

**QUARTERLY FINANCIAL STATEMENTS
(UNAUDITED)
JANUARY 2006 TO MARCH 2006**



**SECURITY INVESTMENT
BANK LIMITED**

— the money-wise bank



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	Flat # 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad. Tel : (051) 2856978-80 Fax: (051) 2856987 Telex : 54649 SIBL PK Website : www.sibl.com.pk
KARACHI OFFICE	606, 6th Floor, Unitowers, I.I. Chundrigar Road, Karachi. Tel : 2418410-13 Fax : 2418414 E-mail: sibl@cyber.net.pk



DIRECTORS' REPORT

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, 2006.

During the quarter under review, our economy continued to expand at a solid pace. Inflation declined from 9.0% to 8.5%. State Bank of Pakistan's policy measures over the last year have proved to be robust in curtailing inflation, large fiscal imbalance & widening trade deficit. The risk of high energy prices indicates that there is a clear need to continue the tight monetary policy in view of persisting pressure on core inflation.

The Bank continued its profitability trend and earned a pre-tax profit of Rs. 39.59 million as compared to Rs. 35.33 million earned in the same quarter of last year, thereby showing an increase of 12%. The major contribution towards this profitability was through capital gains which increased by more than 100% thereby covering the increased cost of deposits and borrowings.

Credit consumption capacity of the economy is expected to remain strong due to strong business sentiments, and strong bank deposit base. KSE-100 index on its peak, positive sentiments in PTCL payment, high energy prices will perform to OMCs. Banking sector widening spreads, cement sector soaring prices due to high domestic demand, privatization related news in the gas distribution companies should all add up to keep interest alive.

The continued support of our regulators and guidance of the Board of Directors encourages us to face the challenges ahead confidently.

On behalf of the Board

Khursheed K. Marker
Chairman

Karachi;
April 20, 2006



BALANCE SHEET AS AT MARCH 31, 2006

	March 31, 2006 Rupees	December 31, 2005 Rupees
NON-CURRENT ASSETS		
Tangible fixed assets	2,677,067	2,744,507
Stock exchange membership card-intangible	36,000,000	36,000,000
Long term investments	475,303,684	476,244,904
Deferred tax asset	487,443	487,443
Deferred tax cost	57,823	115,648
CURRENT ASSETS		
Short term financing	174,634,198	170,634,198
Short term placements	919,022,520	1,154,645,225
Short term investments	364,941,824	289,403,485
Advances, deposits, prepayments and other receivables	77,329,658	68,290,371
Cash and bank balances	56,499,101	257,698,952
	1,592,427,301	1,940,672,231
	2,106,953,318	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	372,706,950	372,706,950
Reserve for issuance of bonus shares	55,906,043	-
Statutory reserve	106,014,889	99,236,880
Unappropriated profit	63,624,065	129,688,766
	598,251,947	601,632,596
Surplus on revaluation of investments - net	20,245,838	10,711,063
NON-CURRENT LIABILITIES		
Deferred liability	3,799,247	4,001,955
CURRENT LIABILITIES		
Borrowings	1,007,935,412	1,252,500,000
Short term deposits	427,866,034	564,883,949
Accrued and other liabilities	48,854,840	22,535,170
	1,484,656,286	1,839,919,119
Contingencies and commitments		
	2,106,953,318	2,456,264,733

The annexed notes form an integral part of these accounts.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



PROFIT & LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED MARCH 31, 2006

	Quarter ended March 31, 2006 Rupees	Quarter ended March 31, 2005 Rupees
INCOME		
Return on financing and placements	36,566,119	32,619,816
Return on investments	12,374,457	11,302,176
Gain on sale of shares	22,237,336	10,917,386
Profit on deposit with banks	1,291,715	-
Other Income	60,202	1,444
	72,529,829	54,840,822
EXPENDITURE		
Return on deposits and borrowings	28,184,006	14,571,145
Operating expenses	4,755,777	4,939,355
	32,939,783	19,510,500
PROFIT BEFORE TAXATION	39,590,046	35,330,322
Provision for taxation	5,700,000	3,136,345
PROFIT AFTER TAXATION	33,890,046	32,193,977
Earnings per share	0.91	0.86

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2006

	Quarter ended March 31, 2006 Rupees	Quarter ended March 31, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before tax	39,590,046	35,330,322
Adjustment for non cash & other items		
Depreciation	312,052	223,146
Amortization of deferred cost	57,825	27,107
Gain on disposal of shares	(22,237,336)	(10,917,386)
	(21,867,459)	(10,667,133)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
	17,722,587	24,663,189
Decrease in financing & placements	231,622,705	358,195,045
Increase in advances, deposits & prepayments	(11,669,520)	(6,495,568)
Increase/(decrease) in deposits	(137,017,915)	78,237,756
Decrease in borrowings	(244,564,588)	(388,302,710)
Decrease in other liabilities	(10,945,479)	(1,577,458)
	(172,574,797)	40,057,065
Income tax paid	(3,069,767)	(4,611,615)
Gratuity paid	(202,708)	-
Dividend paid	(5,546)	(34,544)
	(3,278,021)	(4,646,159)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(158,130,231)	60,074,095
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	(244,612)	(1,770)
(Purchase)/Sale of investments (shares)	53,338,020	(71,580,115)
(Purchase)/Sale of Government Securities and TFC's	(96,163,028)	5,710,158
NET CASH USED IN INVESTING ACTIVITIES	(43,069,620)	(65,871,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(201,199,851)	(5,797,632)
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	56,499,101	59,272,294

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



**STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2006**

	Share Capital	Statutory Reserve	Reserve for Bonus Share	Unappropriated 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 first quarter	-	-	-	33,890,046	33,890,046
Reserve for issuance of Bonus shares	-	-	55,906,043	(55,906,043)	-
Final dividend for 2005 @ 10%	-	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory Reserve	-	6,778,009	-	(6,778,009)	-
Balance as at March 31, 2006	372,706,950	106,014,889	55,906,043	63,624,065	598,251,947

**NOTES TO THE ACCOUNTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2006**

1. LEGAL STATUS AND OPERATION

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.

2. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these quarterly financial statements are the same as those applied in the preparation of the published annual financial statements for the year ended December 31, 2005.

3. STATEMENT OF COMPLIANCE

These un-audited 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 International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.

4. Certain prior period figures have been rearranged and adjusted for the purpose of comparison, wherever necessary.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHED K. MARKER
Chairman



**SECURITY INVESTMENT BANK LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2006
(UNAUDITED)**



CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2006

	March 31, 2006 Rupees	December 31, 2005 Rupees
NON-CURRENT ASSETS		
Tangible fixed assets	3,455,728	3,153,963
Stock exchange membership card-intangible	36,000,000	36,000,000
Long term investments	375,303,684	376,244,904
Deferred tax asset	487,443	487,443
Deferred cost	423,156	509,083
CURRENT ASSETS		
Short term financing	174,634,198	170,634,198
Short term placements	919,022,520	1,154,645,225
Short term investments	389,941,824	289,403,485
Advances, deposits, prepayments and other receivables	74,864,052	66,349,224
Cash and bank balances	64,840,925	259,708,952
	1,623,303,519	1,940,741,084
	2,038,973,530	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	372,706,950	372,706,950
Reserve for issuance of bonus shares	55,906,043	-
Statutory reserve	106,244,764	99,460,611
Unappropriated profit	64,543,566	130,583,692
	599,401,323	602,751,253
Surplus on revaluation of investments - net	20,245,838	10,711,063
NON-CURRENT LIABILITIES		
Deferred liability	3,799,247	4,001,955
CURRENT LIABILITIES		
Borrowings	1,007,935,412	1,252,500,000
Short term deposits	357,607,131	464,824,344
Accrued and other liabilities	49,984,579	22,347,862
	1,415,527,122	1,739,672,206
Contingencies and commitments	2,038,973,530	2,357,136,477

The annexed notes form an integral part of these accounts.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED MARCH 31, 2006

	Quarter ended March 31, 2006 Rupees	Quarter ended March 31, 2005 Rupees
INCOME		
Return on financing and placements	36,566,119	32,619,816
Return on investments	12,586,385	11,302,176
Gain on sale of shares	22,237,336	10,917,386
Profit on deposit with banks	1,291,715	-
Other Income	77,503	1,444
	72,759,058	54,840,822
EXPENDITURE		
Return on deposits and borrowings	27,690,732	14,571,145
Operating expenses	5,447,561	4,939,355
	33,138,293	19,510,500
PROFIT BEFORE TAXATION	39,620,765	35,330,322
Provision for taxation	5,700,000	3,136,345
PROFIT AFTER TAXATION	33,920,765	32,193,977
Earnings per share	0.91	0.86

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2006

	Quarter ended March 31, 2006 Rupees	Quarter ended March 31, 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before tax	39,620,765	35,330,322
Adjustment for non cash & other items		
Depreciation	349,647	223,146
Amortization of deferred cost	85,927	27,107
Gain on disposal of shares	(22,237,336)	(10,917,386)
	(21,801,762)	(10,667,133)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
	17,819,003	24,663,189
Decrease in financing & placements	231,622,705	358,195,045
Increase in advances, deposits & prepayments	(11,074,326)	(6,495,568)
Increase/(decrease) in deposits	(107,217,213)	78,237,756
Decrease in borrowings	(244,564,588)	(388,302,710)
Decrease in other liabilities	(11,178,854)	(1,577,458)
	(142,412,276)	40,057,065
Income tax paid	(3,140,502)	(4,611,615)
Gratuity paid	(202,708)	-
Dividend paid	(5,546)	(34,544)
	(3,348,756)	(4,646,159)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(127,942,029)	60,074,095
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	(651,412)	(1,770)
(Purchase)/Sale of investments (shares)	53,338,020	(71,580,115)
(Purchase)/Sale of Government Securities and TFC's	(119,612,606)	5,710,158
NET CASH USED IN INVESTING ACTIVITIES	(66,925,998)	(65,871,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(194,868,027)	(5,797,632)
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	64,840,925	59,272,294

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2006**

	Share Capital	Statutory Reserve	Reserve for Bonus Share	Unappropriated 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	-	-	-	71,756,685	71,756,685
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 first quarter	-	-	-	33,920,765	33,920,765
Reserve for issuance of Bonus shares	-	-	55,906,043	(55,906,043)	-
Final dividend for 2005 @ 10%	-	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory Reserve	-	6,784,153	-	(6,784,153)	-
Balance as at					
March 31, 2006	372,706,950	106,244,764	55,906,043	64,543,566	599,401,323

NOTES TO THE ACCOUNTS

FOR THE FIRST QUARTER ENDED MARCH 31, 2006

1. LEGAL STATUS AND OPERATION

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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 in December 16, 2004 as a Private Limited company under the Companies 1984. The subsidiary has commenced its operation from February 28, 2006.

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

2. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these quarterly financial statements are the same as those applied in the preparation of the published annual financial statements for the year ended December 31, 2005.

3. STATEMENT OF COMPLIANCE

These un-audited 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 International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.

4. BASIS OF CONSOLIDATION

The Consolidated financial statement includes the Financial Statement of the Parent Company and Subsidiary Company. The Financial statement of the Subsidiary are included in the consolidated financial statement from the date of its incorporation. The financial statement of subsidiary have been consolidated on a line by line basis. All intercompany balances, transactions and resulting profit/(losses) have been eliminated.

5. Certain prior period figures have been rearranged and adjusted for the purpose of comparison, wherever necessary.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHED K. MARKER
Chairman

BOOK POST



ISLAMABAD

GPO Box No. 2967, Flat No. 4, 3rd Floor,
Al-Baber Centre, Main Markaz, F-8, Islamabad (Pakistan)
Phones: (051) 2856978-80
Fax : (051) 2856987 Telex : 54649 SIBL PK.

KARACHI

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

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