

**QUARTERLY FINANCIAL STATEMENTS
(UNAUDITED)
JANUARY 2005 TO MARCH 2005**



**SECURITY INVESTMENT
BANK LIMITED**

— the money-wise bank

Security Investment Bank Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Haji Abdul Rauf
Mr. Muhammad Younus Abdul Aziz Tabba
Mr. Maqbool H. H. Rahimtoola
Mr. Muhammad Iqbal Kasbati
Mr. Muhammad Saleem Rathod

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Saleem Rathod

AUDIT COMMITTEE

Mr. Khursheed K. Marker
Haji Jan Muhammad
Mr. Muhammad Iqbal Kasbati

COMPANY SECRETARY

Mr. Muhammad Amin Khatri

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Anjum Asim Shahid Rahman
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners
Muhammad Tariq Qureshi

BANKERS

Metropolitan Bank Limited.
Al-Baraka Islamic Bank B.S.C. (E.C.)
Habib Bank AG Zurich.
Muslim Commercial Bank Limited.
The Bank of Khyber.
Habib American Bank, New York.

REGISTERED OFFICE

15-E, Rehmat Centre, Jinnah Avenue,
Blue Area, Islamabad.
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Fax: (051) 2826488 Telex : 54649 SIBL PK
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Security Investment Bank Limited

DIRECTORS' REVIEW

The Board of Directors of Security Investment Bank Limited is pleased to present the un-audited financial statements for the first quarter ended March 31, 2005.

During the period under review, Pakistan's economy showed sound performance and continued government policies led to a GDP growth rate of 7.0 percent. The tightening of monetary policies due to increase in inflation rate has resulted in the rise in interest rates. In spite of this, the economic stability is evident from the overall growth in all sectors of the economy which has brightened future business prospects.

During the current quarter our profit after tax was Rs. 29.33 million as compared to Rs. 20.76 million for the corresponding quarter last year, thereby showing an increase of 41%. The main source contributing towards increased profitability are capital gains and income from placements. Total assets and liabilities decreased from Rs. 1,724 million to Rs. 1,429 million due to decrease in short term placements and borrowings.

Earnings per share for the current quarter was Rs. 0.79 per share as compared to Rs. 0.56 per share for the corresponding quarter last year.

Based on the financial results for the year ended December 31, 2004, JCR-VIS Credit Rating Company Limited has reaffirmed our medium to long term entity rating at 'A' (Single A) with stable outlook and short term rating at 'A-1' (A one).

With the continuous support of our regulators and guidance of board of directors we feel confident to meet the challenges ahead.

On behalf of the Board

Khursheed K. Marker
Chairman

Karachi;
April 19, 2005

Security Investment Bank Limited

BALANCE SHEET AS AT MARCH 31, 2005

	March 31, 2005 Rupees	December 31, 2004 Rupees
ASSETS		
Cash and bank balances	59,272,294	65,069,926
Placements	417,910,600	776,105,645
Investments	623,104,341	555,803,027
Financing	230,480,892	230,480,892
Advances, deposits, prepayments and other receivables	60,614,355	55,507,174
Deferred Cost	189,745	216,853
Deferred Tax Asset	899,631	3,564,858
Stock Exchange Membership Card	36,000,000	36,000,000
Fixed Assets	547,173	768,547
	1,429,019,031	1,723,516,922
LIABILITIES		
Borrowings	337,939,865	726,242,575
Deposits	525,763,552	447,525,796
Accrued and other liabilities	12,957,684	14,569,686
Deferred Liabilities	3,718,775	3,718,775
	880,379,876	1,192,056,832
NET ASSETS	548,639,155	531,460,090
REPRESENTED BY		
Share Capital	372,706,950	372,706,950
Statutory reserve	90,975,338	85,109,274
Unappropriated profit	96,642,601	73,178,344
	560,324,889	530,994,568
Surplus/(deficit) on revaluation of investments - net	(11,685,734)	465,522
Contingencies and commitments		
	548,639,155	531,460,090

The annexed notes form an integral part of these accounts.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman

Security Investment Bank Limited

PROFIT & LOSS ACCOUNT FOR THE FIRST QUARTER ENDED MARCH 31, 2005

	Quarter ended March 31, 2005 Rupees	Quarter ended March 31, 2004 Rupees
INCOME		
Return on financing and placements	32,314,315	7,287,113
Return on Investments	7,400,531	14,030,888
Gain on sale of shares	10,917,386	15,904,879
Other Income	1,444	3,824
	50,633,676	37,226,704
EXPENDITURE		
Return on deposits and borrowings	10,364,000	8,061,633
Operating expenses	4,939,355	5,264,276
	15,303,355	13,325,909
PROFIT BEFORE TAXATION	35,330,321	23,900,795
Provision for taxation	6,000,000	3,136,345
PROFIT AFTER TAXATION	29,330,321	20,764,450
Unappropriated profit brought forward	73,178,344	67,368,254
PROFIT AVAILABLE FOR APPROPRIATION	102,508,665	88,132,704
Appropriation		
Transferred to statutory reserve	5,866,064	4,152,890
Interim dividend		
Bonus shares Nil (2004: 15%)	-	48,613,950
	5,866,064	52,766,840
UNAPPROPRIATED PROFIT CARRIED FORWARD TO BALANCE SHEET	96,642,601	35,365,864
Earnings per share	0.79	0.56

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman

Security Investment Bank Limited

CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED MARCH 31, 2005

	Quarter ended March 31, 2005 Rupees	Quarter ended March 31, 2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before tax	35,330,321	23,900,795
Adjustment for non cash & other items		
Depreciation	223,146	324,441
Amortization of deferred cost	27,108	35,709
(Gain)on disposal of shares	(10,917,386)	(15,102,318)
	(10,667,132)	(14,742,168)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
	24,663,189	9,158,627
(Increase)/decrease in financing and placements (Increase)/decrease in advances, deposits, prepayments	358,195,045	16,751,537
Increase/(decrease) in deposits	(6,495,568)	(5,556,647)
Increase/(decrease) in borrowings	78,237,756	(132,716,603)
Increase/(decrease) in other liabilities	(388,302,710)	130,459,686
	(1,577,458)	(5,008,752)
	40,057,065	3,929,221
Income tax paid	(4,611,615)	(3,656,013)
Dividend paid	(34,544)	(363,805)
	(4,646,159)	(4,019,818)
NET CASH FLOWS FROM OPERATING ACTIVITIES	60,074,095	9,068,030
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	(1,770)	-
(Purchase)/Sale of investments (shares)	(71,580,115)	(78,959,760)
(Purchase)/Sale of Government Securities and TFC's	5,710,158	5,026,137
NET CASH USED IN INVESTING ACTIVITIES	(65,871,727)	(73,933,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(5,797,632)	(64,865,593)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	65,069,926	96,473,094
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	59,272,294	31,607,501

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman

Security Investment Bank Limited

STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED MARCH 31, 2005

	Share Capital	Statutory Reserve	Reserve for Bonus Share	Unappropriated Profit	Total
	-----Rupees-----				
Balance as at January 01, 2004	324,093,000	71,503,263	-	67,368,254	462,964,517
Net profit for the year	-	-	-	68,030,051	68,030,051
Reserve for issuance of bonus shares	-	-	48,613,950	(48,613,950)	-
Bonus shares issued during the year	48,613,950	-	(48,613,950)	-	-
Appropriations: Statutory Reserve	-	13,606,011	-	(13,606,011)	-
Balance as at December 31, 2004	<u>372,706,950</u>	<u>85,109,274</u>	<u>-</u>	<u>73,178,344</u>	<u>530,994,568</u>
Net profit for the first quarter	-	-	-	29,330,321	29,330,321
Appropriations: Statutory Reserve	-	5,866,064	-	(5,866,064)	-
Balance as at March 31, 2005	<u>372,706,950</u>	<u>90,975,338</u>	<u>-</u>	<u>96,642,601</u>	<u>560,324,889</u>

NOTES TO THE ACCOUNTS FOR THE FIRST QUARTER ENDED MARCH 31, 2005

- Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the accounts for the year ended December 31, 2004 except for the change in accounting policy regarding valuation of Held to Maturity Investments.

In accordance with the BSD Circular No. 10 of 2004 dated 13 July, 2004 issued by State Bank of Pakistan, as clarified and amended vide Circular 11 and 14 of 2004, investments classified as Held to Maturity have been stated at amortized cost. Previously these were being stated at their fair values in accordance with the requirements of now superceded BSD Circular 20 dated August 04, 2004. Had the change in accounting policy not been made, the amount of Surplus/(deficit) on revaluation of investments would have been higher by Rs. 15,015,287/-.

- These financial statements are unaudited and are being presented to the shareholders as required under section 245 of the Companies (Amendment) Ordinance, 2002 and have been placed on our web site as allowed by SECP Circular No. 19 of 2004 dated April 15, 2004. These are prepared in compliance with the International Accounting Standard 34 "Interim Financial Reporting".
- Certain prior period figures have been rearranged and adjusted for the purposes of comparison, wherever necessary.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHED K. MARKER
Chairman

BOOK POST



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