



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE.

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Sazgar Engineering Works Limited** for the year ended **June 30, 2014** to comply with the requirements of Listing Regulation No(s)35 of the Karachi, Lahore & Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Lahore

Head Office
SKP House
321 Upper Mall
Lahore.
T: 92 42 111 77 2000
F: 92 42 35789182

Islamabad

Office # 12, 2nd Floor
Executive Center
I-8 Markaz, Islamabad.
T: 00 92 51 4861245-48
F: 00 92 51 4861247

Dubai

M-09A, Bank Mili Iran
Building Bank Street,
P.O. Box 57116
Dubai UAE
T: 00971-4-2242262
F: 00971-4-2242270

USA

6033 W. Century Blvd,
Suite # 210, Los Angeles
CA 90045, USA
Tel: 310 694 3590
Fax: 310 410 0371

September 02, 2014

Lahore


Kabani & Company

Chartered Accountants

Younus Kamran