

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, 2004.

Pakistan's economy which is continuously improving for the last several quarters is reinforced now with the much needed industrial activities. The economy is all geared up to achieve more than the targeted 5.3 percent GDP growth with improvement in all other major indicators.

Your bank has succeeded in maintaining its profitability and posted an after-tax profit of Rs. 20.7 million in the quarter ended March 31, 2004. This is a little higher than the profit made in the first quarter of high yielding last year. The return on financing and placements and correspondingly return on deposits and borrowing has shown considerable increase, which is resulted from increased activities in short term lending. Though the profit generated out of this increased business is not manifested in the bottom line because of the absence of capital gain from government securities.

Following our policy to offer fair returns to our stakeholders, we are proposing a distribution of 15% Bonus Shares (thereby increasing the paid up capital from Rs. 324,093,000 to Rs. 372,706,950) to the shareholders appearing on company's register on May 13, 2004. This would further consolidate our capital base to enter into other venture and provide us the depth in handling the new businesses.

In the end the directors express their deepest appreciation to all our stakeholders, regulators and valued customers for showing confidence in the bank. With the support of our staff, valuable guidance from SEC and confidence of customers, we shall maintain our performance in the future.

On behalf of the Board

Khursheed K. Marker
Chairman

Karachi : April 16, 2004

Security Investment Bank Limited

PROFIT & LOSS ACCOUNT FOR THE 1st QUARTER ENDED MARCH 31, 2004

	Quarter ended March 31, 2004 Rupees	Quarter ended March 31, 2003 Rupees
INCOME		
Return on financing and placements	7,287,113	9,300,221
Return on Securities	13,917,451	15,805,619
Gain on sale of investments (shares)	15,102,318	11,013,424
Other Income	26,312	295,822
	36,333,194	36,415,086
EXPENDITURE		
Return on deposits and borrowings	8,061,633	7,198,657
Operating expenses	4,370,766	4,345,799
	12,432,399	11,544,456
PROFIT BEFORE TAXATION	23,900,795	24,870,630
Provision for taxation	3,136,345	4,856,425
	20,764,450	20,014,205
PROFIT AFTER TAXATION	20,764,450	20,014,205
Unappropriated profit brought forward	67,368,254	55,509,276
PROFIT AVAILABLE FOR APPROPRIATION	88,132,704	75,523,481
Appropriation		
Transferred to statutory reserve	4,152,890	4,002,841
Interim dividend Bonus shares 15% (2003: 15%)	48,613,950	42,273,000
	52,766,840	46,275,841
UNAPPROPRIATED PROFIT CARRIED FORWARD TO BALANCE SHEET	35,365,864	29,247,640
Earnings per share	0.64	0.71

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive

Security Investment Bank Limited

BALANCE SHEET AS AT MARCH 31, 2004

	March 31, 2004 Rupees	December 31, 2003 Rupees
ASSETS		
Tangible fixed assets	1,351,172	1,675,611
Membership Card-Intangible	36,000,000	36,000,000
Deferred cost	298,721	334,430
CURRENT ASSETS		
Short term financing	214,566,314	288,317,851
Placements	57,000,000	-
Short term investments	1,378,640,351	1,273,216,717
Advances, deposits, prepayments and other receivables	49,776,649	43,700,335
Cash and bank balances	31,607,501	96,473,094
	1,731,590,815	1,701,707,997
	1,769,240,708	1,739,718,038
SHARE CAPITAL AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised 50,000,000 ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued subscribed and paid up capital	324,093,000	324,093,000
Statutory reserve	75,656,153	71,503,263
Reserve for issuance of bonus shares	48,613,950	-
Unappropriated profit	35,365,864	67,368,254
	483,728,967	462,964,517
Surplus on revaluation of investments - net	70,232,397	53,844,704
LIABILITIES		
Deferred liabilities	22,102,117	22,102,117
CURRENT LIABILITIES		
Borrowings	832,959,686	702,500,000
Short term Deposits	345,470,869	478,187,472
Accrued and other liabilities	14,746,672	20,119,228
	1,193,177,227	1,200,806,700
Contingencies and commitments	1,769,240,708	1,739,718,038

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive

Security Investment Bank Limited

CASH FLOW STATEMENT FOR THE 1st QUARTER ENDED MARCH 31, 2004

	Quarter ended March 31, 2004 Rupees	Quarter ended March 31, 2003 Rupees
CASH FLOW S FROM OPERATING ACTIVITIES		
Operating profit before tax	23,900,795	24,870,630
Adjustment for non cash & other items		
Depreciation	324,441	469,388
Amortization of deferred cost	35,709	10,461
(Gain)/Loss on disposal of shares	(15,102,318)	(11,013,424)
(Gain)/Loss on sale of securities	-	(2,758,075)
	(14,742,168)	(13,291,650)
CASH FLOW S FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES		
	9,158,627	11,578,980
(Increase)/decrease in financing and placements	16,751,537	(13,471,540)
(Increase)/decrease in advances, deposits, prepayments	(5,556,647)	1,727,426
Increase/(decrease) in deposits	(132,716,603)	(195,583,843)
Increase/(decrease) in borrowings	130,459,686	(68,603,632)
Increase/(decrease) in other liabilities	(5,008,752)	(6,337,455)
	3,929,221	(282,269,044)
Income tax paid	(3,656,013)	(1,111,573)
Dividend paid	(363,805)	(3,790)
	(4,019,818)	(1,115,363)
NET CASH FLOWS FROM OPERATING ACTIVITIES	9,068,030	(271,805,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	-	(31,997)
(Purchase)/Sale of investments (shares)	(78,959,760)	282,656,614
(Purchase)/Sale of Government Securities and TFC's	5,026,137	(31,154,245)
NET CASH USED IN INVESTING ACTIVITIES	(73,933,623)	251,470,372
CASH FLOW S FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(64,865,593)	(20,335,055)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	96,473,094	36,012,604
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	31,607,501	15,677,549

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Chairman

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Chief Executive

Security Investment Bank Limited

STATEMENT OF CHANGES IN EQUITY FOR THE 1st QUARTER ENDED MARCH 31, 2004

	Share Capital	Statutory Reserve	Reserve for Bonus Share	Unappropriated Profit	Total
	Rupees				
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 first quarter	-	-	-	20,764,450	20,764,450
Appropriations: Statutory Reserve	-	4,152,890	-	(4,152,890)	-
Reserve for issuance of bonus shares	-	-	48,613,950	(48,613,950)	-
Balance as at March 31, 2004	324,093,000	75,656,153	48,613,950	35,365,864	483,728,967

NOTES TO THE ACCOUNTS FOR THE 1st QUARTER ENDED MARCH 31, 2004

- 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 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).
- 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, 2003.
- These financial statements are unaudited and are being submitted to the 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".
- Figures have been rounded off to the nearest rupee.
- Figures have been rearranged and adjusted for the purposes of comparison, wherever necessary.

KHURSHEED K. MARKER
Chairman

MUHAMMAD SALEEM RATHOD
Chief Executive

Security Investment Bank Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Mr. Muhammad Younus Abdul Aziz Tabba
Mr. Muhammad Sohail Younus Tabba
Mr. Muhammad Ali Tabba
Mr. Muhammad Rafiq Abdul Ghaffar Tumbi
Ms. Iffat Zehra Mankani

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Saleem Rathod

AUDIT COMMITTEE

Mr. Khursheed K. Marker
Haji Jan Muhammad
Mr. Muhammad Rafiq Abdul Ghaffar Tumbi

COMPANY SECRETARY

Farhan Ahmed

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

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