



# SECURITY INVESTMENT BANK LIMITED



Half Yearly Report

# 2009

THE MONEY WISE BANK



## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Khursheed K. Marker (Chairman) Haji Jan Muhammad Mr. Muhammad Mehboob Mr. Muhammad Younus Abdul Aziz Tabba Mr. Shaikh Asim Rafique (NIT Nominee) Mr. Shaikh Abdullah Mr. Muhammad Saleem Rathod
<b>PRESIDENT &amp; CEO</b>	Mr. Muhammad Saleem Rathod
<b>AUDIT COMMITTEE</b>	Mr. Khursheed K. Marker (Chairman) Haji Jan Muhammad (Member) Mr. Shaikh Abdullah (Member)
<b>COMPANY SECRETARY</b>	Mr. Muhammad Shahzad
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Amin Khatri
<b>AUDITORS</b>	Avais Hyder Liaquat Nauman Chartered Accountants
<b>TAX ADVISORS</b>	Anjum Asim Shahid Rahman Chartered Accountants
<b>LEGAL ADVISORS</b>	Bawaney & Partners Mr. Muhammad Tariq Qureshi
<b>SHARE REGISTRAR</b>	M/s. C & K Management Associate (Pvt) Limited. 404, Trade Tower, Near Hotel Metropole, Karachi.
<b>BANKERS</b>	Habib Metropolitan Bank Limited. Al-Baraka Islamic Bank B.S.C. (E.C.) MCB Bank Limited. The Bank of Khyber.
<b>REGISTERED OFFICE</b>	Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad. Tel : (051) 2856978-80 Fax: (051) 2856987 Website : www.sibl.com.pk
<b>KARACHI OFFICE</b>	606, 6th Floor, Unitowers, I.I. Chundrigar Road, Karachi. Tel : (021) 32418410-13 Fax : (021) 32418414 Email: sibl@sibl.com.pk

Report for Half Year Ended June 30, 2009



## **DIRECTORS' REPORT**

The Directors of Security Investment Bank Limited (SIBL) are pleased to present the financial statements of SIBL duly reviewed by the auditors for the half year ended 30 June 2009.

The earnings and growth of the banking sector during the period under review has been negatively impacted by the current economic and political situation in the country. The capital market also remained under pressure due to non availability of leverage product. Availability of credit from Commercial Banks to NBFCs was highly restricted due to which NBFCs remained inactive.

During the period under review, the profit of the company was affected primarily due to low level of business activities and high cost of funds. The company incurred a small operating loss of Rs. 10.989 million.

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 150(I)/2009 dated 13 February 2009 allowed special accounting treatment, so that the fair financial performance of companies is reflected. This treatment allowed an entity that impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investments held as "Available for Sale", in terms of IAS-39, to quoted market prices of 31 December 2008 to be shown under the "Equity" and Para (ii) of the SRO requires that the impairment loss so recognized as on 31 December 2008 including any adjustment / effect for price movements during the quarter of calendar year 2009 shall be taken to Profit and Loss Account on quarterly basis during the calendar year ending on 31 December 2009. In compliance thereof Rs. 90.733 million is taken to Profit and Loss Account including the adjustment for price movement during the half year ended 30 June 2009.

The premier rating agency JCR-VIS Credit Rating Company Limited has reaffirmed the medium to long term entity rating at A (Single A) and short term rating at A-2 (A-Two) with stable outlook. The rating denotes the adequate liquidity position of the bank and sound asset quality.

The tight monetary policy followed by the SBP has yielded results. The SBP is considering reduction in discount rate, which will reduce cost of funds and increase in economic activities in the country. With the introduction of leverage product in the Capital Market it is expected that there will be an increase in the activities and volume.

We thank all of our shareholders who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, State Bank of Pakistan. The Karachi Stock Exchange and other regulators.

On behalf of the Board

**Khursheed K. Marker**  
Chairman



Karachi;  
20 August, 2009

**INDEPENDENT REPORT ON REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS  
TO THE MEMBERS OF SECURITY INVESTMENT BANK LIMITED**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Security Investment Bank Limited ("the Company") as at 30th June 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30th June 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30th June 2009.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended 30th June 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Avais Hyder Liaquat Nauman  
Chartered Accountants

Karachi :  
August 20, 2009

**Report for Half Year Ended June 30, 2009**



CONDENSED INTERIM BALANCE SHEET  
AS AT 30 JUNE 2009

Note	Reviewed 30 June, 2009 Rupees	Audited 31 December, 2008 Rupees
<b>NON-CURRENT ASSETS</b>		
Tangible fixed assets	4,524,482	4,918,947
Stock exchange membership card-intangible	36,000,000	36,000,000
Long term investments	151,213,760	151,220,356
Deferred tax asset	18,078,609	40,172,105
<b>CURRENT ASSETS</b>		
Short term financing	1,300,000	103,802,561
Short term placements	-	2,102,017
Short term investments	552,867,302	456,767,965
Advances, deposits, prepayments and other receivables	85,078,565	110,307,278
Cash and bank balances	30,497,182	26,254,850
	<b>681,443,049</b>	<b>699,234,671</b>
	<b>891,259,900</b>	<b>931,546,079</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised Capital 100,000,000 (2008: 100,000,000) ordinary shares of Rs. 10/- each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
Issued, subscribed and paid up capital	514,335,583	514,335,583
Reserve	64,487,708	166,370,021
	<b>578,823,291</b>	<b>680,705,604</b>
(Deficit) on revaluation of investments - net	(183,375,567)	(376,279,234)
<b>NON-CURRENT LIABILITIES</b>		
Deferred liability-gratuity	6,286,285	6,286,285
<b>CURRENT LIABILITIES</b>		
Borrowings	353,870,061	376,426,849
Short term deposits	119,849,517	220,393,248
Accrued and other liabilities	15,806,313	24,013,327
	<b>489,525,891</b>	<b>620,833,424</b>
Contingencies and commitments	-	-
	<b>891,259,900</b>	<b>931,546,079</b>

The annexed notes 1-16 form an integral part of these condensed interim financial statements.



MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED 30 JUNE, 2009

	Six Months Ended		Quarter Ended	
	Reviewed		Unaudited	
	June 30, 2009 Rupees	June 30, 2008 Rupees	June 30, 2009 Rupees	June 30, 2008 Rupees
<b>INCOME</b>				
Income on financing and placements	1,075,473	84,280,349	80,925	42,984,772
Return on investments	30,057,443	32,385,906	12,906,482	15,464,692
Gain on sale of shares	2,612,710	23,577,450	2,214,972	11,028,048
Profit on deposit with banks	659,472	1,497,053	638,811	213,516
Other Income	305,104	503,721	211,970	274,277
	<b>34,710,202</b>	<b>142,244,479</b>	<b>16,053,160</b>	<b>69,965,305</b>
<b>EXPENDITURE</b>				
Return on deposits and borrowings	33,095,315	86,519,443	15,736,361	45,263,195
Operating expenses	12,604,255	16,821,593	7,092,060	9,831,941
	<b>45,699,570</b>	<b>103,341,036</b>	<b>22,828,421</b>	<b>55,095,136</b>
Operating(Loss)/Profit	<b>(10,989,368)</b>	<b>38,903,443</b>	<b>(6,775,261)</b>	<b>14,870,169</b>
<b>Impairment under SECP's SRO 150(1)/2009</b>				
Impairment against investments available for sale	(150,278,732)	-	(75,139,366)	-
Adjustment for price movement during the current period	59,545,668	-	7,459,396	-
	<b>(90,733,064)</b>	<b>-</b>	<b>(67,679,970)</b>	<b>-</b>
(Loss)/profit before taxation	<b>(101,722,432)</b>	<b>38,903,443</b>	<b>(74,455,231)</b>	<b>14,870,169</b>
Taxation				
Current	-	(5,000,000)	-	(1,000,000)
Deferred	(159,881)	-	(159,881)	-
	<b>(159,881)</b>	<b>(5,000,000)</b>	<b>(159,881)</b>	<b>(1,000,000)</b>
<b>NET (LOSS)/PROFIT AFTER TAX</b>	<b>(101,882,313)</b>	<b>33,903,443</b>	<b>(74,615,112)</b>	<b>13,870,169</b>
Loss/Earnings per share - Basic and diluted	<b>(1.98)</b>	<b>0.66</b>	<b>(1.45)</b>	<b>0.27</b>

The annexed notes 1-16 form an integral part of these condensed interim financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



Report for Half Year Ended June 30, 2009

CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE, 2009

	Note	Reviewed 30 June, 2009 Rupees	Reviewed 30 June, 2008 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>			
	13	(13,128,513)	16,088,300
<b>(Decrease)/Increase in operating assets</b>			
(Decrease) in financing and placements		92,904,578	998,670,334
Decrease/(Increase) in advances, deposits, prepayment and other receivables		27,776,349	(1,346,167)
		<b>120,680,927</b>	997,324,167
<b>(Decrease) in operating liabilities</b>			
(Decrease) in deposits		(100,543,731)	(199,542,298)
(Decrease) in borrowings		(22,556,788)	(795,000,000)
(Decrease) in accrued and other liabilities		(7,848,224)	(16,628,659)
		<b>(130,948,743)</b>	(1,011,170,957)
Net change in operating assets and liabilities		<b>(10,267,816)</b>	(13,846,790)
Income tax paid		(2,071,580)	(11,476,149)
Dividend paid		(358,790)	(2,322,909)
		<b>(2,430,370)</b>	(13,799,058)
<b>NET CASH (USED) IN OPERATING ACTIVITIES</b>		<b>(25,826,699)</b>	(11,557,548)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Purchase) fixed assets		(80,700)	(634,811)
Sale proceed from fixed assets		1,600	1,800
Sale/(purchase) of investments (shares)-net		2,612,710	(128,066,990)
Sale of securities		27,535,421	65,702,104
<b>Net cash used in investing activities</b>		<b>30,069,031</b>	(62,997,897)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,242,332</b>	(74,555,445)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>26,254,850</b>	102,460,234
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>30,497,182</b>	27,904,789

The annexed notes 1-16 form an integral part of these condensed interim financial statements.



MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHED K. MARKER  
Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE, 2009**

	Share Capital	Statutory Reserve	Unappropriated Profit	Total
	-----Rupees-----			
<b>Balance as at January 01, 2008</b>	428,612,993	134,326,261	91,146,952	654,086,206
Net profit upto 30 June, 2008	-	-	33,903,443	33,903,443
Issue of bonus shares	85,722,590	-	(85,722,590)	-
Transfer to Statutory reserve	-	6,780,689	(6,780,689)	-
<b>Balance as at 30 June, 2008</b>	<b>514,335,583</b>	<b>141,106,950</b>	<b>32,547,116</b>	<b>687,989,649</b>
Net loss July to December, 2008	-	-	(7,284,045)	(7,284,045)
Transferred to statutory reserve	-	(1,456,809)	1,456,809	-
<b>Balance as at 31 December, 2008</b>	<b>514,335,583</b>	<b>139,650,141</b>	<b>26,719,880</b>	<b>680,705,604</b>
Net loss for the period	-	-	(101,882,313)	(101,882,313)
<b>Balance as at 30 June, 2009</b>	<b>514,335,583</b>	<b>139,650,141</b>	<b>(75,162,433)</b>	<b>578,823,291</b>

The annexed notes 1-16 form an integral part of these condensed interim financial statements.

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE, 2009**

**1. STATUS AND PRINCIPAL ACTIVITIES**

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on May 23rd, 1991 and started its commercial operation on 31 December 1991. 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) as amended through SRO 12031(I)/2008 dated 21 November 2008 and Non-Banking Finance Companies and Notified Entities Regulations 2008. (previously this was covered under SRO 585(1)/87 dated 13 July 1987, issued by the Ministry of Finance Government of Pakistan.

JCR - VIS Credit Rating Company Limited has reaffirmed medium to long-term rating of SIBL at 'A' ( Single A ) with stable outlook and reaffirmed the short-term rating at 'A-2' ( A Two ).

**2. BASIS OF PRESENTATION**

These condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34- Interim Financial Reporting" as applicable in Pakistan and are unaudited. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2008. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchanges.

**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, 2008.

**4. ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2008.





# Report for Half Year Ended June 30, 2009

	Reviewed 30 June 2009 Rupees	Audited 31 December 2008 Rupees
<b>5. OPERATING ASSETS</b>		
Cost		
As at January 01, 2009	18,023,110	17,419,800
Addition	80,700	603,310
As at June 30, 2009	18,103,810	18,023,110
Less: accumulated depreciation		
As at January 01, 2009	13,104,163	11,672,485
For the half year	475,165	1,431,678
As at June 30, 2009	13,579,328	13,104,163
	<u>4,524,482</u>	<u>4,918,947</u>
<b>6. LONG TERM INVESTMENTS</b>		
Held to maturity		
Pakistan Investment Bonds	51,213,760	51,220,356
Investment in associated undertaking		
SIBL Exchange Company (Private) Limited	100,000,000	100,000,000
	<u>151,213,760</u>	<u>151,220,356</u>
<b>7. SHORT TERM PLACEMENT</b>		
Under reverse repurchase agreements of quoted shares - secured		
	-	2,102,017
	<u>-</u>	<u>2,102,017</u>
<b>8. SHORT TERM INVESTMENTS</b>		
Available-for-sale		
Pakistan Investment Bonds	359,427,000	298,465,650
Term Finance Certificates	11,233,046	36,840,143
Quoted Shares	182,207,256	121,462,172
	<u>552,867,302</u>	<u>456,767,965</u>
<b>9. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in Current account		
	56,020	2,158,515
	56,020	2,158,515
With other Banks in		
Current account	2,182,177	3,534,710
Deposit accounts	28,247,842	20,556,472
	30,430,019	24,091,182
Cash in hand	11,143	5,153
	<u>30,497,182</u>	<u>26,254,850</u>
<b>10. (DEFICIT) ON REVALUATION OF INVESTMENTS</b>		
Government securities	(50,107,513)	(112,774,985)
Term Finance Certificates	(526,954)	(2,418,032)
	<u>(50,634,467)</u>	<u>(115,193,017)</u>
Related deferred tax asset	17,537,630	39,471,245
	<u>(33,096,837)</u>	<u>(75,721,772)</u>
Quoted shares	(150,278,730)	(300,557,462)
	<u>(183,375,567)</u>	<u>(376,279,234)</u>
<b>11. BORROWINGS</b>		
Secured under repurchase agreements against Government Securities		
	345,000,000	367,000,000
Unsecured from Financial Institutions	8,870,061	9,426,849
	<u>353,870,061</u>	<u>376,426,849</u>



	Reviewed 30 June 2009 Rupees	Audited 31 December 2008 Rupees
<b>12. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
Guarantees issued on behalf of customers	<u>73,027,313</u>	<u>22,775,324</u>
<b>Commitments</b>		
There were no commitments at the balance sheet date.		

	Reviewed 30 June 2009 Rupees	Reviewed 30 June 2008 Rupees
<b>13. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit before taxation	(101,722,432)	38,903,443
Adjustments for non cash and other items		
Depreciation	475,165	764,107
Gain on disposal of shares	(2,612,710)	(23,577,450)
Impairment loss	90,733,064	-
Gain on disposal of fixed assets	(1,600)	(1,800)
	<u>88,593,919</u>	<u>(22,815,143)</u>
	<u>(13,128,513)</u>	<u>16,088,300</u>

**14. TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major share holder and their close family members, key management personnel and retirement benefit funds. The company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the year, other than Director's remuneration, are as follows;

	Reviewed 30 June 2009 Rupees	Reviewed 30 June 2008 Rupees
<b>Financing</b>		
- Associated undertaking	10,600,000	202,295,857
- Others	-	155,470,641
<b>Return on financing</b>		
- Associated undertaking	737,779	11,270,889
- Others	-	7,099,997
<b>Non funded guarantee</b>		
- Associated undertaking	73,027,313	21,589,400
<b>Deposits</b>		
- Associated undertaking	83,664,282	163,894,325
- Others	18,198,776	128,845,853
<b>Return on deposits</b>		
- Associated undertaking	3,320,266	5,749,762
- Others	696,206	4,076,237
Contribution to staff retirement benefit plan	397,361	496,090

**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue by the Board of Directors on 20 August, 2009.

**16. GENERAL**

Figures have been rounded off to the nearest rupee.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



**Report for Half Year Ended June 30, 2009**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE, 2009**



**INDEPENDENT REPORT ON REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
TO THE MEMBERS OF SECURITY INVESTMENT BANK LIMITED**

**Introduction**

We have reviewed the accompanying condensed consolidated interim balance sheet of Security Investment Bank Limited ("the Company") as at 30th June 2009 and the related condensed consolidated interim profit and loss account, condensed consolidated interim cash flow statement and condensed consolidated interim statement of changes in equity for the half year then ended (condensed consolidated interim financial information). Management of holding company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. The reported figures of the condensed consolidated interim profit and loss account for the quarter ended 30th June 2009 and comparative figures of quarter ended June 30, 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30th June 2009.

The financial statements of the subsidiary company for the year ended June 30, 2009 have been audited by another auditor whose report has been furnished to us and our review, in so far as it relates to the amounts included for such company (extracted from these audited financial statements), is based solely on the report of such other auditor.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the half year ended 30th June 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Avais Hyder Liaquat Nauman  
Chartered Accountants

Karachi :  
August 20, 2009



**Report for Half Year Ended June 30, 2009**

CONDENSED CONSOLIDATED INTERIM  
BALANCE SHEET  
AS AT JUNE 30, 2009

	Note	Reviewed 30 June, 2009 Rupees	Audited 31 December, 2008 Rupees
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets		5,590,066	6,155,313
Intangible Assets		36,169,168	36,204,168
Long term investments	6	51,213,760	51,220,356
Deferred tax asset		18,078,609	40,172,105
Deferred cost		-	56,205
<b>CURRENT ASSETS</b>			
Short term financing		13,000,000	103,802,561
Short term placements		-	2,102,017
Short term investments		577,867,302	481,767,965
Advances, deposits, prepayments and other receivables		85,786,808	109,641,234
Cash and bank balances	7	31,571,242	28,845,277
		<b>708,225,352</b>	<b>726,159,054</b>
		<b>819,276,955</b>	<b>859,967,201</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital			
100,000,000 ordinary shares of Rs. 10/- each		<b>1,000,000,000</b>	<b>1,000,000,000</b>
Issued, subscribed and paid up capital		514,335,583	514,335,583
Reserve		73,708,368	173,941,226
		<b>588,043,951</b>	<b>688,276,809</b>
Deficit on revaluation of investments - net		<b>(183,375,567)</b>	<b>(376,279,234)</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability - gratuity		6,286,285	6,286,285
<b>CURRENT LIABILITIES</b>			
Borrowings		353,870,061	376,426,849
Short term deposits		38,004,907	140,916,784
Accrued and other liabilities		16,447,318	24,339,708
		<b>408,322,286</b>	<b>541,683,341</b>
Contingencies and commitments	8	<b>819,276,955</b>	<b>859,967,201</b>

The annexed notes 1-10 form an integral part of these consolidated financial statements.



MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHED K. MARKER  
Chairman

**CONDENSED CONSOLIDATED INTERIM  
PROFIT & LOSS ACCOUNT  
FOR THE SIX MONTHS ENDED 30 JUNE, 2009**

	Six Months Ended		Quarter Ended	
	Reviewed		Un-audited	
	June 30, 2009 Rupees	June 30, 2008 Rupees	June 30, 2009 Rupees	June 30, 2008 Rupees
<b>INCOME</b>				
Income on financing and placements	1,075,473	84,280,349	80,925	42,984,772
Return on investments	31,438,639	33,371,505	13,581,805	15,957,295
Gain on sale of shares	2,612,710	23,577,450	2,214,972	11,028,048
Profit on deposit with banks	659,472	1,497,053	638,811	213,516
Other Income	405,622	1,039,383	258,482	568,222
	<b>36,191,916</b>	<b>143,765,740</b>	<b>16,774,995</b>	<b>70,751,853</b>
<b>EXPENDITURE</b>				
Return on deposits and borrowings	29,896,756	84,153,017	14,114,203	44,289,554
Operating expenses	14,660,408	18,658,426	8,213,196	10,809,125
	<b>44,557,164</b>	<b>102,811,443</b>	<b>22,327,399</b>	<b>55,098,679</b>
Operating(Loss)/Profit	<b>(8,365,248)</b>	<b>40,954,297</b>	<b>(5,552,404)</b>	<b>15,653,174</b>
<b>Impairment under SECP's SRO 150(1)/2009</b>				
Impairment against investments available for sale	(150,278,732)	-	(75,139,366)	-
Adjustment for price movement during the current period	59,545,668	-	7,459,396	-
	<b>(90,733,064)</b>	<b>-</b>	<b>(67,679,970)</b>	<b>-</b>
(Loss)/profit before taxation	<b>(99,098,312)</b>	<b>40,954,297</b>	<b>(73,232,374)</b>	<b>15,653,174</b>
Taxation				
Current	(974,665)	(5,765,054)	(484,223)	(1,321,307)
Deferred	(159,881)	-	(159,881)	-
	<b>(1,134,546)</b>	<b>(5,765,054)</b>	<b>(644,104)</b>	<b>(1,321,307)</b>
<b>NET LOSS/PROFIT AFTER TAX</b>	<b>(100,232,858)</b>	<b>35,189,243</b>	<b>(73,876,478)</b>	<b>14,331,867</b>
Earnings per share - Basic and diluted	<b>(1.95)</b>	<b>0.68</b>	<b>(1.44)</b>	<b>0.28</b>

The annexed note 1-10 form an integral part of these consolidated financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**KHURSHEED K. MARKER**  
Chairman



**Report for Half Year Ended June 30, 2009**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE, 2009

	<b>Reviewed 30 June, 2009 Rupees</b>	Reviewed 30 June, 2008 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss before taxation	(99,098,312)	40,954,297
<b>Adjustment for non cash &amp; other items</b>		
Depreciation	645,947	928,928
Amortization of software and deferred cost	91,205	91,210
Gain on disposal of shares	(2,612,710)	(23,577,450)
Gain on disposal of fixed assets	-	(1,800)
Impairment loss	90,33,064	-
	<b>88,857,506</b>	<b>(22,559,112)</b>
<b>Cash flows from operating activities before working capital changes</b>	<b>(10,240,806)</b>	<b>18,395,185</b>
<b>(Decrease)/Increase in operating assets</b>		
Decrease in financing and placements	92,904,578	998,670,334
Decrease/(Increase) in advances, deposits, prepayment and other receivables	26,428,312	(3,698,575)
	<b>119,332,890</b>	<b>994,971,759</b>
<b>(Decrease) in operating liabilities</b>		
(Decrease) in deposits	(102,911,877)	(199,542,298)
(Decrease) in borrowings	(22,556,788)	(795,000,000)
(Decrease) in accrued and other liabilities	(7,533,600)	(14,820,373)
	<b>(133,002,265)</b>	<b>(1,009,362,671)</b>
Net change in operating assets and liabilities	<b>(13,669,375)</b>	<b>(14,390,912)</b>
Income tax paid	(3,142,745)	(12,795,783)
Dividend paid	(358,790)	(2,322,909)
	<b>(3,501,535)</b>	<b>(15,118,692)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(27,411,716)</b>	<b>(11,114,419)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of fixed assets	(140,299)	(634,811)
Sale proceeds from fixed assets	-	1,800
Sale/(Purchase) of investments (shares)-net	2,612,709	(128,066,990)
Sale of securities	27,665,271	66,153,877
<b>Net cash used in investing activities</b>	<b>30,137,681</b>	<b>(62,546,124)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,725,965</b>	<b>(73,660,543)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>28,845,277</b>	<b>110,406,415</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>31,571,242</b>	<b>36,745,872</b>

The annexed note 1-10 form an integral part of these consolidated financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



CONDENSED CONSOLIDATED INTERIM  
STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE, 2009

	Share Capital	Statutory Reserve	Unappropriated Profit	Total
	-----Rupees-----			
<b>Balance as at January 01, 2008</b>	428,612,993	134,326,261	95,497,653	658,436,907
Net profit upto 30 June, 2008	-	-	35,189,243	35,189,243
Issue of bonus shares	85,722,590	-	(85,722,590)	-
Transfer to Statutory reserve	-	6,780,689	(6,780,689)	-
<b>Balance as at 30 June, 2008</b>	<b>514,335,583</b>	<b>141,106,950</b>	<b>38,183,617</b>	<b>693,626,150</b>
Net loss July to December, 2008	-	-	(5,349,341)	(5,349,341)
Transferred to statutory reserve	-	10,713,997	(10,713,997)	-
<b>Balance as at 31 December, 2008</b>	<b>514,335,583</b>	<b>151,820,947</b>	<b>22,120,279</b>	<b>688,276,809</b>
Net loss for the period	-	-	(100,232,858)	(100,232,858)
<b>Balance as at 30 June, 2009</b>	<b>514,335,583</b>	<b>151,820,947</b>	<b>(78,112,579)</b>	<b>588,043,951</b>

The annexed note 1-10 form an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED INTERIM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE, 2009**

**1. STATUS AND PRINCIPAL ACTIVITIES**

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on May 23rd, 1991 and started its commercial operation on 31 December 1991. 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) as amended through SRO 12031(I)/2008 dated 21 November 2008 and Non-Banking Finance Companies and Notified Entities Regulations 2008. (previously this was covered under SRO 585(1)/87 dated 13 July 1987, issued by the Ministry of Finance, Government of Pakistan).

JCR - VIS Credit Rating Company Limited has reaffirmed medium to long-term rating of SIBL at 'A' ( Single A ) with stable outlook and the short-term rating at 'A-2' ( A Two ).

**2. BASIS OF PRESENTATION**

These condensed consolidated interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34-Interim Financial Reporting" as applicable in Pakistan and are unaudited but subject to limited scope review performed by the external auditors of the company in accordance with the requirements of the clause (xxi) of the Code of Corporate Governance. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2008. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

**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, 2008.





**4. ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2008.

**5. BASIS OF CONSOLIDATION**

The Consolidated financial statements include the Financial Statements of Parent Company (Security Investment Bank Limited) and a wholly owned Subsidiary Company (SIBL Exchange Company (Private) Limited). The Financial Statements of Subsidiary have been consolidated on a line by line basis. All intercompany balance, transactions and resulting profit/(losses) have been eliminated.

	Reviewed 30 June 2009	Audited 31 December 2008
<b>6. LONG TERM INVESTMENTS</b>		
Held to maturity		
Pakistan Investment Bonds	<u>51,213,760</u>	<u>51,220,356</u>
<b>7. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in		
Current account	<u>617,945</u>	<u>2,297,690</u>
	617,945	2,297,690
With other Banks in		
Current account	<u>2,470,743</u>	<u>4,302,109</u>
Deposit accounts	<u>28,247,842</u>	<u>20,556,472</u>
	30,718,585	24,858,581
Cash in hand	<u>234,712</u>	<u>1,689,006</u>
	<u>31,571,242</u>	<u>28,845,277</u>
<b>8. CONTINGENCIES</b>		
Guarantees issued on behalf of customers	<u>73,027,313</u>	<u>22,775,324</u>
<b>9. DATE OF AUTHORISATION</b>		
These financial statements were authorised for issue by the Board of Directors on 20 August, 2009.		
<b>10. GENERAL</b>		
Figures have been rounded off to the nearest rupee.		



**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**KHURSHEED 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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