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ANNOUNCEMENT

CFO/L/062/2008

20 May, 2008

The General Manager
Karachi Stock Exchange (Guarantee) Ltd.
Stock Exchange Building
Stock Exchange Road
KARACHI

Subject: **ISSUANCE OF PREFERENCE SHARES**

Dear Sir

We have to inform you that the Board of Directors in its meeting held on May 19, 2008 have decided to raise capital of upto Rs.500,000,000 (Rupees Five Hundred Million) by issue of convertible, non-voting preference shares ("Preference Shares") by way of private placement to institutional and other investors other than by way of rights issue under the provisions of proviso to Section 86(1) of the Companies Ordinance 1984.

The Board of Directors have approved the appointment of AKD Securities Limited and Pak Oman Investment Company Limited as the joint arrangers and advisors ("Joint Arrangers") for the proposed Preference Shares issue.

The Preference Shares are proposed to be issued at par value upon such terms and conditions as may be agreed and finalized with the Joint Arrangers, including but not limited to the rate of preferential dividend, convertibility and conversion price. The Preference Shares will be issued subject to approval of the shareholders of the Company by way of Special Resolution and approval of the Securities & Exchange Commission of Pakistan.

Presently, the deficit on revaluation of securities due to decline in the market value of investments, mainly Callmate Telips Telecom Limited (CTTL) has been stated below the Equity in the financial statements of the Company. The deficit when routed through profit and loss account will impair the Equity.

The deficit on revaluation of securities, based on CTTL share market value (@ Rs 6.81) as at 19th May 2008 comes to Rs 540 million.

In order to avoid such an eventuality and to strengthen the capital base of the Company, it is proposed to increase the issued, subscribed and paid-up capital of the company by issuing Preference Shares.