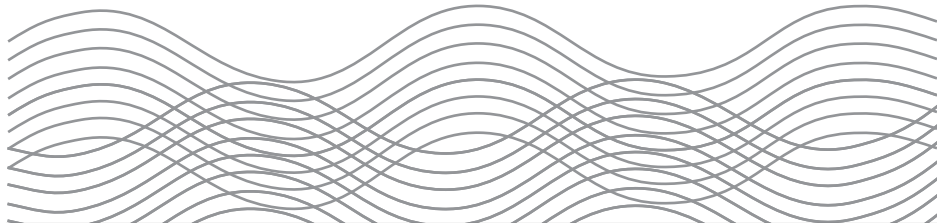
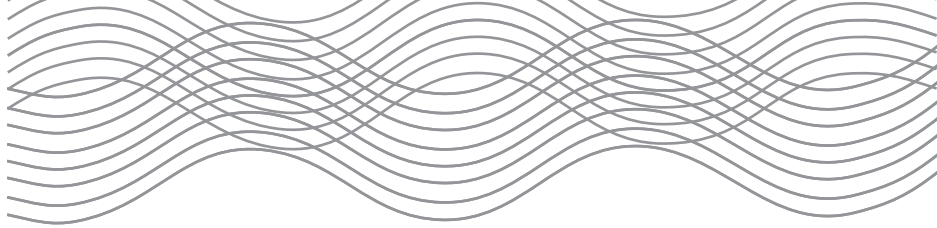


QUARTERLY FINANCIAL STATEMENTS
(UNAUDITED)
JULY 2004 TO SEPTEMBER 2004



SECURITY INVESTMENT
BANK LIMITED

— *the money-wise bank*

Security Investment Bank Limited

CORPORATE INFORMATION AS AT SEPTEMBER 30, 2004

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Haji Abdul Rauf
Mr. Muhammad Younus Abdul Aziz Tabba
Mr. Maqbool H. H. Rahimatoola (NIT Nominee)
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

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.
Albaraka 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.
Tel : (051) 2822504, 2822505 & 2277494
Fax: (051) 2826488 Telex : 54649 SIBL PK

KARACHI OFFICE

606, 6th Floor, Unitowers,
I.I. Chundrigar Road, Karachi.
Tel : 2418410-13 Fax : 2418414
Website : www.sibl.com.pk
E-mail: sibl@cyber.net.pk

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 nine months ended September 30, 2004.

During the period under review, our economy witnessed rising inflation and the central bank is gradually tightening its monetary policy, thus raising interest rates. The low interest rate era, which has been prevalent in the year 2003, is changing its path to arrest the rising inflation and exchange rate parity. During the fiscal year 2003, we got opportunities to make handsome gains in government securities, which contributed the most in last year's earnings. For a meaningful comparison; the results of the current nine months are being evaluated with the corresponding period of the year 2002, which are as under:

	September 30, 2004	September 30, 2002
	Rs. in millions	
INCOME		
Return on Investments	36.861	46.021
Return on financing and placements	15.954	41.761
Gain on sale of shares	46.368	5.290
Profit on deposits with banks	0.278	0.877
Other income	1.166	2.498
	100.627	96.447
EXPENDITURE		
Return on deposits and borrowings	19.967	27.899
Operating expenses	15.624	13.490
	35.591	41.389
PROFIT BEFORE TAXATION	65.036	55.057
Provision for taxation	13.662	13.300
PROFIT AFTER TAXATION	51.374	41.758

This comparison of the results clearly reflects that we not only maintained our normal profitability but also posted a modest growth.

National Commodity Exchange is expected to be operational by the year end and we are in the process of capacity building to actively participate in this new business. Moreover, our exchange company is also expected to be operational by early next year. These products will help us in strengthening our core income element of the earnings and provide us with continuous revenues.

The Directors express their deepest gratitude for the continuous support and encouragement extended by Securities & Exchange Commission of Pakistan and State Bank of Pakistan. We also acknowledge the understanding shown by the stakeholders.

On Behalf of the Board

Khursheed K. Marker
Chairman

Karachi :
Dated : October 25, 2004

Security Investment Bank Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2004

	September 30, 2004 Rupees	December 31, 2003 Rupees
ASSETS		
Tangible fixed assets	892,260	1,675,611
Membership Card-Intangible	36,000,000	36,000,000
Deferred cost	249,080	334,430
CURRENT ASSETS		
Short term financing	230,480,892	288,317,851
Placements	107,500,000	-
Short term investments	1,081,342,298	1,273,216,717
Advances, deposits, prepayments and other receivables	56,697,649	43,700,335
Cash and bank balances	57,338,698	96,473,094
	1,533,359,537	1,701,707,997
	1,570,500,877	1,739,718,038
SHARE CAPITAL AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized		
50,000,000 ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and paid up capital	372,706,950	324,093,000
Reserves	141,631,701	138,871,517
Shareholder's Equity	514,338,651	462,964,517
Surplus on revaluation of investments - net	2,392,955	53,844,704
LIABILITIES		
Deferred liabilities	3,028,275	22,102,117
CURRENT LIABILITIES		
Borrowings	520,897,185	702,500,000
Short term deposits	521,344,159	478,187,472
Accrued and other liabilities	8,499,652	20,119,228
	1,050,740,996	1,200,806,700
Contingencies and commitments		
	1,570,500,877	1,739,718,038
	1,570,500,877	1,739,718,038

Khursheed K. Marker
Chairman

Muhammad Saleem Rathod
President & Chief Executive

Security Investment Bank Limited

PROFIT & LOSS ACCOUNT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2004

Nine Months Ended Quarter Ended
 September 30, September 30, September 30, September 30,
 2004 2003 2004 2003
 -----Rupees-----

INCOME

Return on Investments	36,860,621	76,797,684	8,728,569	28,967,872
Return on financing and placements	15,954,038	27,905,825	4,461,996	8,878,513
Gain on sale of shares	46,368,426	45,768,407	15,201,531	27,645,172
Profit on deposit with banks	278,177	482,003	278,177	477,332
Other Income	1,166,147	485,451	735,394	264
	100,627,409	151,439,370	29,405,667	65,969,153

EXPENDITURE

Return on deposits and borrowings	19,966,894	24,472,773	5,948,651	9,443,232
Operating expenses	15,624,381	18,040,879	5,443,666	6,882,322
	35,591,275	42,513,652	11,392,317	16,325,554

PROFIT BEFORE TAXATION

	65,036,134	108,925,718	18,013,350	49,643,599
Provision for taxation	13,662,000	22,000,000	8,000,000	6,300,000

PROFIT AFTER TAXATION

	51,374,134	86,925,718	10,013,350	43,343,599
Unappropriated profit brought forward	67,368,254	55,509,276	51,842,931	15,692,819

PROFIT AVAILABLE FOR APPROPRIATION

	118,742,388	142,434,994	61,856,281	59,036,418
--	-------------	-------------	------------	------------

Appropriations:

Transferred to statutory reserve	10,274,827	17,385,144	2,002,670	8,668,868
Interim Dividend				
Bonus shares 15% (2003 15%)	48,613,950	42,273,000	-	-
Cash Dividend Nil (2003 10%)	-	32,409,300	-	-
	58,888,777	92,067,444	2,002,670	8,668,868

UNAPPROPRIATED PROFIT CARRIED FORWARD TO BALANCE SHEET

	59,853,611	50,367,550	59,853,611	50,367,550
--	------------	------------	------------	------------

Earnings per share - Basic and Diluted

	1.37	2.33	0.27	1.16
--	------	------	------	------

Khurshed K. Marker
Chairman

Muhammad Saleem Rathod
President & Chief Executive

Security Investment Bank Limited

CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2004

	09 months ended Sept. 30, 2004 Rupees	09 months ended Sept. 30, 2003 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before tax	65,036,134	108,925,718
Adjustments for non cash & other items		
Depreciation	820,522	603,942
Amortization of deferred cost	85,350	3,850,272
(Gain)/Loss on disposal of fixed assets	(182,933)	-
(Gain)/Loss on disposal of shares	(46,368,426)	(45,768,407)
(Gain)/Loss on sale of securities	-	(35,128,072)
	(45,645,487)	(76,442,265)
Cash flows from operating activities before working capital changes	19,390,647	32,483,453
(Increase)/decrease in financing and placements	(49,663,041)	(23,745,089)
(Increase)/decrease in advances, deposits, prepayment and other receivables	3,321,366	46,404,880
Increase/(decrease) in deposits	43,156,687	51,805,795
Increase/(decrease) in borrowings	(181,602,815)	(4,155,583)
Increase/(decrease) in accrued other liabilities	(11,134,588)	(1,385,341)
	(195,922,391)	68,924,662
Income tax paid	(29,802,474)	(4,776,994)
Gratuity paid	(348,333)	-
Dividend paid	(484,988)	(49,944)
	(30,635,795)	(4,826,938)
Net cash used in operating activities	(207,167,539)	96,581,177
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	145,764	(243,059)
(Purchase)/Sale of investments (shares)	(97,465,169)	(20,105,753)
(Purchase)/Sale of Securities	265,352,548	(65,306,947)
Deferred Cost incurred during the period	-	(154,084)
Net cash flow from investing activities	168,033,143	(85,809,843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(39,134,396)	10,771,334
Cash and cash equivalents at the beginning of the period	96,473,094	36,012,604
Cash and cash equivalents at the end of the period	57,338,698	46,783,938

Khursheed K. Marker
Chairman

Muhammad Saleem Rathod
President & Chief Executive

Security Investment Bank Limited

STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2004

	Share Capital	Statutory Reserve	Reserve for Bonus Share	Unappropriated Profit	Total
	R u p e e s				
Balance as at January 01, 2003	281,820,000	49,867,944	-	55,509,276	387,197,220
Net profit for the year	-	-	-	108,176,597	108,176,597
Reserve for issuance of bonus shares	-	-	42,273,000	(42,273,000)	-
Bonus shares issued during the year	42,273,000	-	(42,273,000)	-	-
Appropriations:					
Statutory reserve	-	21,635,319	-	(21,635,319)	-
Interim dividend	-	-	-	(32,409,300)	(32,409,300)
Balance as at December 31, 2003	324,093,000	71,503,263	-	67,368,254	462,964,517
Net profit for the period	-	-	-	51,374,134	51,374,134
Reserve for issuance of bonus shares	-	-	48,613,950	(48,613,950)	-
Bonus shares issued during the period	48,613,950	-	(48,613,950)	-	-
Appropriations:					
Statutory reserve	-	10,274,827	-	(10,274,827)	-
Balance as at September 30, 2004	372,706,950	81,778,090	-	59,853,611	514,338,651

NOTES TO THE ACCOUNTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2004

1. Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchange. The company has been issued licence to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) (Previously this was covered under SRO 585 (1)/87 dated July 13, 1987, issued by the Ministry of Finance).
2. Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the accounts for the year ended December 31, 2003.
3. These financial statements are unaudited and are being presented to shareholders as required under section 245 of the Companies (Amendment Ordinance, 2002 and have been prepared in compliance with the International Accounting Standard 34 "Interim Financial Reporting".
4. Figures have been rounded off to the nearest rupee.
5. Figures have been rearranged for the purposes of comparison, wherever necessary.

Khurshed K. Marker
Chairman

Muhammad Saleem Rathod
President & Chief Executive

BOOK POST



ISLAMABAD

GPO Box No. 2967, 15-E, Rehmat Centre,
Jinnah Avenue, Blue Area, Islamabad (Pakistan)
Phones: (051) 2277494, 2822504 & 2822505
Fax : (051) 2826488 Telex : 54649 SIBL PK.

KARACHI

606, 6th Floor, Unitowers, I. I. Chundrigar Road, Karachi-74000.
Tel : (021) 2418410-13 Fax : (021) 2418414

*If undelivered please return to
Karachi Branch.*