




TABLE OF CONTENTS

Corporate Information	1
Directors' Report to Shareholders	2
Balance Sheet	3
Cash Flow Statement	4
Statement of Changes in Equity	5
Notes to the Financial Statements	6





Corporate Information

Board of Directors

Chief Justice (Retd) Mahboob Ahmed	Chairman
Mr. Ahmed Goolam Mahomed Randeree	
Mr. Ali Raza Siddiqui	
Mr. Hasan Aziz Bilgrami	President & CEO
Mr. Shabir Ahmed Randeree	
Mr. Yavar Moini	
Mr. Ziad Makkawai	

Audit Committee

Mr. Yavar Moini	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Shabir Ahmed Randeree	Member

Executive Committee

Chief Justice (Retd) Mahboob Ahmed	Chairman
Mr. Ahmed Goolam Mahomed Randeree	Member
Mr. Hasan Aziz Bilgrami	Member
Mr. Yavar Moini	Member

Company Secretary

Mr. Gohar Iqbal Shaikh

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisor

Haidermota & Co.
Barrister at Law

Registered Office

11th Floor , Executive Tower
Dolmen City
Marine Drive, Block-4, Clifton,
Karachi
Phone: [+9221] 5839906
Fax: [+9221] 5378373
E Mail: info@bankislami.com.pk

Share Registrar

Technology Trade (Private) Limited
Dagia House 241-C, Block 2
PECHS Off Sharea -e- Quaideen
Karachi
Phone:[+9221] 4391316-7
Fax:[+9221] 4391318

Web Site

www.bankislami.com.pk

Directors' Review

The Board of Directors of BankIslami Pakistan Limited are pleased to present the un-audited financial statements for the quarter ended March 31, 2006. During the period under review, the Bank was not operational.

Progress Review:

The quarter ending March 31, 2006 was eventful in the life of BankIslami. The Bank made its debut on the Karachi Stock Exchange in March and by the grace of God was over subscribed by almost nine times. What is also a matter of immense satisfaction for us, is the response we received in terms of number of applications received – 600,000 and the length and breadth of Pakistan from which they were received. We bow our heads in submission to Allah Almighty for this over whelming response. Your trust, is our greatest asset.

We attribute this extra-ordinary response to two factors – the growth potential that the market sees in Islamic Banking and the positioning of BankIslami as an 'authentic' Islamic bank backed by strong sponsors. It is a matter of great satisfaction to us that already BankIslami is seen as a committed and authentic Islamic Bank which has an innovative business plan.

In March, the Bank received its Certificate of Commencement of Business from SECP and SBP. The Bank was declared as a scheduled bank on March 17, however the membership of clearing house was received in April. Alhamdulillah, the Bank has started commercial operations with an excellent response from the market. What is also a matter of great satisfaction for us is that our technology infra-structure has responded well to the business demands. The Internet Banking is operational making BankIslami the first bank in the Pakistan to go on web right from day one. Our state-of-art biometric ATMs will go live in end April and again Insha Allah we will be the only Bank in Pakistan offering this technology. We are targeting to open seven branches Insha Allah by June 30 mainly in Karachi to be followed by expansion in other parts of Pakistan.

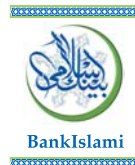
Gratitude:

I take this opportunity to thank the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their kind support and guidance during the very critical formative phase. We also place on record our appreciation for the support we received from the Karachi Stock Exchange during the listing process. A word of gratitude is also due to the staff members of BankIslami to whom we largely owe our success thus far.

For and on Behalf of the Board

Hasan A. Bilgrami
Chief Executive Officer

April 29, 2006



Balance Sheet As At March 31, 2006

		March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
ASSETS			
Cash and balances with treasury banks		-	-
Balances with other banks	3	1,627,471,082	1,160,097,542
Lending to financial institutions		-	-
Investments		-	-
Advances		-	-
Other Assets		35,660,521	13,491,943
Operating Fixed Assets		271,500,814	231,863,192
Deferred tax assets		-	-
Deferred Cost		72,642,641	71,512,957
		<u>2,007,275,058</u>	<u>1,476,965,634</u>
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions		-	-
Deposits and other accounts		-	-
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Accrued and other liabilities		7,275,058	5,475,634
Deferred tax liabilities		-	-
		<u>7,275,058</u>	<u>5,475,634</u>
NET ASSETS		<u>2,000,000,000</u>	<u>1,471,490,000</u>
REPRESENTED BY			
Share Capital	4	1,600,000,000	595,025,000
Reserves		-	-
Un-appropriated profit / (loss)		-	-
		<u>1,600,000,000</u>	<u>595,025,000</u>
Advance against future issue of share capital	5	400,000,000	876,465,000
Surplus / (deficit) on revaluation of assets		-	-
		<u>2,000,000,000</u>	<u>1,471,490,000</u>
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes 1 to 9 form an integral part of these financial statements.

PRESIDENT & CEO

DIRECTOR

**Cash Flow Statement
For The Quarter Ended March 31, 2006**

	March 31, 2006 (Unaudited)	March 31, 2005 (Unaudited)
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Deferred costs incurred – net	(1,129,683)	(7,688,536)
Adjustment for:		
- Depreciation	5,019,914	1,113,085
- Amortization	570,082	-
	5,589,996	1,113,085
(Increase) / decrease in assets		
Other assets	(20,026,580)	5,351
Increase / (decrease) in current liabilities		
Payable to an associated company	-	98,432,600
Accrued and other liabilities	1,799,424	(71,602)
	1,799,424	98,360,998
Advance income tax paid	(2,141,998)	(35)
Net cash (outflow) / inflow from operating activities	(15,908,841)	91,790,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(45,227,618)	(113,670,290)
Net cash used in investing activities	(45,227,618)	(113,670,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of share capital	128,510,000	-
Advance against future issue of share capital	400,000,000	374,970,000
Net cash inflow from financing activities	528,510,000	374,970,000
Net increase in cash and cash equivalents during the period	467,373,540	353,090,573
Cash and cash equivalents at the beginning of the period	1,160,097,542	3,019,500
Cash and cash equivalents at the end of the period	3 1,627,471,082	356,110,073

The annexed notes 1 to 9 form an integral part of these financial statements.

PRESIDENT & CEO

DIRECTOR



**Statement of Changes in Equity (Unaudited)
For The Quarter Ended March 31, 2006**

	Sahre Capital (Rupees)
Balance as at January 01, 2005	35,000
Issue of share capital during the period	-
Balance as at March 31, 2005	<u>35,000</u>
Issue of share capital during the period	594,990,000
Balance as at January 01, 2006	595,025,000
Issue of share capital during the period	1,004,975,000
Balance as at March 31, 2006	<u><u>1,600,000,000</u></u>

The annexed notes 1 to 9 form an integral part of these financial statements.

PRESIDENT & CEO

DIRECTOR

Notes To The Financial Statements For The Quarter Ended March 31, 2006

1. LEGAL STATUS AND NATURE OF BUSINESS

BankIslami Pakistan Limited was incorporated in Pakistan as an unlisted public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out business of an Islamic Commercial Bank in accordance with the principles of Islamic Sharia'. The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi.

The bank was provisionally listed on the Karachi Stock Exchange on February 24, 2006 and was formally listed on April 17, 2006.

The Bank received approval for Commencement of Islamic Banking Business from the State Bank of Pakistan (SBP) on March 13, 2006 and the Certificate of Commencement of business from the Securities & Exchange Commission of Pakistan (SECP) on March 17, 2006. The Bank was declared a scheduled Commercial Bank by the SBP under section 37 of the SBP Act 1956 with effect from March 17, 2006. However, the pre-requisite for start of operations i.e. membership of the Clearing House of the SBP was received subsequent to the quarter end and operations were started from April 7, 2006. Accordingly, no profit & loss account has been prepared for the quarter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are un-audited and are being presented in condensed form in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and BSD Circular Letter No. 2 dated May 12, 2004.

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2005.

3. BALANCES WITH OTHER BANKS

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Current account	75,000	465,000
PLS saving / deposit accounts – with Islamic Commercial banks	1,067,396,082	9,632,542
Musharika deposits - with Islamic Commercial banks	560,000,000	1,150,000,000
	1,627,471,082	1,160,097,542



4. SHARE CAPITAL

4.1 Authorised capital

March 31, 2006	December 31, 2005		March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
<u>250,000,000</u>	<u>250,000,000</u>	Ordinary shares of Rs. 10/ each	<u>2,500,000,000</u>	<u>2,500,000,000</u>

4.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

March 31, 2006	December 31, 2005		March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
		Subscribed and paid-up capital		
		- As at beginning of the year / period	595,025,000	20,000
		- Capital pending subscription paid during the year / period	-	15,000
100,497,500	59,499,000	- Issued during the year / period	1,004,975,000	594,990,000
<u>160,000,000</u>	<u>59,502,500</u>		<u>1,600,000,000</u>	<u>595,025,000</u>

5. ADVANCE AGAINST FUTURE ISSUE OF SHARE CAPITAL

<u>400,000,000</u>	<u>876,465,000</u>
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This amount represents the subscription received from the general public against the initial public offer of Rs. 400 million pending allotment.

6. CONTINGENCIES AND COMMITMENTS

Commitments for the acquisition of assets:

Commitments for a capital budget of Rs. 25.42 million have been approved for initial phase.

7. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of principal shareholders, directors, key management personnel, and companies where directors of the Bank also hold directorship. The transactions with related parties are summarized below:

Relationship	Nature of transactions	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Associated Companies	Advance received for meeting revenue and capital expenditure	-	98,492,627
	Purchase of Vehicles	-	1,747,550
	Rent Expense	395,955	-
Principal Share Holders	Share Capital issued	529,975,000	485,000,000
Employees	Advances to employees / Executives	9,253,579	5,453,374
	Salaries & Benefits	5,721,154	20,381,151
	Post retirement benefits	356,785	910,703

8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Bank on April 29, 2006.

9. GENERAL

Figures have been rounded off to the nearest Rupee.

PRESIDENT & CEO

DIRECTOR