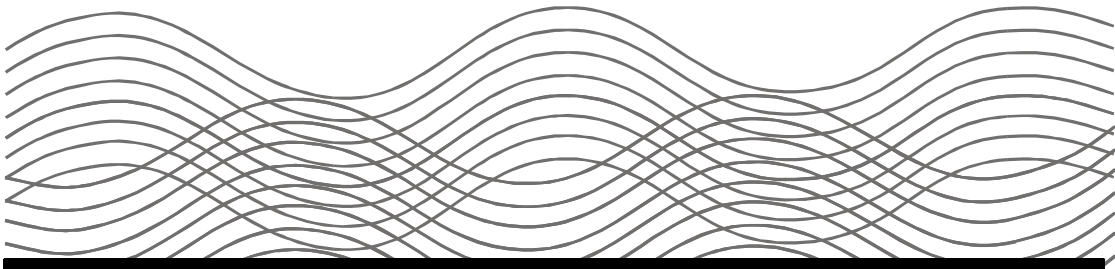
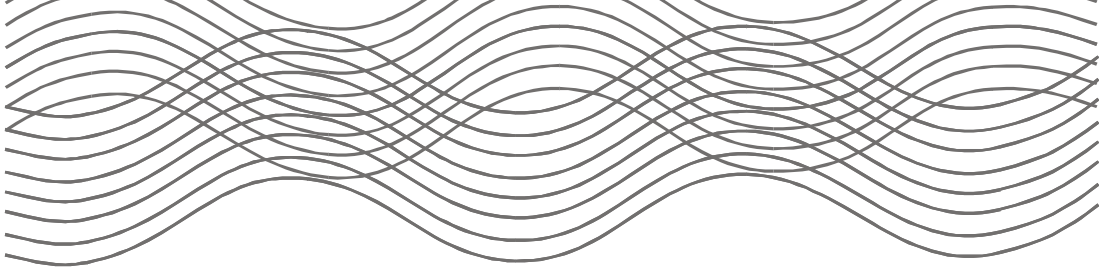


**QUARTERLY FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006**



**SECURITY INVESTMENT
BANK LIMITED**

— the money-wise bank



DIRECTORS' REPORT

The Board of Directors of Security Investment Bank Limited is pleased to present the un-audited financial statements for the third quarter ended September 30, 2006.

During the period under review our economy showed modest changes as reflected by different economic indicators. The GDP for the fiscal year 2005-06 grew 6.6% against target of 7% and 8.6% last year. The inflation level was 8% against 9.3% of the last year.

During the period under review, we maintained progressive trend in our operations. We earned a pre-tax profit of Rs. 81.770 million during this period in comparison to Rs. 64.675 million earned during the same period of last year, thereby, showing an increase of 26%. Earning per share increased to Rs. 1.59 from Rs. 1.21 of last year based on enhanced share capital. The major contribution towards the increase in profitability was the substantial improvement in Capital Gain which increased by 208% and return on financing and placement which increased by 33%.

We are grateful to continue support and guidance of our regulators and shareholders. We are confident to keep our pace towards profitable operations and business diversification.

On behalf of the Board

Khursheed K. Marker
Chairman

Karachi;
October 27, 2006



BALANCE SHEET AS AT SEPTEMBER 30, 2006

	Note	September 30, 2006 Rupees	December 31, 2005 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets		1,852,861	2,744,507
Stock exchange membership card-intangible		36,000,000	36,000,000
Long term investments	4	151,418,250	476,244,904
Deferred tax asset		10,177,373	487,443
Deferred cost		-	115,648
CURRENT ASSETS			
Short term financing		196,134,198	170,634,198
Short term placements	5	657,761,655	1,154,645,225
Short term investments	6	546,519,078	289,403,485
Advances, deposits, prepayments and other receivables		69,144,104	68,290,371
Cash and bank balances	7	18,296,732	257,698,952
		1,487,855,767	1,940,672,231
		1,687,304,251	2,456,264,733
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital		428,612,993	372,706,950
Statutory reserve		112,890,850	99,236,880
Unappropriated profit		91,127,909	129,688,766
		632,631,752	601,632,596
Surplus on revaluation of investments - net		(32,960,031)	10,711,063
NON-CURRENT LIABILITIES			
Deferred liability		3,503,414	4,001,955
CURRENT LIABILITIES			
Borrowings		655,000,000	1,252,500,000
Short term deposits		415,028,135	564,883,949
Accrued and other liabilities		14,100,981	22,535,170
		1,084,129,116	1,839,919,119
Contingencies and commitments		1,687,304,251	2,456,264,733

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



PROFIT & LOSS ACCOUNT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	September 30, 2006 Rupees	September 30, 2005 Rupees	September 30, 2006 Rupees	September 30, 2005 Rupees
INCOME				
Income on financing and placements	93,681,174	70,057,821	26,271,385	20,527,783
Return on investments	41,054,876	38,345,147	15,032,779	13,388,867
Gain on sale of shares	35,199,076	16,941,407	4,644,678	3,714,021
Profit on deposit with banks	1,536,578	513,768	244,860	332,945
Other Income	679,885	310,021	564,524	5,100
	172,151,589	126,168,164	46,758,226	37,968,716
EXPENDITURE				
Return on deposits and borrowings	73,317,552	45,572,434	21,834,593	17,852,307
Operating expenses	17,064,187	15,921,069	5,492,301	5,355,732
	90,381,739	61,493,503	27,326,894	23,208,039
PROFIT BEFORE TAXATION	81,769,850	64,674,661	19,431,332	14,760,677
Provision for taxation	13,500,000	13,000,000	3,500,000	4,000,000
PROFIT AFTER TAXATION	68,269,850	51,674,661	15,931,332	10,760,677
Earnings per share - Basic and diluted	1.59	1.21	0.37	0.25

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Nine months ended Sept. 30, 2006 Rupees	Nine months ended Sept. 30, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	81,769,850	64,674,661
Adjustments for non cash & other items		
Depreciation	897,388	618,445
Amortization of deferred cost	115,648	81,324
Gain on disposal of shares	(35,199,076)	(16,941,407)
Gain on sale of fixed assets	(38,159)	-
(Gain)/loss on sale of securities	(221,770)	-
	(34,445,969)	(16,241,638)
Cash flow from operating activities before working capital changes	47,323,882	48,433,023
Decrease in financing & placements (Increase) in advances, deposits & prepayments and other receivables	471,383,570	(341,673,600)
(Decrease) in deposits	(2,994,263)	(10,072,248)
(Decrease) in borrowings	(149,855,814)	(114,250,588)
(Decrease) in accrued & other liabilities	(597,500,000)	592,136,947
	(9,679,972)	(2,179,175)
	(288,646,479)	123,961,336
Income tax paid	(11,364,093)	(12,493,882)
Gratuity paid	(498,541)	(484,820)
Dividend paid	(36,024,912)	(655,296)
	(47,887,546)	(13,633,998)
NET CASH USED IN OPERATING ACTIVITIES	(289,210,143)	158,760,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of fixed assets	186,753	(1,937,822)
(Purchase)/Sale of investments (shares)	41,021,533	(89,671,176)
(Purchase)/sale of securities	8,599,636	(107,222,344)
NET CASH FLOW FROM INVESTING ACTIVITIES	49,807,923	(198,831,342)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(239,402,220)	(40,070,981)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	257,698,952	65,069,926
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18,296,732	24,998,945

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



**STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006**

	Share Capital	Statutory Reserve	Un-appropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2005	372,706,950	85,109,274	73,178,344	530,994,568
Net profit for the year	-	-	70,638,028	70,638,028
Transfer to Statutory Reserve	-	14,127,606	(14,127,606)	-
Balance as at December 31, 2005	372,706,950	99,236,880	129,688,766	601,632,596
Net profit for the period	-	-	68,269,850	68,269,850
Issuance of bonus shares 2005	55,906,043	-	(55,906,043)	-
Dividend paid for the year 2005	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory Reserve	-	13,653,970	(13,653,970)	-
Balance as at September 30, 2006	428,612,993	112,890,850	91,127,909	632,631,751

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



NOTES TO THE ACCOUNTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

1. STATUS AND PRINCIPAL ACTIVITIES

- 1.1 Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted in Karachi, Lahore & Islamabad Stock Exchanges. The registered office of SIBL is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.
- 1.2 SIBL is licensed 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).
- 1.3 Based on financial results for the year ended December 31, 2005, the JCR-VIS Credit Rating Company Limited reaffirmed the medium to long term rating of SIBL at 'A' (Single A) with stable outlook and short-term rating at 'A-1' (A one).

2. STATEMENT OF COMPLIANCE

These financial statements are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the year ended December 31, 2005, except for the change in accounting policy regarding valuation of Held to Maturity Investments in accordance with the SBP'S BSD Circular # 7 of 2006 dated May 30, 2006.

	September 30, 2006 Rupees	December 31, 2005 Rupees
4. LONG TERM INVESTMENTS		
Held to maturity		
Pakistan Investment Bonds	51,418,250	376,244,904
Investment in Associated undertaking		
SIBL Exchange Company (Pvt.) Ltd.	100,000,000	100,000,000
	100,000,000	476,244,904
5. SHORT TERM PLACEMENT		
Placements with financial institutions-unsecured	25,000,000	765,000,000
under reverse repurchase agreements of quoted shares-secured	632,761,655	389,645,225
	657,761,655	1,154,645,225
6. SHORT TERM INVESTMENTS		
Available-for-sale		
Pakistan Investment Bonds	292,296,614	-
Wapda Bonds - 10th issue	48,000,000	50,000,000
Term Finance Certificate	87,424,090	91,840,420
Quoted Shares	106,879,848	124,301,688
Mutual Fund units	11,918,527	14,773,779
Held for Trading		
Quoted Shares	-	8,487,598
	546,519,078	289,403,485

6.1 Investment in Pakistan Investment Bonds are reclassified as available for sale in pursuance to the SBP'S BSD Circular # 7 of 2006 dated May 30, 2006.



	September 30, 2006 Rupees	December 31, 2005 Rupees
7. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Reserve account	6,725,000	6,725,000
Current account	1,248,891	3,670,423
	7,973,891	10,395,423
With other Banks in		
Current account	5,885,199	16,807,907
Deposit accounts	4,432,794	230,486,771
	10,317,993	247,294,678
Cash in hand	4,848	8,851
	18,296,732	257,698,952

8. GENERAL

- 8.1 These financial statements were authorised for issue by the Board of Directors on October 27, 2006.
- 8.2 Figures have been rounded off to the nearest rupee.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



**SECURITY INVESTMENT BANK LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006
(UNAUDITED)**



CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2006

	Note	September 30, 2006 Rupees	December 31, 2005 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets		3,683,730	3,153,963
Stock exchange membership card-intangible		36,000,000	36,000,000
Long term investments		51,418,250	376,244,904
Deferred tax asset		10,177,373	487,443
Deferred cost		316,153	509,083
CURRENT ASSETS			
Short term financing		196,134,198	170,634,198
Short term placements		657,761,655	1,154,645,225
Short term investments		571,519,078	289,403,485
Advances, deposits, prepayments and other receivables		77,873,573	66,349,224
Cash and bank balances	5	74,283,752	259,708,952
		1,566,572,256	1,940,741,084
		1,668,167,762	2,357,136,477
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital		428,612,993	372,706,950
Statutory reserve		113,137,092	99,460,611
Unappropriated profit		92,112,880	130,583,692
		633,862,965	602,751,253
Surplus on revaluation of investments - net		(32,960,031)	10,711,063
NON-CURRENT LIABILITIES			
Deferred liability		3,503,414	4,001,955
CURRENT LIABILITIES			
Borrowings		655,000,000	1,252,500,000
Short term deposits		393,702,578	464,824,344
Accrued and other liabilities		15,058,836	22,347,862
		1,063,761,414	1,739,672,206
Contingencies and commitments		1,668,167,762	2,357,136,477
		1,668,167,762	2,357,136,477

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Nine Months Ended		Quarter Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
INCOME				
Return on financing and placements	93,681,174	70,057,821	26,271,385	2,527,783
Return on investments	42,287,406	38,345,147	15,545,869	13,388,867
Gain on sale of shares	35,199,076	16,941,407	4,644,678	3,714,021
Profit on deposit with banks	1,536,578	513,768	244,860	332,945
Other Income	1,046,763	310,021	849,204	5,100
	173,750,997	126,168,164	47,555,996	37,968,716
EXPENDITURE				
Return on deposits and borrowings	71,621,578	44,082,544	21,637,119	16,467,129
Operating expenses	19,817,013	17,026,617	6,522,969	6,240,670
	91,438,591	61,109,161	28,160,088	22,707,799
PROFIT BEFORE TAXATION	82,312,406	65,059,003	19,395,908	15,260,917
Provision for taxation	13,930,000	13,000,000	3,500,000	4,000,000
PROFIT AFTER TAXATION	68,382,406	52,059,003	16,043,888	11,260,917
Earnings per share - basic and diluted	1.60	1.21	0.37	0.26

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Nine months ended Sept. 30, 2006 Rupees	Nine months ended Sept. 30, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	82,312,406	65,059,003
Adjustments for non cash & other items		
Depreciation	1,056,075	650,801
Amortization of deferred cost	192,930	249,939
Return on Treasury Bills	(513,090)	-
Gain on disposal of shares	(35,199,076)	(16,941,407)
Gain on sale of fixed assets	(38,159)	-
(Gain)/loss on sale of securities	(221,770)	-
	(34,723,090)	(16,040,667)
Cash flow from operating activities before working capital changes	47,589,317	49,018,336
Decrease in financing & placements	471,383,570	(341,673,600)
(Increase) in advances, deposits & prepayments and other receivables	(2,754,032)	(8,757,097)
(Decrease) in deposits	(71,121,766)	(213,195,951)
(Decrease) in borrowings	(597,500,000)	592,136,947
(Decrease) in accrued & other liabilities	(9,186,120)	(2,685,418)
	(209,178,348)	25,824,881
Income tax paid	(11,704,930)	(12,620,940)
Gratuity paid	(498,541)	(484,820)
Dividend paid	(36,024,912)	(655,296)
	(48,228,383)	(13,761,056)
NET CASH USED IN OPERATING ACTIVITIES	(209,817,414)	61,082,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of fixed assets	(972,682)	(2,249,622)
(Purchase)/Sale of investments (shares)	41,134,997	(89,671,176)
(Purchase)/sale of securities	(15,770,100)	(7,222,344)
NET CASH FLOW FROM INVESTING ACTIVITIES	24,392,215	(99,143,142)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,425,200)	(38,060,981)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	259,708,952	65,069,926
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	74,283,752	27,008,945

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Share Capital	Statutory Reserve	Un-appropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2005	372,706,950	85,109,274	73,178,344	530,994,568
Net profit for the year	-	-	70,638,028	70,638,028
Transfer to Statutory Reserve	-	14,351,337	(14,351,337)	-
Balance as at December 31, 2005	372,706,950	99,460,611	130,583,692	602,751,253
Net profit for the period	-	-	68,382,406	68,382,406
Issuance of bonus shares 2005	55,906,043	-	(55,906,043)	-
Dividend paid for the year 2005	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory Reserve	-	13,676,481	(13,676,481)	-
Balance as at September 30, 2006	428,612,993	113,137,092	92,112,880	633,862,964

The annexed notes form an integral part of these accounts.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



NOTES TO THE ACCOUNTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

1. STATUS AND PRINCIPAL ACTIVITIES

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 Exchanges. The registered office of SIBL is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.

SIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the Companies Ordinance, 1984 and 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).

The parent has a wholly owned subsidiary namely SIBL Exchange Company (Private) Limited ("the subsidiary company"). The subsidiary company was incorporated on December 16, 2004 as a Private Limited company under the Companies Ordinance 1984. The subsidiary has commenced its operation from February 28, 2006.

The registered office of the subsidiary company is situated at 6th Floor, Madina City Mall, Abdullah Haroon Road, Karachi, whereas it has a branch at Ground Floor, Al-Rahim Tower, I.I. Chundrigar Road, Karachi.

2. STATEMENT OF COMPLIANCE

These financial statements are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the year ended December 31, 2005, except for the change in accounting policy regarding valuation of Held to Maturity Investments in accordance with the SBP'S BSD Circular # 7 of 2006 dated May 30, 2006.

4. BASIS OF CONSOLIDATION

The Consolidated financial statements include the Financial statements of the Parent Company and Subsidiary Company. The Financial Statements of subsidiary have been consolidated on a line by line basis. All intercompany balances, transactions and resulting profit/(losses) have been eliminated.

	September 30, 2006 Rupees	December 31, 2005 Rupees
5. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Reserve account	6,725,000	6,725,000
Current account	3,011,190	3,670,423
	9,736,190	10,395,423
With other Banks in		
Current account	27,335,423	18,817,907
Deposit accounts	4,204,344	230,486,771
	31,539,767	249,304,678
With other Banks in		
Foreign Currency	1,754,843	-
Cash in hand and at Vault		
Local Currency	6,483,420	8,851
Foreign Currency	24,769,532	-
	31,252,952	8,851
	74,283,752	259,708,952



6. GENERAL

- 6.1 These financial statements were authorised for issue by the Board of Directors on October 27, 2006.
- 6.2 Figures have been rounded off to the nearest rupee.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive



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

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Website : www.sibl.com.pk

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BOOK POST



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KARACHI

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Tel : (021) 2418410-13 Fax : (021) 2418414

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Karachi Office.*