

## DIRECTORS' REVIEW

The Directors of your company present herewith the un-audited financial statements for the first quarter ended September 30, 2006 of First International Investment Bank Limited (Interbank).

Your company has an after tax loss of Rs.4.18 million for the quarter ended September 30, 2006 as compared to a loss of Rs. 36.88 million in the corresponding period of the last year. Revenue for the period has increased by 101% as compared to the corresponding period for the last year; however, concurrently the administrative expenses have also increased by 81% as compared to the same period last year. The increase in administrative expenses has been due to investment in human resource and physical & I.T infrastructure made by the company in the last year to meet the requirements of divesting into new lines of business such as mutual fund distribution ("Fund Select") and increased focus towards existing business such as corporate advisory, portfolio management and corporate and consumer financing and leasing. The loss however has been due to slow pace of disbursements for leasing and financing during the first quarter along with under performance by the capital markets of the country, resulting in less than expected returns from these two significant sources. However, the management has undertaken concerted efforts to make up the short fall in this quarter in the succeeding quarters and to achieve the targeted results for the year.

The financial highlights for the quarter ended September 30, 2006 are as follows :

	September 30, 2006	September 30, 2005	Increase / (Decrease)	
	<i>Rupees in thousands</i>			%
<b>INCOME</b>				
Income from Investment	16,500	(14,007)	30,507	217
Income from Finance	29,203	18,219	10,984	60
Income from Leases	52,895	37,280	15,615	41
Fund Placement Income	28,694	21,453	7,241	33
Brokerage and Commission	7,544	3,948	3,596	91
<b>Total</b>	<b>134,836</b>	<b>66,893</b>	<b>67,943</b>	<b>101</b>
<b>EXPENDITURE</b>				
Finance Cost	82,100	68,808	13,292	19
Administrative and operating expenses	51,290	28,315	22,975	81

The total assets of your company declined marginally to Rs. 5.164 billion as at September 30 2006, compared with Rs. 5.292 billion as at June 30, 2006. This was mainly due to decrease in short term investments, short term finance and fund placements. It is important to note that we have seen significant growth in other areas of business.

The above figures do not incorporate the figures of Finex Securities Limited and IGI Funds Limited, which are reflected in consolidated accounts.

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. Your company is making efforts to target high return segments of the economy where better spreads can be maintained.

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: October 27, 2006**