (IFAC) guidance on code of ethics as adopted by institute of Chartered Accountants of Pakistan.

17. 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.

Dated: 05-01-2004.
Faisalabad.

IMRAN ZAHID
Chief Executive