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Corporate Information

Board of Directors
 Chief Justice (Retd) Mahboob Ahmed Chairman
 Mr. Ahmed Golam 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 Golam 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
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Web Site
www.bankislami.com.pk



BankIslami

Notice of Annual General Meeting

Notice is hereby given that the 2nd Annual General Meeting of the Members of BankIslami Pakistan Limited will be held on Saturday, April 29, 2006 at 3:00 p.m. at Regent Plaza Hotel, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2005 together with the Auditors' and Directors' Reports thereon.
2. To appoint auditors of the bank for the year ending December 31, 2006 and to fix their remuneration. The present auditors M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on its website. A statement as required by Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting and containing a draft of the resolution to be passed in respect thereof as required by Section 164(1) of the Companies Ordinance 1984 is annexed.
4. To transact any other business with the permission of the chair.

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to special business is enclosed.

By Order of the Board

Karachi
April 07, 2006

Gohar Iqbal Shaikh
Company Secretary

Notes:

- i) The Members' Register will remain closed from April 20, 2006 to April 29, 2006 (both days inclusive).
- ii) A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office not less than 48 hours before the holding of the meeting.
- iii) An individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representatives of corporate members should bring the usual documents required for such purposes.
- iv) Members are requested to promptly notify Share Registrar, M/S Technology Trade (Pvt.) Ltd., Karachi, of any change in their addresses.

Statement Under Section 160(1)(b) of the Companies Ordinance 1984

The material facts concerning the business to be transacted at the 2nd Annual General Meeting of the Company to be held on Saturday, April 29, 2006 at 3:00 p.m. at Regent Plaza Hotel, Shahrah-e-Faisal, Karachi.

The Board of Directors of the Company have recommended that the quarterly accounts of the Company should be transmitted to the Members by placing the same on the website of the Company in terms of and in accordance with the requirements of Circular No. 19 of 2004 dated April 14, 2004 of the Securities and Exchange Commission of Pakistan, which transmittal will be treated as full compliance of the provisions of Section 245 of the Companies Ordinance 1984. Such transmittal through the website is subject to requisite authorization being given by the Members and is subject to the approval of the Securities and Exchange Commission of Pakistan. The Company maintains a website www.bankislami.com.pk and intends to place its quarterly accounts on the website for the information of the Members and general public in terms of and in accordance with the aforesaid Circular. This will result in prompt disclosure of information to the Members besides saving of costs associated with printing and dispatch of the accounts by post. The Company will however, supply copies of the accounts to the stock exchanges in accordance with the Listing Regulations and to the Members on demand at their registered address free of charge, within one week of receiving such request. Accordingly, it is proposed that the following resolution be passed as and by way of an ordinary resolution authorizing the transmittal of quarterly accounts through the Company's website:

“RESOLVED THAT subject to the approval of the Securities and Exchange Commission of Pakistan the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on its website.”



BankIslami

Directors' Report

The Directors' of BankIslami Pakistan Limited are pleased to present the Second Annual Report and audited financial statements for the year ended December 31, 2005. The Bank has obtained Certificate of Commencement of Business from the State Bank of Pakistan and plans to start operations from April 2006.

Economic Outlook

The country during the year 2005 saw robust growth in all sectors despite the effects of the earthquake. The GDP growth rate of 8.4% for the fiscal year June 2005 was higher than 6.4% for the corresponding period. Although the performance during the year has been impressive, however increasing oil prices is a worry for the country. In addition the widening trade gap which has already surpassed the year end targets of 2006 would have a negative impact on the foreign exchange reserves and the value of the currency. However, increased remittances and foreign direct investment is mitigating the effect to some extent.

The banking sector in particular has shown substantial growth in all the key areas. Conventional banks are increasing their presence by increasing their network of branches. New Islamic banks are also in the pipeline and conventional banks are also increasing their focus on Islamic banking by opening Islamic banking branches. This on one hand would increase competition but on the other hand would give opportunity to investors to divert their business needs to Islamic banks.

After the successful launch of US Dollar sukuks in the international market, the Government of Pakistan is planning to launch Rupee sukuks for the local market, which would help in not only providing a liquidity instrument for the Islamic banks but would also help in developing a money market for all the players.

BankIslami's Initial Public Offering

BankIslami offered its shares to the general public during March 2006 and the response of the public was overwhelming and an amount of Rs. 3.5 billion was collected against the offer of Rs. 400 million which is almost 9 times of the amount offered. The response of overseas investors was also very encouraging and an amount of Rs. 356 million was collected against the reserved quota of Rs. 80 million.

BankIslami's Future

The Bank plans to open 12 branches by the year 2006 with presence in major cities of the country. This is in addition to some of the smart branches that we plan to set up. Our focus is on providing Shariah compliant services to our customers in the most efficient manner with special emphasis on technology. We are planning to launch the first ATM of the country with biometric option and are planning to be the first bank of the country to offer Internet banking from the start.

Auditors

The present auditors M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As required under the Code of Corporate Governance, the Audit Committee has recommended the appointment of M/s Ford Rhodes Sidat Hyder & Co. as auditors for the year ending December 31, 2006.

Acknowledgments

The Board acknowledges the support of the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and the Karachi Stock Exchange in its launch. The Board also appreciates the efforts of the Shariah Supervisory Board and all the team members of the Bank who have played a vital role in the launch.

For and on Behalf of the Board

Hasan Aziz Bilgrami
President & CEO

April 06, 2006

Auditors' Report to the Members

We have audited the annexed balance sheet of BANK ISLAMI PAKISTAN LIMITED (the Bank) as at December 31, 2005 and the related cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statement. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet together with the notes thereon has been drawn up in conformity with the Companies Ordinance, 1984, and is in agreement with the books of account and is further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2005 and of its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we wish to draw attention to note 2.2.2 which states the reason for not preparing profit and loss account.

Karachi:
April 06, 2006

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants



BankIslami

Balance Sheet
As At December 31, 2005

	Note	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
ASSETS			
Cash and balances with treasury banks		-	-
Balances with other banks	3	1,160,097,542	3,019,500
Lending to financial institutions		-	-
Investments		-	-
Advances		-	-
Other assets	4	13,491,943	15,351
Operating fixed assets	5	231,863,192	53,000
Deferred tax assets		-	-
Deferred costs	6	71,156,172	8,683,276
		<u>1,476,608,849</u>	<u>11,771,127</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	5,118,849	155,000
Deferred tax liabilities		-	-
Payable to associated companies	8	-	11,581,127
		<u>5,118,849</u>	<u>11,736,127</u>
NET ASSETS		<u>1,471,490,000</u>	<u>35,000</u>
REPRESENTED BY			
Share capital	9	595,025,000	35,000
Reserves		-	-
Un-appropriated profit / (loss)		-	-
		<u>595,025,000</u>	<u>35,000</u>
Advance against future issue of share capital	10	876,465,000	-
Surplus / (deficit) on revaluation of assets		-	-
		<u>1,471,490,000</u>	<u>35,000</u>
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The annexed notes 1 to 17 form an integral part of these financial statements.

PRESIDENT & CEO

DIRECTOR

Cash Flow Statement

For the year ended December 31, 2005

	Note	January 01, 2005 to December 31, 2005 (Rupees)	October 18, 2004 to December 31, 2004 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Deferred costs incurred – net		(62,472,896)	(8,683,276)
Adjustment for:			
- Depreciation	5.1	3,502,736	–
- Amortization	5.3	328,414	–
		3,831,150	–
(Increase) / decrease in assets			
Other assets		(12,719,384)	(351)
Increase / (decrease) in liabilities			
Payable to an associated company		(11,581,127)	11,581,127
Accrued and other liabilities		4,963,849	155,000
		(6,617,278)	11,736,127
Advance income tax paid		(772,208)	–
Net cash (outflow) / inflow from operating activities		(78,750,616)	3,052,500
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(235,641,342)	(53,000)
Net cash used in investing activities		(235,641,342)	(53,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subscription of share capital		595,005,000	20,000
Advance against future issue of share capital		876,465,000	–
Net cash inflow from financing activities		1,471,470,000	20,000
Net increase in cash and cash equivalents during the year / period		1,157,078,042	3,019,500
Cash and cash equivalents at the beginning of the year / period		3,019,500	–
Cash and cash equivalents at the end of the year / period	3	1,160,097,542	3,019,500

The annexed notes 1 to 17 form an integral part of these financial statements.


PRESIDENT & CEO


DIRECTOR



BankIslami

Statement Of Changes In Equity For the year ended December 31, 2005

	Share Capital (Rupees)
Balance as at October 18, 2004	–
Issue of share capital during the period	35,000
Balance as at December 31, 2004	<u>35,000</u>
Issue of share capital during the year	594,990,000
Balance as at December 31, 2005	<u><u>595,025,000</u></u>

The annexed notes 1 to 17 form an integral part of these financial statements.


PRESIDENT & CEO


DIRECTOR

Notes to the Financial Statements

For the year ended December 31, 2005

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1. 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 10th Floor, Progressive Square, Sharah-e-Faisal, Karachi.
- 1.2. The State Bank of Pakistan (SBP) issued a "Scheduled Islamic Commercial Bank" license to the Bank on March 18, 2005. Such license requires that the Bank shall obtain, in writing, prior approval for commencement of Islamic Banking Business from the State Bank of Pakistan (SBP) by fulfilling certain conditions, which inter alia, includes that the minimum capital of Bank would be Rs. 2,000 million and the Certificate of Commencement of Business is obtained from the Securities and Exchange Commission of Pakistan (SECP).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing these financial statements are as follows:

2.1. Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2. Basis of preparation

2.2.1. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Though the Bank is presently not considered to be a banking company as defined in the Banking Companies Ordinance, 1962, however, these financial statements have been prepared keeping in view the expected future status of the Bank. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

2.2.2. Since the Bank has not yet commenced its operations and all the preliminary / pre-operating expenses have been accounted for as deferred costs, no profit and loss account has been prepared for the year.

2.3. Operating Fixed Assets

Tangible

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Depreciation is computed on straight line method by taking into consideration the estimated useful life of the related assets. Depreciation on additions / deletions during the year is charged for the proportionate period for which the asset remained in use. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements that increase the assets' remaining useful life or efficiency are capitalized. Gain / loss, if any, on disposal of fixed assets are included in current income.



BankIslami

Intangible

Intangible assets are stated at cost less accumulated amortization. Amortization is based on straight line method by taking into consideration the estimated useful life of respective assets.

2.4. Deferred costs

Pre-operating / preliminary expenses are included in deferred costs and these will be amortized over a period of one year from the date of commencement of business.

2.5. Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

	Note	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
3. BALANCES WITH OTHER BANKS			
Current account		465,000	2,019,600
PLS saving / deposit accounts – with Islamic Commercial banks		9,632,542	999,900
Musharika deposits – with Islamic Commercial banks		1,150,000,000	–
		<u>1,160,097,542</u>	<u>3,019,500</u>
4. OTHER ASSETS			
Advances to employees		6,190,265	–
Profit accrued in local currency		5,234,925	351
Receivable from sponsor directors		–	15,000
Advance tax		772,208	–
Prepaid expenses		892,045	–
Security deposit		135,500	–
Other receivables		267,000	–
		<u>13,491,943</u>	<u>15,351</u>
5. OPERATING FIXED ASSETS			
Tangible	5.1	23,152,686	–
Capital work-in-progress	5.2	<u>202,643,956</u>	<u>53,000</u>
		225,796,642	53,000
Intangible	5.3	6,066,550	–
		<u>231,863,192</u>	<u>53,000</u>

5.1. Tangible

	Cost			Depreciation			Book value as at December 31, 2005	Rate	
	As at January 01, 2005	Additions during the year	Transfers	As at December 31, 2005	As at January 01, 2005	Charge for the year			As at December 31, 2005
----- (Rupees) -----									
Vehicles	-	13,771,906	-	13,771,906	-	1,763,706	1,763,706	12,008,200	20%
Computer Equipment	-	12,352,168	53,000	12,405,168	-	1,664,894	1,664,894	10,740,274	25%
Office Equipment	-	478,348	-	478,348	-	74,136	74,136	404,212	25%
	-	26,602,422	53,000	26,655,422	-	3,502,736	3,502,736	23,152,686	

December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
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5.2. Capital work-in-progress

Balance at the beginning of the year / period

53,000

-

Additions

Civil works relating to building / bank's premises

172,382,632

-

Advances to suppliers

21,013,080

-

Advances for purchase of equipment

2,061,122

-

Advances for purchase of computers

7,187,122

53,000

202,643,956

53,000

Transferred to tangible assets

(53,000)

-

202,643,956

53,000

5.3. Intangible

	Cost			Amortization			Book value as at December 31, 2005	Rate	
	As at January 01, 2005	Additions during the year	Transfers	As at December 31, 2005	As at January 01, 2005	Charge for the year			As at December 31, 2005
----- (Rupees) -----									
Computer Software	-	4,776,983	-	4,776,983	-	296,774	296,774	4,480,209	10%
SWIFT membership fee	-	1,617,981	-	1,617,981	-	31,640	31,640	1,586,341	10%
	-	6,394,964	-	6,394,964	-	328,414	328,414	6,066,550	



BankIslami

	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
6. DEFERRED COSTS		
Represents pre-operating and preliminary expenses incurred as follows:		
Balance at the beginning of the year	8,683,276	-
Cost incurred during the period		
Salaries, allowances and other benefits	23,372,072	803,684
Employees benefit scheme	1,912,276	-
Directors' fee	1,850,000	-
Sharia' Board's remuneration	670,103	-
Advertisement and sponsorship expense	2,169,350	-
Rent, rates and taxes	1,574,714	-
Legal and professional fee	1,502,675	6,264,500
Insurance	410,334	-
Consultancy fee	23,233,127	1,357,368
Travelling and conveyance	452,483	202,405
Vehicles maintenance	1,276,593	20,429
Repairs and maintenance	228,621	-
Stationery expenses	165,004	-
Subscription	886,161	-
Entertainment expenses	119,754	-
Listing fee	9,571,250	-
Depreciation	5.1 3,502,736	-
Amortization	5.3 328,414	-
Auditors' remuneration	6.1 261,100	30,000
Training and seminar	183,575	-
Utility expense	876,476	-
Communication	362,712	-
Security service charges	125,352	-
Bank charges	47,678	500
Other expenses	346,044	4,741
	<u>75,428,604</u>	<u>8,683,627</u>
Profit earned in local currency on balances with other banks and Musharika certificates	(12,955,708)	(351)
	<u>62,472,896</u>	<u>8,683,276</u>
	<u>71,156,172</u>	<u>8,683,276</u>
6.1. Auditors' Remuneration		
Audit fee	185,000	30,000
Review, tax, corporate and other services	70,000	-
Out of pocket expenses	6,100	-
	<u>261,100</u>	<u>30,000</u>

		December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
7. ACCRUED AND OTHER LIABILITIES			
Salary, allowance and other payable		442,859	125,000
Retention money		911,137	-
Payable to directors		934,874	-
Payable to Sharia' Board members		670,103	-
Auditors' remuneration		185,000	30,000
Employee benefits payable	7.1	1,912,276	-
Others		62,600	-
		<u>5,118,849</u>	<u>155,000</u>

7.1. Represents accrual for the proposed employee benefit schemes.

8. PAYABLE TO ASSOCIATED COMPANIES	<u>-</u>	<u>11,581,127</u>
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9. SHARE CAPITAL

9.1. Authorised capital

2005	2004		2005	2004
<u>250,000,000</u>	<u>210,000,000</u>	Ordinary shares of Rs. 10/- each	<u>2,500,000,000</u>	<u>2,100,000,000</u>

9.1.1. During the year, the Board of Directors in its meeting held on August 31, 2005 has decided to increase the authorized capital of the Bank to Rs. 2.5 billion. Such increase was approved by the shareholders, in the Extra Ordinary General Meeting held on September 23, 2005.

9.2. Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

2005	2004		December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
		Subscribed and paid-up capital		
2,000	-	- As at beginning of the year / period	20,000	-
1,500	-	- Capital pending subscription paid during the year	15,000	-
<u>59,499,000</u>	<u>2,000</u>	- Issued during the year / period	<u>594,990,000</u>	<u>20,000</u>
59,502,500	2,000		595,025,000	20,000
-	1,500	Capital pending subscription	-	15,000
<u>59,502,500</u>	<u>3,500</u>		<u>595,025,000</u>	<u>35,000</u>



BankIslami

	December 31, 2005 (Rupees)	December 31, 2004 (Rupees)
10. ADVANCE AGAINST FUTURE ISSUE OF CAPITAL	876,465,000	-

Represents amount received from local and foreign shareholders against prospective issue of share capital pending allotment. Subsequent to year end, on January 06, 2006 the Bank has issued share capital against such advance.

11. CONTINGENCIES AND COMMITMENTS

Commitments for the acquisition of assets

Commitments for a capital budget of Rs. 31.143 million have been approved for initial phase.

12. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

Interest rate risk

The Bank is not exposed to any interest rate risk.

Currency risk

Currency risk arises where the value of financial instrument changes due to changes in foreign currency exchange rate. Currently, the Bank is not exposed to any currency risk as the Bank is yet to commence operations.

Concentration of credit risk

Credit risk represents the loss that would be recognised at the reporting date if counter parties failed to perform as contracted. Currently, the Bank is not exposed to any significant credit risk as the Bank is yet to commence operations.

13. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2005			2004		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Basic salary	5,298,676	-	7,909,573	-	-	-
House rent allowance	270,000	-	1,877,702	-	-	-
Utilities	529,867	-	790,943	-	-	-
Medical	529,867	-	790,943	-	-	-
Salary in lieu of provident fund	533,580	-	-	-	-	-
Retirement benefits	441,385	-	-	-	-	-
Consultancy fee	-	-	-	1,357,368	-	-
Directors' fee	-	1,850,000	-	-	-	-
	<u>7,603,375</u>	<u>1,850,000</u>	<u>11,369,161</u>	<u>1,357,368</u>	<u>-</u>	<u>-</u>
Number	<u>1</u>	<u>6</u>	<u>10</u>	<u>1</u>	<u>-</u>	<u>-</u>

14. 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	December 31, 2005	December 31, 2004
Associated companies	Advance received for meeting revenue and capital expenditure	98,492,627	11,581,127
	Rent expense	1,423,633	-
	Purchase of vehicles	1,747,550	-
	Consultancy fee paid	15,000,000	-
	General expenses	112,059	-
Principal shareholders	Share capital issued	485,000,000	15,000
Employees	Advances to employees / Executive only	5,453,374	-

Remuneration of chief executive and key management personnel and directors' fee are disclosed in note 13 to the financial statements.

15. NUMBER OF EMPLOYEES

	December 31, 2005	December 31, 2004
Number of employees at year / period end	<u>29</u>	<u>2</u>

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Bank on April 06, 2006.

17. GENERAL

Figures have been rounded off to the nearest Rupee.


PRESIDENT & CEO


DIRECTOR



BankIslami

PATTERN OF SHAREHOLDING

No. of Shareholders	Shareholding		Total Shares Held	Percentage
	From	To		
5	1	500	2500	0.0042%
2	10995001	11000000	22000000	36.9732%
2	18745001	18750000	37500000	63.0226%
<u>9</u>			<u>59502500</u>	<u>100.0000%</u>

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS & NON BANKING FINANCIAL INSTITUTIONS.	NIL	
INSURANCE COMPANIES	NIL	
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN		
Chief Justice (Retd.) Mahboob Ahmed	500	0.0008%
Mr. Ahmed Golam Mahomed Randeree	18,750,000	31.5113%
Mr. Hasan Aziz Bilgrami	500	0.0008%
Mr. Shabir Ahmed Randeree	18,750,000	31.5113%
Sub Total	37,501,000	63.0242%
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	NIL	
MODARABAS AND MUTUAL FUNDS	NIL	
NIT AND ICP	NIL	
FOREIGN INVESTORS		
Dubai Bank PJSC	11,000,000	18.4866%
Sub Total	11,000,000	18.4866%
OTHERS		
Jahangir Siddiqui & Co. Ltd.	11,000,000	18.4866%
Sub Total	11,000,000	18.4866%
INDIVIDUALS		
Individuals	1,500	0.0025%
Sub Total	1,500	0.0025%
Grand Total	59,502,500	100.0000%
SHAREHOLDERS HOLDING 10% & ABOVE		
Mr. Ahmed Golam Mahomed Randeree	18,750,000	31.5100%
Mr. Shabir Ahmed Randeree	18,750,000	31.5100%
Dubai Bank PJSC	11,000,000	18.4900%
Jahangir Siddiqui & Co. Ltd.	11,000,000	18.4900%
	59,500,000	99.9958%



BankIslami

PROXY FORM

2nd ANNUAL GENERAL MEETING

The Company Secretary
BankIslami Pakistan Limited
11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block-4, Clifton,
Karachi, Pakistan.

I/We _____ of _____ being a member(s) of BankIslami Pakistan Limited and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Participant I.D. No. _____ and Sub Account No. _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote and act for me/us on my/ our behalf at the 2nd Annual General Meeting of BankIslami Pakistan Limited. to be held on Saturday, April 29, 2006 at 3:00 p.m. at Regent Plaza Hotel, Shahrah-e-Faisal, Karachi, and at any adjournment thereof.

Signed this _____ day of _____ 2006.

Witness:

Name: _____

Address: _____

CNIC or Passport No. _____

Please affix
Rupees five
revenue
stamp

Signature of Member(s)

NOTES:

1. Proxies in order to be effective, must be received by the company not less than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the company.