



NIB/SLG/C/146/08
March 12, 2008

Mr. Muhammad Ghufraan
Deputy General Manager
✓ Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building
Stock Exchange Road, Karachi.

Dear Sir,

Subject: FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2007

Thank you for your letter dated March 11, 2008 Ref KSE/ C-543-1992. We very much regret the submission of consolidated financial statements which contained errors resulting from oversight. Upon subsequent review, when these errors surfaced, the entire consolidation process was reviewed to confirm these errors and to ensure there were no additional errors. As soon as this review was completed we submitted the revised consolidated financial statements to the Board of Directors and upon their approval of the revised consolidated statements immediately informed the regulators including the stock exchanges. We would also like to bring to your attention that after informing the KSE on 7th March 2008, we also released details to the press on the same day so that the general public could be made aware of this development as well.

Please find below a detailed explanation of the errors that prompted the revised consolidated results:

1. Dividends received from the funds of PICIC AMC by itself and former PICIC and former PCBL were included in "dividend income" and partly in "share of post acquisition profit of amalgamating entities" in the consolidated results. These dividends had to be backed out from both the above lines because its effect was already included in "share of profits from associates" in consolidated results, otherwise these dividends would have been included twice. The effect of this was a reduction of Rs. 318.061 mn in the consolidated results.
2. Share of profits from associates in the consolidated results should only have included increase in net assets of the associates during the period of consolidation. The effect of incremental investments in associated funds during the year should have been eliminated in this calculation. After removing this there was a reduction of Rs 343.450 mn in the consolidated results.

Janice

YK

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