



SECURITY INVESTMENT BANK LIMITED



Half Yearly Report
2010

THE MONEY WISE BANK



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Mr. Muhammad Mehboob
Mr. Muhammad Younus Abdul Aziz Tabba
Mr. Sheikh Asim Rafiq (NIT Nominee)
Mr. Shaikh Abdullah
Mr. Muhammad Saleem Rathod

PRESIDENT & CEO

Mr. Muhammad Saleem Rathod

AUDIT COMMITTEE

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad (Member)
Mr. Shaikh Abdullah (Member)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

COMPANY SECRETARY

Mr. Muhammad Shahzad

AUDITORS

Avais Hyder Liaquat Nauman
Chartered Accountants

TAX ADVISORS

Anjum Asim Shahid Rahman
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners
Mr. Muhammad Tariq Qureshi

SHARE REGISTRAR

M/s. C & K Management Associates (Pvt) Limited.
404, Trade Tower, Near Hotel Metropole,
Karachi.

BANKERS

Habib Metropolitan Bank Limited.
Al-Baraka Islamic Bank B.S.C. (E.C.)
MCB Bank Limited.

REGISTERED OFFICE

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

KARACHI OFFICE

606, 6th Floor, Unitowers,
I.I. Chundrigar Road, Karachi.
Tel : (021) 32418410-13 Fax : (021) 32418414
Email: sibl@sibl.com.pk



DIRECTORS' REPORT TO THE SHAREHOLDERS

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 30th June 2010.

Decline in real investment and worsening law and order conditions affected economy's ability of our country to meet prevailing aggregate demand. Increasing current expenditures, government borrowings from the State Bank of Pakistan ("SBP") raised inflation that caused upward revision of the SBP's Policy Rate from 12.5% to 13%.

During the current period, our company was also affected due to sluggish economic conditions. However, we controlled our operating expenses, which resulted in operating loss after tax of Rs.5.100 million as compared to operating loss of Rs.10.989 million during the same period of last year. Cost of deposits and borrowings reduced by 14.12% to Rs. 28.423 million from Rs. 33.095 million compared to the same period of last year. Total income increased by 9.7% to Rs.38.086 million from Rs. 34.710 when compared to the same period of last year.

As at the end of the current period, the temporary deficit in revaluation of shares was 16.269 million which reduced to Rs. 11.111 million as of 6th August 2010, even after realisation of gain upto Rs. 9.626 million on disposal of few scripts.

The premier rating agency JCR-VIS Credit Rating Company Limited has reaffirmed rating of our company and there is no change in our rating i.e. medium to long term rating at A (Single A) and short-term rating at A-2 (A-Two).

We expect profit in the second half of our company's current year as we are realising gains and releasing our funds from investment in shares, which will help in reduction of our borrowings. These funds will be invested in more attractive investment avenues keeping in view the scenario of business conditions of our country.

We thank all of our stakeholders for their continuing confidence and patronage. We also offer our sincere gratitude to the SECP, Stock Exchanges and other regulators for their guidance, support and cooperation. We acknowledge and appreciate the hard work put in by the staff for achieving these results.

On behalf of the Board
Khursheed K. Marker
(Chairman)

Karachi
23 August 2010

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 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period 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 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30th June 2010.

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 Standards 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.

This condensed interim financial report of the company for the six months period ended 30th June 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and provisions of the directives issued under Companies Ordinance, 1984. In case where requirements differ the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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 2010 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

Dated: 23 August 2010

Engagement Partner: Adnan Zaman



CONDENSED INTERIM BALANCE SHEET

As at 30 June 2010

	Note	Reviewed 30 June 2010 Rupees	Audited 31 December 2009 Rupees
NON-CURRENT ASSETS			
Property, Plant and equipment	5	3,159,316	3,630,213
Stock exchange membership card - Intangible		36,000,000	36,000,000
Long term Investments	6	151,101,628	151,141,204
Deferred tax asset		31,316,904	30,531,856
CURRENT ASSETS			
Short term financing		27,991,265	18,600,000
Short term Investments	7	579,879,912	606,902,164
Loans and advances		72,776,771	69,997,072
Deposits and prepayments		6,592,715	5,661,368
Accrued interest		15,117,611	8,917,551
Cash and bank balances	8	17,125,379	28,116,634
		719,483,653	738,194,789
		<u>936,061,501</u>	<u>959,498,062</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
100,000,000 (2009: 100,000,000)			
ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Share Capital		514,335,583	514,335,583
Reserves		(81,353,060)	(63,656,485)
		432,982,523	450,679,098
NON-CURRENT LIABILITIES			
Deferred liability-gratuity		7,850,830	7,938,830
CURRENT LIABILITIES			
Borrowings	10	375,217,260	368,068,067
Short term deposits		109,750,783	117,271,614
Accrued and other liabilities		15,260,105	15,540,453
		500,228,148	500,880,134
Contingencies	11	-	-
		<u>941,061,501</u>	<u>959,498,062</u>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE

CHAIRMAN

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT

For the Half Year ended 30 June 2010

	Six Months Ended		Quarter Ended	
	Reviewed		Unaudited	
	June 30 2010	June 30 2009	June 30 2010	June 30 2009
	Rupees		Rupees	
INCOME				
Income on financing and placements	3,013,906	1,075,473	1,867,191	80,925
Return on Investments	29,158,974	30,057,443	12,863,838	12,906,482
Gain on sale of shares	5,062,559	2,612,710	3,256,537	2,214,972
Profit on deposit with banks	398,885	659,472	398,885	638,811
Other income	451,436	305,104	276,350	211,970
	38,085,760	34,710,202	18,662,801	16,053,160
EXPENDITURE				
Return on deposits and borrowings	28,423,053	33,095,315	14,325,645	15,736,361
Operating expenses	14,762,746	12,604,255	9,076,750	7,092,060
	43,185,799	45,699,570	23,402,395	22,828,421
Operating (Loss)	(5,100,039)	(10,989,368)	(4,739,594)	(6,775,261)
Impairment under SECP's SRO 150(1)/2009 of 13-Feb-2009				
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
	-	(90,733,064)	-	(67,679,970)
(Loss) / Profit before taxation	(5,100,039)	(101,722,432)	(4,739,594)	(74,455,231)
Taxation				
Current	(21,329)	-	(9,617)	-
Deferred	1,707,304	(159,881)	1,220,803	(159,881)
	1,685,975	(159,881)	1,211,186	(159,881)
NET (LOSS) AFTER TAXATION	(3,414,064)	(101,882,313)	(3,528,408)	(74,615,112)
(LOSS) PER SHARE-BASIC AND DILUTED	(0.07)	(1.98)	(0.07)	(1.45)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN



Report for Half Year Ended June 30, 2010



Report for Half Year Ended June 30, 2010

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Half Year ended 30 June 2010

	Six Months Ended		Quarter Ended	
	Reviewed		Unaudited	
	June 30 2010	June 30 2009	June 30 2010	June 30 2009
	Rupees		Rupees	
(Loss) after taxation	(3,414,064)	(101,882,313)	(5,090,219)	(74,615,112)
Other comprehensive income				
(Loss)/Gain on available for sale investment	(13,360,255)	64,558,550	(22,203,669)	21,294,730
Impairment transferred to profit and loss	-	150,278,732	-	75,139,366
	(13,360,255)	214,837,282	(22,203,669)	96,434,096
Income Tax relating to available for sale investment	(922,255)	(21,933,615)	(745,660)	(6,878,045)
Other comprehensive (loss)/income for the period, (net of tax)	(14,282,510)	192,903,667	(22,949,329)	89,556,051
Total comprehensive (loss)/income for the period	(17,696,574)	91,021,354	(28,039,548)	14,940,939

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

CONDENSED INTERIM CASH FLOW STATEMENT

For the Half Year ended 30 June 2010

	Note	Reviewed 30 June 2010 Rupees	Reviewed 30 June 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
BEFORE WORKING CAPITAL CHANGES	12	(9,381,021)	(13,128,513)
Decrease / (Increase) in operating assets			
Decrease / (Increase) in financing and placements		(9,391,265)	92,904,578
(Increase) in loans and advances		(46,537)	(59,080)
(Increase)/decrease in deposits and prepayments		(931,347)	610,831
(Increase)/decrease in accrued interest		(6,200,060)	27,224,598
		(16,569,209)	120,680,927
(Decrease) / Increase in operating liabilities			
(Decrease) in deposits		(7,520,831)	(100,543,731)
Increase / (Decrease) in borrowings		7,149,193	(22,556,788)
(Decrease) in accrued and other liabilities		(238,822)	(7,848,224)
		(610,460)	(130,948,743)
Net changes in operating assets and liabilities		(17,179,669)	(10,267,816)
Income tax paid		(2,754,488)	(2,071,580)
Gratuity paid		(88,000)	-
Dividend paid		(41,525)	(358,790)
		(2,884,013)	(2,430,370)
Net cash (used) in operating activities		(29,444,703)	(25,826,699)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of fixed assets		(48,086)	(79,100)
Sale of investments (shares)		15,948,914	2,612,710
Sale of securities		2,552,620	27,535,421
Net cash from investing activities		18,453,448	30,069,031
Net (decrease) / increase in cash and cash equivalents		(10,991,255)	4,242,332
Cash and cash equivalents at the beginning of the period		28,116,634	26,254,850
Cash and cash equivalents at the end of the period		17,125,379	30,497,182

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN



Report for Half Year Ended June 30, 2010

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended 30 June 2010

	Share Capital	Statutory Reserve	Surplus/Deficit on revaluation of available for sale investment (Note No. 9)	Unappropriated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2009	514,335,583	139,650,140	(376,279,234)	26,719,880	304,426,369
Net loss upto 30 June 2009	-	-	-	(101,882,313)	(101,882,313)
Other comprehensive income for the period	-	-	192,903,667	-	192,903,667
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 30 June 2009	514,335,583	139,650,140	(183,375,567)	(75,162,433)	395,447,723
Net loss July to December, 2009	-	-	-	(90,810,788)	(90,810,788)
Other comprehensive income for the period	-	-	146,042,162	-	146,042,162
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 31 December 2009	514,335,583	139,650,140	(37,333,405)	(165,973,221)	450,679,097
Net loss for the half year ended 30 June 2010	-	-	-	(3,414,064)	(3,414,064)
Other comprehensive (loss) for the period	-	-	(14,282,510)	-	(14,282,510)
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 30 June 2010	514,335,583	139,650,140	(51,615,915)	(169,387,285)	432,982,523

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2010

1. LEGAL 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 1131 (I) /2007 dated 21 November 2007 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 the rating of SIBL and there is no change in the rating of the company i.e. medium to long-term rating of SIBL at 'A' (Single A) and 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 un-audited 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 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, 2009. 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, 2009.

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, 2009.

	Reviewed 30 June 2010 (Rupees)	Audited 31 December 2009 (Rupees)
5. Operating Assets		
Cost		
As at 01 January 2010	17,564,960	18,023,110
Addition/Deletion - net	50,601	(458,150)
As at 30 June 2010	17,615,561	17,564,960
Less: accumulated depreciation		
As at 01 January 2010	13,934,746	13,104,163
For the period	521,499	830,584
As at 30 June 2010	14,456,245	13,934,747
	<u>3,159,316</u>	<u>3,630,213</u>
6. LONG TERM INVESTMENTS		
Held To Maturity		
Pakistan Investment Bonds	51,101,628	51,141,204
Investment in Associated Undertaking		
10,000,000 Ordinary Sahres of SIBL Exchange Company (Pvt) Ltd @ Rs.10/- per share	100,000,000	100,000,000
	<u>151,101,628</u>	<u>151,141,204</u>
7. SHORT TERM INVESTMENTS		
Available-for-sale		
Pakistan Investment Bonds	353,465,329	352,503,456
Term Finance Certificate	9,234,730	10,224,165
Quoted Shares	217,179,853	244,174,543
	<u>579,879,912</u>	<u>606,902,164</u>
8. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Current account	58,374	2,097,912
	58,374	2,097,912
With other Banks in		
Current account	8,145,818	2,099,032
Deposit accounts	8,918,199	23,915,075
	17,064,017	26,014,107
Cash in hand	2,988	4,615
	<u>17,125,379</u>	<u>28,116,634</u>



9. (DEFICIT) ON REVALUATION OF INVESTMENTS

Government securities	(52,755,880)	(55,390,895)
Term Finance Certificates	(1,055,270)	(1,168,335)
	(53,811,150)	(56,559,230)
Related deferred tax asset / (liability)	18,464,558	19,386,813
	(35,346,592)	(37,172,417)
Quoted shares	(16,269,323)	(160,988)
	(51,615,915)	(37,333,405)

10. BORROWINGS

From Financial Institution-Secured	365,000,000	358,604,966
Related Party-unsecured SIBL Provided Fund	10,217,260	9,463,101
	375,217,260	368,068,067

11. CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees issued on behalf of customers	68,834,500	74,618,813
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Commitments

There were no commitments at the balance sheet date

Reviewed 30 June 2010 (Rupees)	Reviewed 30 June 2009 (Rupees)
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12. CASH FLOW FROM OPERATING ACTIVITIES

Operating profit before taxation	(5,100,039)	(101,722,432)
Adjustments for non cash and other items		
Depreciation	774,940	475,165
Gain on disposal of shares	(5,062,559)	(2,612,710)
Impairment loss	-	90,733,064
Gain on disposal of fixed assets	6,637	(1,600)
	(4,280,982)	88,593,919
	(9,381,021)	(13,128,513)

13. 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 2010 (Rupees)	Reviewed 30 June 2009 (Rupees)
Financing		
- Associated undertaking	6,991,265	10,600,000
- Others	21,000,000	-
Return on financing		
- Associated undertaking	679,676	737,779
- Others	2,344,752	-
Non funded guarantee		
- Associated undertaking	68,834,500	73,027,313
Deposits		
- Associated undertaking	86,713,285	83,664,282
- Others	11,632,855	18,198,776
Return on deposits		
- Associated undertaking	3,230,074	3,320,266
- Others	555,819	696,206
Contribution to staff retirement benefit plan	436,133	397,361

14. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on August 23, 2010

15. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHAIRMAN



**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2010**



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 2010 and the related condensed consolidated interim profit and loss account, condensed consolidated interim cash flow statement, condensed consolidated interim statement of comprehensive income 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, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30th June 2010.

The financial statement of the subsidiary company for the year ended June 30, 2010 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 statement), 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 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 Standards 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.

This condensed interim financial report of the company for the six months period ended 30th June 2010 has been prepared in accordance with the requirement of the international Accounting Standard 34 - Interim Financial Reporting and provisions of the directives issued under the Companies Ordinance, 1984 In case where requirements differ the provisions of or directives Issued under the companies ordinance, 1984 have been followed.

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 2010 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
Dated: 23 August 2010

Engagement Partner: Adnan Zaman

Report for Half Year Ended June 30, 2010



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET As at 30 June 2010

	Note	Reviewed 30 June 2010 Rupees	Audited 31 December 2009 Rupees
NON-CURRENT ASSETS			
Property, Plant and equipment	6	3,964,417	4,615,832
Intangible Assets		36,099,168	36,134,168
Long term Investments	7	51,101,628	51,141,204
Deferred tax asset		31,316,904	30,531,856
CURRENT ASSETS			
Short term financing		27,991,265	18,600,000
Short term Investments		604,879,912	631,902,164
Loans and advances		72,667,045	69,768,145
Deposits and prepayments		6,612,886	5,710,619
Accrued interest		16,742,221	10,542,161
Cash and bank balances	8	18,072,599	29,715,075
		746,965,928	766,238,164
		<u>869,448,045</u>	<u>888,661,224</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		514,335,583	514,335,583
Reserves		(69,055,478)	(52,943,836)
		445,280,105	461,391,747
NON-CURRENT LIABILITIES			
Deferred liability-gratuity		7,850,830	7,938,830
CURRENT LIABILITIES			
Borrowings		375,217,260	368,068,067
Short term deposits		25,037,318	34,815,598
Accrued and other liabilities		16,062,532	16,446,982
		416,317,110	419,330,647
Contingencies and commitments	9	<u>869,448,045</u>	<u>888,661,224</u>

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



CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

For the Half Year ended 30 June 2010

	Six Months Ended Reviewed		Quarter Ended unaudited	
	June 30 2010	June 30 2009	June 30 2010	June 30 2009
	Rupees		Rupees	
INCOME				
Income on financing and placements	3,013,906	1,075,473	1,867,191	80,925
Return on Investments	30,564,242	31,438,639	13,575,322	13,581,805
Gain on sale of shares	5,062,559	2,612,710	3,256,537	2,214,972
Profit on deposit with banks	398,885	659,472	398,885	638,811
Other income	453,986	405,622	276,350	258,482
	39,493,578	36,191,916	19,374,285	16,774,995
EXPENDITURE				
Return on deposits and borrowings	25,342,241	29,896,756	12,809,611	14,114,203
Operating expenses	16,727,734	14,660,408	10,079,781	8,213,196
	42,069,975	44,557,164	22,889,392	22,327,399
Operating (Loss)	(2,576,397)	(8,365,248)	(3,515,107)	(5,552,404)
Impairment under SECP's SRO 150(1)/2009				
Impairment against investments in available for sale	-	(150,278,732)	-	(75,139,366)
Adjustment for price movement during the current period	-	59,545,668	-	7,459,396
	-	(90,733,064)	-	(67,679,970)
(Loss) before taxation	(2,576,397)	(99,098,312)	(3,515,107)	(73,232,374)
Taxation				
Current	(960,038)	(974,665)	(493,622)	(484,223)
Deferred	1,707,304	(159,881)	1,220,803	(159,881)
	747,266	(1,134,546)	727,181	(644,104)
NET (LOSS) AFTER TAXATION	(1,829,131)	(100,232,858)	(2,787,926)	(73,876,478)
LOSS PER SHARE- BASIC AND DILUTED	(0.04)	(1.95)	(0.05)	(1.44)

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

CHIEF EXECUTIVE

CHAIRMAN



Report for Half Year Ended June 30, 2010



Report for Half Year Ended June 30, 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Half Year ended 30 June 2010

	Six Months Ended		Quarter Ended	
	June 30 2010	June 30 2009	June 30 2010	June 30 2009
	Rupees		Rupees	
(Loss) after taxation	(1,829,131)	(100,232,858)	(2,787,926)	(73,876,478)
Other comprehensive income				
(Loss)/Gain on available for sale investment	(13,360,255)	64,558,550	(22,203,669)	21,294,730
Impairment transferred to profit and loss	-	150,278,732	-	75,139,366
Income Tax relating to available for sale investment	(922,255)	(21,933,615)	(745,660)	(6,878,045)
Other comprehensive (loss)/income for the period, (net of tax)	(14,282,510)	192,903,667	(22,949,329)	89,556,051
Total comprehensive (loss)/income for the period	(16,111,641)	92,670,809	(25,737,255)	15,679,573

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the Half Year ended 30 June 2010

	Reviewed 30 June 2010 Rupees	Reviewed 30 June 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss before taxation	(2,576,397)	(99,098,312)
Adjustment for non cash and other items		
Depreciation	1,132,731	645,947
Amortization of software and deferred cost	70,000	91,205
Gain on disposal of shares	(5,062,559)	(2,612,710)
Gain on disposal of fixed assets	6,637	-
Impairment Loss	-	90,733,064
	(3,853,191)	88,857,506
Cash flows from operating activities before working capital changes	(6,429,588)	(10,240,806)
Decrease / (Increase) in operating assets		
(Increase) / Decrease in financing and placements	(9,391,265)	92,904,578
Decrease / (Increase) in advances, deposits, prepayment and other receivables	(5,599,995)	26,428,312
	(14,991,260)	119,332,890
Increase / (Decrease) in operating liabilities		
(Decrease) in deposits	(9,778,280)	(102,911,877)
Increase / (Decrease) in borrowings	7,149,193	(22,556,788)
(Decrease) in accrued and other liabilities	(378,068)	(7,533,600)
	(3,007,155)	(133,002,265)
Net change in operating assets and liabilities	(17,998,415)	(13,669,375)
Income tax paid	(5,441,088)	(3,142,745)
Gratuity paid	(88,000)	-
Dividend paid	(41,525)	(358,790)
	(5,570,613)	(3,501,535)
Net cash (used) in operating activities	(29,998,616)	(27,411,716)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets	(145,394)	(140,299)
Sale of investments (shares)-net	15,948,914	2,612,709
Sale of securities	2,552,620	27,665,271
Net cash from investing activities	18,356,140	30,137,681
Net (decrease) / increase in cash and cash equivalents	(11,642,476)	2,725,965
Cash and cash equivalents at the beginning of the period	29,715,075	28,845,277
Cash and cash equivalents at the end of the period	18,072,599	31,571,242

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

Report for Half Year Ended June 30, 2010



CHIEF EXECUTIVE

CHAIRMAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended 30 June 2010

	Share Capital	Statutory Reserve	Surplus/Deficit on revaluation of available for sale investment	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2009	514,335,583	139,650,140	(376,279,234)	34,291,085	311,997,574
Net loss upto 30 June 2009	-	-	-	(100,232,858)	(100,232,858)
Other comprehensive income for the period	-	-	192,903,667	-	192,903,667
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 30 June 2009	514,335,583	139,650,140	(183,375,567)	(65,941,773)	404,668,383
Net loss July to December, 2009	-	-	-	(89,318,799)	(89,318,799)
Other comprehensive income for the period	-	-	146,042,162	-	146,042,162
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 31 December 2009	514,335,583	139,650,140	(37,333,405)	(155,260,572)	461,391,746
Net loss for the half year ended 30 June 2010	-	-	-	(1,829,131)	(1,829,131)
Other comprehensive (loss) for the period	-	-	(14,282,510)	-	(14,282,510)
Transfer to Statutory reserve	-	-	-	-	-
Balance as at 30 June 2010	514,335,583	139,650,140	(51,615,915)	(157,089,703)	445,280,105

The annexed notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED INTERIM NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2010

1. Status and Principal Activities

Security Investment Bank Limited and its subsidiary company ("The Group") comprises of holding company Security Investment Bank Limited (SIBL) and a wholly owned subsidiary company SIBL Exchange Company (Pvt) Limited (SIBLE).

SIBL ("the company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 23 May 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 1131(I)/2007 dated November 21, 2007 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (previously this was covered under SRO 585(1)/87 dated July 13, 1987 issued by the Ministry of Finance, Government of Pakistan).

SIBLE ("the Subsidiary") is a private limited company incorporated in Pakistan on December 16, 2004 under the Companies Ordinance, 1984. The Company has been formed to operate under the Foreign Exchange Regulation Act, 1947 as amended by SBP through Foreign Exchange circular # 9 dated July 30, 2002. The Registered Office of the subsidiary is situated at Shop no. 2, Al-Rahim Tower, I. I. Chundrigar Road, Karachi.

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, 2009. 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 condensed consolidated interim financial statements are the same as those applied in preparation of the financial statements for the year ended December 31, 2009.

4. ESTIMATES

The preparation of condensed consolidated 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, 2009.

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 are included in the consolidated financial statements from the date of its incorporation. The financial statements of subsidiary has been consolidated on a line by line basis. All intercompany balance, transactions and resulting profit/(losses) have been eliminated.

	Reviewed 30 June 2010 Rupees	Audited 31 December 2009 Rupees
6. Property, plant and equipment		
Cost		
As at January 01, 2010	19,733,985	20,192,135
Addition / (deletions) - net	147,909	(360,842)
As at June 30, 2010	19,881,894	19,831,293
Less: accumulated depreciation		
As at January 01, 2010	15,038,187	14,036,822
For the period	879,290	1,178,639
As at June 30, 2010	15,917,477	15,215,461
	<u>3,964,417</u>	<u>4,615,832</u>
7 Long term investments		
Held to maturity		
Pakistan Investment Bonds	<u>51,101,628</u>	<u>51,141,204</u>
8 Cash and bank balances		
With State Bank of Pakistan in		
Current account	473,524	3,099,187
With other Banks in		
Current account	8,429,877	2,601,261
Deposit account	8,918,199	23,915,075
	17,348,076	26,516,336
Cash in hand	250,999	99,552
	<u>18,072,599</u>	<u>29,715,075</u>
9 Contingencies and commitment		
Contingencies		
Guarantees issued on behalf of customers	<u>68,834,500</u>	<u>74,618,813</u>
Commitments		
There were no commitments at the balance sheet date.		



10. SEGMENT INFORMATION

The group's activities are broadly categorized into two primary business segments namely Investment Banking activities and Exchange Company activities within Pakistan. Investment Banking Activities includes all those activities carried out by SIBL and Exchange Companies Activities includes all those activities carried out by SIBLE.

June 30, 2010			
	Investment Banking Activities	Exchange Company Activities	Total
Return on financing and placements	3,013,906	-	3,013,906
Return on securities	29,158,974	1,405,268	30,564,242
Gain on sale of investments	5,062,559	-	5,062,559
Profit on deposits with banks	398,885	-	398,885
Other income	451,436	2,550	453,986
Total income for reportable segments	38,085,760	1,407,818	39,493,578
Return on deposits and borrowings	25,342,241	-	25,342,241
Administrative and Operating expenses	14,762,746	1,964,988	16,727,734
Segment result	(2,019,227)	(557,170)	(2,576,397)
Loss before taxation	(2,019,227)	(557,170)	(2,576,397)
Segment Assets	841,061,501	28,386,544	869,448,045
Segment Liabilities and Equities	856,042,297	13,405,748	869,448,045

June 30, 2009			
	Investment Banking Activities	Exchange Company Activities	Total
Return on financing and placements	1,075,473	-	1,075,473
Return on securities	30,057,443	1,381,196	31,438,639
Gain on sale of investments	2,612,710	-	2,612,710
Profit on deposits with banks	659,472	-	659,472
Other income	305,104	100,518	405,622
Total income for reportable segments	34,710,202	1,481,714	36,191,916
Return on deposits and borrowings	29,896,756	-	29,896,756
Administrative and Operating expenses	12,604,255	2,056,153	14,660,408
Segment result	(7,790,809)	(574,439)	(8,365,248)
Impairment on equity securities	(90,733,064)	-	(90,733,064)
Loss before taxation	(98,523,873)	(574,439)	(99,098,312)
Segment Assets	791,259,900	28,017,055	819,276,955
Segment Liabilities and Equities	808,902,632	10,374,323	819,276,955

11. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on August 23rd 2010.

12. GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE

CHAIRMAN

BOOK POST



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