

DIRECTORS' REVIEW

The Directors take pleasure in presenting the un-audited financial statements of First International Investment Bank Limited (Interbank) for the period ended March 31, 2006.

Your company has earned an after tax profit of Rs. 7.8 million for the quarter ended March 31, 2006 as compared to Rs. 33.2 million in the corresponding period of the last year. The main reason for this decline in profitability was a capital loss of Rs. 46.3 million in Government securities (PIBs) booked during the first quarter of the current financial year. This was as a result of a considered management decision to liquidate the bulk of the PIB portfolio and the decision was taken in view of the continuing uncertain interest rate scenario and was a one-off transaction.

The financial highlights for the nine-months ended March 31, 2006 are as follows:

	March 31, 2006	March 31, 2005	Increase / (Decrease)	
	<i>Rupees in thousands</i>			
INCOME				
Income from Investment	39,531	67,550	(28,019)	(41%)
Income from Finance	59,558	35,635	23,923	67%
Income from Leases	117,949	83,996	33,953	40%
Fund Placement Income	103,642	65,131	38,511	59%
Brokerage and Commission	20,029	6,170	13,859	224%
EXPENDITURE				
Finance Cost	241,987	124,093	117,894	95%
Administrative and operating expenses	94,745	67,608	27,137	40%

The total assets of your company increased to Rs. 5.249 billion as at March 31 2006, compared with Rs. 4.368 billion as at June 30, 2005. This was mainly due to increase in net investments in lease finance, term finance and fund placements. It is important to note that we have seen significant growth in all areas of business.

During the quarter we acquired 100% of the shareholding of Finex Securities Ltd., an unlisted public limited company. Finex is a member of the Karachi Stock Exchange (Guarantee) Ltd., the National Commodity Exchange Ltd. and the Financial Markets Association of Pakistan. Its main lines of business are equity, money market and forex brokerage. It has a blue chip client base consisting of banks and non-banking financial institutions.

We look forward to the future with confidence and expect continued growth in our business activities as well as revenue generation capacity through diversified business lines and product range. We will also continue to broaden the customer base by continuous efforts towards improving the quality of service to them. Despite an increasingly competitive environment we expect steady growth in both funded and non-funded business activities. Furthermore, we expect a significant contribution by Finex Securities Ltd., towards the profitability, growth and development of the bank.

We are indeed grateful to our valued customers and business partners, whose support and feedback has been invaluable. We also take this opportunity to place on record our appreciation of the devotion, loyalty and continued hard work of the employees

For and on behalf of the Board.

Syed Babar Ali
Chairman

Samir Ahmed
Managing Director &
Chief Executive

Karachi
April 27, 2006