

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

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Blue Area, Islamabad.
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Security Investment Bank Limited

DIRECTORS' REPORT

The Board of Directors of Security Investment Bank Ltd. is pleased to present the un-audited financial statement for the third quarter ended September 30, 2005.

During the quarter under review, our economy maintained its growing path through the sustained policies of the present government. The stock market has somehow left behind the March crisis and now heading towards a healthier index level. This was possible only after the SECP agreed to continue the carryover transactions as continuous funding system uptill February 2006. The State Bank of Pakistan has also maintained its stance for curtailing inflation through squeezing liquidity from the market and keeping the monetary policies tight, which resulted in increasing the cost of funds.

Despite the above factors we managed to earn profit before tax of Rs. 64.67 million, showing almost the same earnings as compared to the corresponding period of last year. The total assets and liabilities increased from Rs. 1.724 million to Rs. 2.250 million due to increase in short term placements and borrowings.

We hope that the continuous support of our regulators and guidance of our Board of Directors will guide us through the future challenging educavours.

On Behalf of the Board

Khursheed K. Marker
Chairman

Karachi :
Dated :

Security Investment Bank Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2005

	September 30, 2005 Rupees	December 31, 2004 Rupees
ASSETS		
Cash and bank balances	24,998,945	65,069,926
Placements	1,163,632,245	776,105,645
Investments	672,591,523	555,803,027
Financing	184,627,892	230,480,892
Advances, deposits, prepayments and other receivables	65,073,304	55,507,174
Deferred cost	135,529	216,853
Deferred Tax Asset	899,631	3,564,858
Investment in Associated Undertaking	100,000,000	-
Stock Exchange Membership Card	36,000,000	36,000,000
Fixed Assets	2,087,924	768,547
	2,250,046,993	1,723,516,922
LIABILITIES		
Borrowings	1,318,379,521	726,242,575
Deposits	333,275,208	447,525,796
Accrued and other liabilities	11,735,215	14,569,686
Deferred Liabilities	3,233,955	3,718,775
	1,666,623,899	1,192,056,832
NET ASSETS	583,423,094	531,460,090
CURRENT LIABILITIES		
Share Capital	372,706,950	372,706,950
Statutory reserve	95,444,206	85,109,274
Unappropriated profit	114,518,073	73,178,344
	582,669,229	530,994,568
Surplus on revaluation of investments - net	753,865	465,522
Contingencies and commitments	-	-
	583,423,094	531,460,090

The annexed notes form an integral part of these accounts.

Chairman

Chief Executive

Security Investment Bank Limited

PROFIT & LOSS ACCOUNT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2005

	Nine Months Ended		Quarter Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
-----Rupees-----				
INCOME				
Return on financing and placements	70,057,821	31,499,005	20,527,783	19,838,457
Return on Investments	38,345,147	46,668,281	13,388,867	12,750,039
Gain on sale of shares	16,941,407	33,858,357	3,714,021	1,068,679
Profit on deposit with banks	513,768	278,177	332,945	278,177
Other Income	310,021	418,220	5,100	184,254
	126,168,164	112,722,040	37,968,716	34,119,606
EXPENDITURE				
Return on deposits and borrowings	45,572,434	29,108,043	17,852,307	9,562,274
Operating expenses	15,921,069	18,577,863	5,355,732	6,543,982
	61,493,503	47,685,906	23,208,039	16,106,256
PROFIT BEFORE TAXATION	64,674,661	65,036,134	14,760,677	18,013,350
Provision for taxation	13,000,000	13,662,000	4,000,000	8,000,000
PROFIT AFTER TAXATION	51,674,661	51,374,134	10,760,677	10,013,350
Unappropriated profit brought forward	73,178,344	18,754,304	105,909,531	51,842,931
PROFIT AVAILABLE FOR APPROPRIATION	124,853,005	70,128,438	116,670,208	61,856,281
Appropriations:				
Transferred to statutory reserve	10,334,932	10,274,827	2,152,135	2,002,670
	10,334,932	10,274,827	2,152,135	2,002,670
UNAPPROPRIATED PROFIT CARRIED FORWARD TO BALANCE SHEET	114,518,073	59,853,611	114,518,073	59,853,611
Earnings per share - Basic and Diluted	1.39	1.38	0.29	0.27

The annexed notes form an integral part of these accounts.

Chairman

Chief Executive

Security Investment Bank Limited

CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2005

	09 months ended Sept. 30, 2005 Rupees	09 months ended Sept. 30, 2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before tax	66,674,661	65,036,134
Adjustments for non cash & other items		
Depreciation	618,445	820,522
Amortization of deferred cost	81,324	85,350
(Gain)/Loss on disposal of fixed assets	-	(182,933)
(Gain)/Loss on disposal of shares	(16,941,407)	(46,368,426)
	(16,241,638)	(45,645,487)
Cash flows from operating activities before working capital changes	48,433,023	19,390,647
(Increase)/decrease in financing and placements	(341,673,600)	(49,663,041)
(Increase)/decrease in advances, deposits, prepayment and other receivables	(10,072,248)	3,321,366
Increase/(decrease) in deposits	(114,250,588)	43,156,687
Increase/(decrease) in borrowings	592,136,947	(181,602,815)
Increase/(decrease) in accrued other liabilities	(2,179,175)	(11,134,588)
	123,961,336	(195,922,391)
Income tax paid	(12,493,882)	(29,802,474)
Gratuity paid	(484,820)	(348,333)
Dividend paid	(655,296)	(484,988)
	(13,633,998)	(30,635,795)
Net cash used in operating activities	158,760,361	(207,167,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets	(1,937,822)	145,764
(Purchase)/Sale of investments (shares)	(89,671,176)	(97,465,169)
(Purchase)/Sale of Securities	(107,222,344)	265,352,548
Net cash flow from investing activities	(198,831,342)	168,033,143
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	(40,070,981)	(39,134,396)
Cash and cash equivalents at the beginning of the period	65,069,926	96,473,094
Cash and cash equivalents at the end of the period	24,998,945	57,338,698

Chairman

Chief Executive

Security Investment Bank Limited

STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2005

	Share Capital	Statutory Reserve	Unappropriated Profit	Total
	R u p e e s			
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
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	372,706,950	85,109,274	73,178,344	530,994,568
Net profit for the period	-	-	51,674,661	51,674,661
Appropriations: Statutory reserve	-	10,334,932	(10,334,932)	-
Balance as at September 30, 2005	372,706,950	95,444,206	114,518,073	582,669,229

NOTES TO THE ACCOUNTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2005

1. 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.
2. 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 reduced by Rs. 44,618,774/=.
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. Certain prior period figures have been rearranged and adjusted for the purposes of comparison, wherever necessary.

Chairman

Chief Executive

BOOK POST



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