



# SECURITY INVESTMENT BANK LIMITED



The Money Wise Bank

**1st** Quarter Report **2011**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)  
Mr. Muhammad Mehboob  
Mr. Muhammad Taufeeq Motiwala  
Mr. Shaikh Abdullah  
Mr. Sheikh Asim Rafiq (NIT Nominee)  
Mr. Muhammad Saleem Rathod  
Mr. Karim Muhammad Munir.

### PRESIDENT & CEO

Mr. Muhammad Saleem Rathod

### AUDIT COMMITTEE

Mr. Shaikh Abdullah (Chairman)  
Haji Jan Muhammad (Member)  
Mr. Muhammad Taufeeq  
motiwala (Member)  
Mr. Sheikh Asim Rafiq (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.  
Summit 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](http://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](mailto:sibl@sibl.com.pk)



## DIRECTORS' REPORT

The Directors of Security Investment Bank Limited (SIBL) are pleased to present the unaudited financial statements of SIBL for the first quarter ended 31st March 2011.

Our Country's economy is facing serious problems of high inflation, high budget deficit and low economic growth. Poor fiscal position and difficult monetary indicators have so far been forcing the State Bank of Pakistan to tighten its monetary policy. However, the SBP in its last policy review unexpectedly kept its benchmark interest rate unchanged at 14% even as inflation accelerated to the fastest pace in Asia. Our benchmark KSE 100 index also remained under pressure during first two month of current quarter inching towards 11,000 level due to selling by foreign funds. In spite of challenges, our country's exports increased by 22.7% during the fiscal period July-Jan FY11 including the textile sector which showed phenomenal growth of 25.9%. This increase in exports will positively affect the economy and increasing inflows in the country resulting stabilization in rupee value.

During the current quarter, our company posted before tax profit of Rs. 5.364 million as compared to before tax loss of Rs. 0.360 million in the same period of last year. Total income increased by 6% compared to the same period of last year while the Cost of deposits and borrowings reduced by 35% to Rs. 9.164 from Rs. 14.097.

With the introduction of Margin Trading and Margin Financing, we expect that the KSE 100 index will start performing well and income of our company will grow. Nevertheless we will continue following our same strategy to reduce our borrowings. We also expect to increase our balance sheet size as soon as economic and political conditions of our country improve.

SIBL is grateful to its stakeholders for their continuing confidence and support.. The SECP, Stock Exchanges and other regulators are also worth praising, for their guidance, support and cooperation. SIBL also like to thanks its employees who have shown dedication, perseverance and wholeheartedly supported the company through difficult times.

On behalf of the Board

**Haji Jan Muhammad**  
(Chairman)

Karachi  
April 27, 2011

**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 31 MARCH 2011**

	Note	Un-audited March 31 2011 Rupees	Audited December 31 2010 Rupees
<b>Non-current assets</b>			
Property, Plant and equipment		1,299,270	1,171,193
Stock exchange membership card - Intangible		36,000,000	36,000,000
Long term investments	5	151,081,840	151,062,052
Deferred tax asset		40,522,459	42,088,152
<b>Current assets</b>			
Short term financing		53,341,265	40,341,265
Short term placements		25,000,000	45,000,000
Short term investments	6	375,681,838	423,135,838
Loans and advances		75,819,932	75,134,754
Deposits, prepayments and other receivables		5,303,315	4,769,255
Accrued interest		14,537,585	10,212,149
Cash and bank balances	7	9,750,030	6,727,743
		<u>559,433,965</u>	<u>605,321,004</u>
		<u>788,337,534</u>	<u>835,642,401</u>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Authorised capital			
100,000,000 ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital			
Statutory reserves		514,335,583	514,335,583
Unappropriated loss		142,653,003	141,611,410
		(153,961,770)	(158,128,144)
		503,026,816	497,818,849
Deficit on revaluation of investments-net of tax	8	(54,541,422)	(45,313,177)
<b>Non-current liabilities</b>			
Deferred liability - gratuity		-	-
<b>Current liabilities</b>			
Borrowings	9	202,433,751	257,678,086
Short term deposits		110,470,249	112,071,667
Accrued and other liabilities		26,948,140	13,386,976
		339,852,140	383,136,729
Contingencies	10	-	-
		<u>788,337,534</u>	<u>835,642,401</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



**Report for the First Quarter Ended 31 March 2011**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	Three Months Ended	
	March 31 2011 Rupees	March 31 2010 Rupees
<b>Income</b>		
Income on financing and placements	2,181,246	1,146,715
Return on investments	11,787,167	16,295,136
Gain on sale of shares	6,399,776	1,806,022
Other income	163,301	175,086
	<b>20,531,490</b>	19,422,959
<b>Expenditure</b>		
Return on deposits and borrowings	9,163,510	14,097,408
Operating expenses	6,003,603	5,685,996
	<b>15,167,113</b>	19,783,404
Operating profit / (Loss) before tax	<b>5,364,377</b>	(360,445)
Provision for taxation	(156,410)	474,789
Net Profit / (Loss) after tax	<b>5,207,967</b>	114,344
<b>Earning per share - basic and diluted</b>	<b>0.10</b>	0.00

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

	Three Months Ended	
	March 31 2011 Rupees	March 31 2010 Rupees
<b>Profit / (Loss) for the period after tax</b>	5,207,967	114,344
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>5,207,967</b>	<b>114,344</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Three Months March 31 2011 Rupees	Three Months March 31 2010 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating Profit / (Loss) before taxation	5,364,377	(360,445)
<b>Adjustments for non cash and other items</b>		
Depreciation	130,983	382,393
Gain on disposal of shares	(6,399,776)	(1,806,022)
Gain on disposal of fixed assets	-	6,637
	(6,268,793)	(1,416,992)
<b>Cash flows from operating activities before Working capital changes</b>	<b>(904,416)</b>	<b>(1,777,437)</b>
<b>Decrease / (Increase) in operating assets</b>		
(Increase) / Decrease in financing and placement	(13,000,000)	(49,600,000)
(Increase) / Decrease in advances, deposits, prepayment and other receivables	(4,840,195)	(10,334,538)
	(17,840,195)	(59,934,538)
<b>(Decrease) / Increase in operating liabilities</b>		
Increase / (Decrease) in deposits	(1,601,418)	168,608
Increase / (Decrease) in borrowings	(55,244,335)	43,931,983
Increase / (Decrease) in accrued and other liabilities	14,445,724	13,930
	(42,400,029)	44,114,521
Net changes in operating assets and liabilities	(60,240,224)	(15,820,017)
Income tax paid	(860,973)	(780,261)
Gratuity paid	(884,475)	-
	(1,745,448)	(780,261)
<b>Net cash used in operating activities</b>	<b>(62,890,088)</b>	<b>(18,377,715)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of fixed assets	(259,060)	(138,590)
(Purchase)/sale of investments (shares)	45,315,076	10,105,457
Sale / (purchase) of securities	856,359	695,610
<b>Net cash flow from investing activities</b>	<b>45,912,375</b>	<b>10,662,477</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net (decrease) in cash and cash equivalents	-	-
	(16,977,713)	(7,715,238)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>51,727,743</b>	<b>28,116,634</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>34,750,030</b>	<b>20,401,396</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at 01 January 2010	514,335,583	139,650,141	(165,973,221)	488,012,503
Net Profit upto 31 March 2010	-	-	114,344	114,344
Other comprehensive income for the period	-	-	-	-
Statutory Reserves	-	22,869	(22,869)	-
<b>Balance as at 31 March 2010</b>	<b>514,335,583</b>	<b>139,673,010</b>	<b>(165,881,746)</b>	<b>488,126,847</b>
Net Profit April to December 2010	-	-	9,692,002	9,692,002
Other comprehensive income for the period	-	-	-	-
Statutory Reserve	-	1,938,400	(1,938,400)	-
<b>Balance as at 31 December 2010</b>	<b>514,335,583</b>	<b>141,611,410</b>	<b>(158,128,144)</b>	<b>497,818,849</b>
Net profit for the period	-	-	5,207,967	5,207,967
Other comprehensive income for the period	-	-	-	-
Statutory Reserves	-	1,041,593	(1,041,593)	-
<b>Balance as at 31 March 2011</b>	<b>514,335,583</b>	<b>142,653,003</b>	<b>(153,961,770)</b>	<b>503,026,816</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

### 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 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 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 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 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 31 December 2010. 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 31 December 2010.





#### 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 31 December 2010.

	Mar 31, 2011 Rupees	Audited Dec 31, 2010 Rupees
<b>5 Long term investments</b>		
<b>Held to maturity</b>		
Pakistan Investment Bonds- held to maturity	51,081,840	51,062,052
10,000,000 Ordinary shares of Rs. 10/- each SIBL Exchange Company (Private) Limited-wholly owned subsidiary	100,000,000	100,000,000
	<u>151,081,840</u>	<u>151,062,052</u>
<b>6 Short term investment - Available-for-sale</b>		
Pakistan Investment Bonds	339,907,420	336,310,158
Term Finance Certificate	7,370,626	8,792,355
Quoted Shares	28,403,792	78,033,325
	<u>375,681,838</u>	<u>423,135,838</u>
<b>7 Cash and bank balances</b>		
With State Bank of Pakistan in Current account	358,656	223,092
With other banks in		
Current account	2,014,665	4,038,984
Deposit accounts	7,362,500	2,454,134
	9,377,165	6,493,118
Cash in hand	14,209	11,533
	<u>9,750,030</u>	<u>6,727,743</u>
<b>8 (Deficit) on revaluation of investment</b>		
Government securities	(63,764,500)	(68,237,909)
Term finance certificates	(1,816,874)	(395,145)
	(65,581,374)	(68,633,054)
Related deferred tax asset	22,317,575	23,883,268
	(43,263,799)	(44,749,786)
Quoted shares	(11,277,623)	(563,391)
	<u>(54,541,422)</u>	<u>(45,313,177)</u>
<b>9 Borrowings</b>		
Secured under repurchase agreements against government securities	194,314,208	250,047,600
SIBL-Provident fund	4,969,627	5,201,193
SIBL-Gratuity fund	3,149,916	2,429,293
	<u>202,433,751</u>	<u>257,678,086</u>
<b>10 Contingencies</b>		
Guarantees issued on behalf of customers	68,834,500	77,650,500



## 11 Transaction with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence 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;

	Mar. 31, 2011 Rupees	Mar. 31, 2010 Rupees
Financing		
- Associated undertaking	18,691,265	8,200,000
- Others	40,500,000	60,000,000
Return on financing		
- Associated undertaking	506,614	319,529
- Others	1,077,699	784,274
Un funded guarantee		
- Associated undertaking	68,834,500	65,988,813
Deposits		
- Associated undertaking	89,388,306	85,698,302
- Others	9,562,926	14,084,607
Return on deposits		
- Associated undertaking	1,772,281	1,616,250
- Others	188,780	305,652
Contribution to staff retirement benefit plan	118,410	196,544

## 12 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on April 27, 2011.

## 13 General

Figures have been rounded off to the nearest rupee.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**



**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2011**

	Note	Unaudited March 31 2011 Rupees	Audited December 31 2010 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, Plant and equipment		1,942,734	1,812,554
Intangible Assets		36,046,669	36,064,168
Long term Investments		51,081,840	51,062,052
Deferred tax asset		40,522,459	42,088,152
<b>CURRENT ASSETS</b>			
Short term financing		53,341,265	40,341,265
Short term placements		25,000,000	45,000,000
Short term Investments		400,681,838	448,135,838
Loan and advances		77,101,447	74,715,947
Deposits, prepayments and other receivable		5,303,315	6,403,216
Accrued interest		14,537,585	10,212,149
Cash and bank balances	6	12,047,771	7,664,111
		588,013,221	632,472,526
		717,606,923	763,499,452
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
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
Statutory reserves		142,653,003	141,611,410
Unappropriated profit		(138,760,673)	(144,017,547)
		518,227,913	511,929,446
Deficit on revaluation of investments-net of tax		(54,541,422)	(45,313,177)
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability		-	-
<b>CURRENT LIABILITIES</b>			
Borrowings		202,433,751	257,678,086
Short term deposits		23,279,745	25,372,609
Accrued and other liabilities		28,206,936	13,832,488
		253,920,432	296,883,183
Contingencies and commitments		717,606,923	763,499,452

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

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



**Report for the First Quarter Ended 31 March 2011**

# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three Months Ended	
	March 31 2011 Rupees	March 31 2010 Rupees
<b>INCOME</b>		
Income on financing and placements	2,181,246	1,146,715
Return on Investments	12,556,001	16,988,920
Gain on sale of shares	6,399,776	1,806,022
Other income	163,301	177,636
	21,300,324	20,119,293
<b>EXPENDITURE</b>		
Return on deposits and borrowings	7,447,798	12,532,630
Operating expenses	6,810,457	6,647,953
	14,258,255	19,180,583
Operating Profit / (Loss) before tax	7,042,069	938,710
Provision for taxation	(743,602)	20,085
<b>PROFIT / (LOSS) AFTER TAXATION</b>	6,298,467	958,795
<b>EARNINGS PER SHARE- BASIC AND DILUTED</b>	0.12	0.02

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

**MUHAMMAD SALEEM RATHOD**

Chief Executive

**HAJI JAN MUHAMMAD**

Chairman



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

	Three Months Ended	
	March 31 2011 Rupees	March 31 2010 Rupees
<b>Profit / (Loss) for the period after tax</b>	<b>6,298,467</b>	<b>958,795</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>6,298,467</u></b>	<b><u>958,795</u></b>

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

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



**Report for the First Quarter Ended 31 March 2011**

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

	Three Months March 31 2011 Rupees	Three Months March 31 2010 Rupees
	Note	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Profit / (Loss) before taxation	7,042,069	938,710
<b>Adjustment for non cash and other items</b>		
Depreciation	204,862	472,654
Amortization of software and deferred cost	-	17,499
Gain on disposal of shares	(6,399,776)	(1,806,022)
Gain on disposal of fixed assets	-	6,637
Return on T-Bills	(768,834)	(693,784)
	(6,963,748)	(2,003,016)
<b>Cash flows from operating activities before working capital changes</b>	(78,321)	(1,064,306)
<b>(Increase) / Decrease in operating assets</b>		
(increase) / Decrease in financing and placements	(13,000,000)	(49,600,000)
(Increase) / Decrease in advances, deposits, prepayment and other receivables	(5,044,689)	(10,084,191)
	(18,044,689)	(59,684,191)
<b>(Decrease) / Increase in operating liabilities</b>		
(Decrease) in deposits	(2,092,864)	(1,073,858)
Increase / (Decrease) in borrowings	(55,244,335)	43,931,983
Increase / (Decrease) in accrued and other liabilities	15,260,951	574,817
	(42,076,248)	43,432,942
	(60,120,937)	(16,251,249)
Income tax paid	(1,447,554)	(1,365,874)
Gratuity paid	(884,475)	-
	(2,332,029)	(1,365,874)
<b>Net cash used in operating activities</b>	(62,374,645)	(18,681,429)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) / sale of fixed assets	(259,060)	(138,590)
sale of investments (shares)	45,315,076	10,105,457
Sale / (Purchase) of securities	1,702,309	1,185,745
<b>Net cash flow from investing activities</b>	46,758,325	11,152,612
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
Net (decrease) in cash and cash equivalents	(15,616,320)	(7,528,817)
<b>Cash and cash equivalents at the beginning of the period</b>	52,664,091	29,715,075
<b>Cash and cash equivalents at the end of the period</b>	37,047,771	22,186,258

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

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at 01 January 2010	514,335,583	139,650,141	(155,260,572)	498,725,152
Profit upto 31 March 2010	-	-	958,795	958,795
Transfer to Statutory Reserve	-	22,869	(22,869)	-
<b>Balance as at 31 March , 2010</b>	<b>514,335,583</b>	<b>139,673,010</b>	<b>(154,324,646)</b>	<b>499,683,947</b>
Profit from April to December 2010	-	-	12,245,499	12,245,499
Transfer to Statutory Reserve	-	1,938,400	(1,938,400)	-
<b>Balance as at 31 December , 2010</b>	<b>514,335,583</b>	<b>141,611,410</b>	<b>(144,017,547)</b>	<b>511,929,446</b>
Net profit for the period	-	-	6,298,467	6,298,467
Transfer to Statutory Reserve	-	1,041,593	(1,041,593)	-
<b>Balance as at 31 March, 2011</b>	<b>514,335,583</b>	<b>142,653,003</b>	<b>(138,760,673)</b>	<b>518,227,913</b>

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

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

**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 Shope no. 2, Al-Rahim Tower, I. I. Chundrigar Road, Karachi.

**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, 2010. 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, 2010.





**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, 2010.

**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.

	<b>March 31 2011 Rupees</b>	<b>Dec 31 2010 Rupees</b>
<b>6. CASH AND BANK BALANCES</b>		
With Sate Bank of Pakistan in Current account	<b>1,862,556</b>	793,992
With other Banks in		
Current account	<b>2,590,225</b>	4,308,604
Deposit account	<b>7,362,500</b>	2454,134
	<b>9,952,725</b>	6,762,738
Cash in hand	<b>232,490</b>	107,381
	<b>12,047,771</b>	7,664,111

**7. DATE OF AUTHORISATION**

These financial statements were authorised for issue by the Board of Directors on April 27, 2011.

**8. GENERAL**

Figures have been rounded off to the nearest rupee.



**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman



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