

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declares and confirms that:

- i. The applicable accounting standards (International Financial Reports Standards) have been followed in the preparation of the
- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the
- iv. The annual accounts have been prepared on a going concern basis.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Kabul Bank (the Bank), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for nine months then ended, and a summary of significant accounting policies and other explanatory notes. The assets and liabilities as at December 31, 2007 and income and expenditure for nine months then ended were not audited by us and, consequently, we do not express an audit opinion on these figures. The financial statements of the Bank for the year ended March 31, 2008 were audited by another auditor whose report dated May 28, 2008 expressed a modified opinion (emphasis of matter) due to the fact that the Bank had constructed storage facilities for the benefit of its customers, which were not approved by Da Afghanistan Bank. These storage facilities were disposed off during nine months ended December 31, 2008.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Law of Banking in Afghanistan, 2003. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the opinion paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We did not perform the counting of cash in hand as at December 31, 2008, since that date was prior to the date we were engaged as auditors of the Bank. Owing to the nature and materiality, we were unable to satisfy ourselves as to cash in hand balances as at December 31, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to cash in hand balances, the financial statements give a true and fair view of the financial position of Kabul Bank as at December 31, 2008, and of its financial performance and its cash flows for nine months then ended in accordance with International Financial Reporting Standards and Law of Banking in Afghanistan, 2003.

DATED 15.04.2009 AT KABUL, AFGHANISTAN

A.F.FERGUSON & CO., CHARTERED ACCOUNTANTS, A MEMBER FIRM OF PRICEWATERHOUSECOOPERS

THE ABOVE MENTIONED FINANCIALS ARE PRESENTED IN EQUIVALENT NEW AFGHANI HEREIN AT THE HISTORICAL RATE OF 52.18 AFN AGAINST 1 DOLLAR AS ON 31.12.2008, 50.05 AGAINST 1 DOLLAR AS ON 31.03.2008 AND 49.72 AGAINST 1 DOLLAR AS ON 31.12.2007 AND THE AFGHANI FIGURES ARE FOR COMPARITIVE PURPOSES ONLY AND ARE NOT AUDITED BY THE AUDITORS