

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Mr. Muhammad Mehboob
Mr. Muhammad Younus Abdul Aziz Tabba (Resigned)
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)
Mr. Shaikh Asim Rafiq (Member)

COMPANY SECRETARY

Mr. Muhammad Shahzad

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

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

The Directors of Security Investment Bank Limited (SIBL) are pleased to present the unaudited financial statements of SIBL for the Nine Months ended 30th September 2010.

Though our economy showed some signs of recovery during the outgoing fiscal year ended on June 30, 2010 recording GDP growth rate of 4.1%, but recent floods have caused extensive damages to our over all economy. It now appears that the economy that was already performing less than satisfactorily is likely to suffer significant disruption and downturn as a consequences of floods. During the period under review, the KSE 100 index remained under pressure due to lack of leverage product. The State Bank of Pakistan has signalled further tightening of monetary policy due to higher inflationary trend and deteriorating economic conditions.

We are pleased to announce that our management managed to bring the operations of our company in profit. We have earned profit of Rs. 9.883 million after tax during the current period, which is proof of our management's well-managed strategy. Total income increased by 30% to Rs. 66.318 million from Rs. 50.716 compared to the same period of last year. Cost of deposits and borrowings reduced by 14% to Rs. 39.879 from Rs. 46.513.

Following our same conservative strategy to release funds from investments in shares and reduction in our borrowings, we expect to remain in profit by the end of this year. 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

Karachi
October 25, 2010

Khursheed K. Marker
(Chairman)



CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2010

	Note	Un-Audited September 30, 2010 Rupees	Audited December 31, 2009 Rupees
Non-current assets			
Tangible fixed assets	5	2,348,955	3,630,213
Stock exchange membership card - Intangible		36,000,000	36,000,000
Long term investments	6	151,081,840	151,141,204
Deferred tax asset		37,542,309	30,531,856
Current assets			
Short term financing		8,991,265	18,600,000
Short term placements	7	15,000,000	-
Short term investments	8	455,467,646	606,902,164
Loan and advances		73,159,353	69,997,072
Deposits and prepayments		4,881,265	5,661,368
Accrued interest		20,083,569	8,917,551
Cash and bank balances	9	10,435,039	28,116,634
		<u>588,018,137</u>	<u>738,194,789</u>
		<u>814,991,241</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		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital		514,335,583	514,335,583
Reserves		(69,975,565)	(63,656,485)
		444,360,018	450,679,098
Non-current liabilities			
Deferred liability - gratuity		-	7,938,830
Current liabilities			
Borrowings	11	250,546,157	368,068,067
Short term deposits		110,324,093	117,271,614
Accrued and other liabilities		9,760,973	15,540,453
		370,631,223	500,880,134
Contingencies	12	-	-
		<u>814,991,241</u>	<u>959,498,062</u>

The annexed notes 1 - 16 form an integral part of this condensed interim financial information.

Chief Executive

Director



Report for the Nine Months Ended 30 September 2010

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Nine Months Ended		Quarter Ended	
	September 30, 2010 Rupees	September 30, 2009 Rupees	September 30, 2010 Rupees	September 30, 2009 Rupees
Income				
Income on financing and placements	4,246,083	1,796,484	1,232,177	721,011
Return on investments	44,491,916	45,118,985	15,332,942	15,061,542.00
Gain on sale of shares	15,822,132	2,612,710	10,759,573	-
Profit on deposit with banks	440,843	673,953	41,958	14,481
Other income	1,317,285	514,387	865,849	209,283
	<u>66,318,259</u>	<u>50,716,519</u>	<u>28,232,499</u>	<u>16,006,317</u>
Expenditure				
Return on deposits and borrowings	39,878,928	46,512,630	11,455,875	13,417,315
Operating expenses	22,350,153	18,473,138	7,587,407	5,868,883
	<u>62,229,081</u>	<u>64,985,768</u>	<u>19,043,282</u>	<u>19,286,198</u>
Operating profit/(loss)	<u>4,089,178</u>	<u>(14,269,249)</u>	<u>9,189,217</u>	<u>(3,279,881)</u>
Impairment under SECP's SRO 150(1)/2009 of 13-Feb-2009				
Impairment against investments in equity securities	-	(225,418,098)	-	(75,139,366)
Adjustment for price movement during the current quarter	-	119,133,359	-	59,587,691
	-	<u>(106,284,739)</u>	-	<u>(15,551,675)</u>
Profit/(loss) before taxation	<u>4,089,178</u>	<u>(120,553,988)</u>	<u>9,189,217</u>	<u>(18,831,556)</u>
Taxation				
Current	(429,227)	-	(407,898)	-
Deferred	6,223,103	(159,881)	4,515,799	-
	<u>5,793,876</u>	<u>(159,881)</u>	<u>4,107,901</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION	<u>9,883,054</u>	<u>(120,713,869)</u>	<u>13,297,118</u>	<u>(18,831,556)</u>
Earning per share - basic and diluted	<u>0.19</u>	<u>(2.53)</u>	<u>0.26</u>	<u>(0.37)</u>

The annexed notes 1 - 16 form an integral part of this condensed interim financial information.



Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Nine Months Ended		Quarter Ended	
	30 Sep 2010	30 Sep 2009	30 Sep 2010	30 Sep 2009
Profit / (Loss) for the period after tax	9,883,054	(120,713,869)	13,297,118	(18,831,556)
Other comprehensive income				
(Loss)/Gain on available for sale investment	(16,989,485)	57,936,059	(3,629,230)	(6,622,491)
Impairment transferred to profit and loss	-	225,418,098	-	75,139,366
	(16,989,485)	283,354,157	(3,629,230)	68,516,875
Income Tax relating to available for sale investment	787,351	(21,933,615)	1,709,606	-
Other comprehensive (loss) /income for the period, net of tax	(16,202,134)	261,420,542	(1,919,624)	68,516,875
Total comprehensive (loss)/income for the period	(6,319,080)	140,706,673	11,377,494	49,685,319

The annexed notes 1 - 16 form an integral part of this condensed interim financial information.

Chief Executive

Director



Report for the Nine Months Ended 30 September 2010

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Note	Nine Months ended 30 Sept. 2010 Rupees	Nine Months ended 30 Sept. 2009 Rupees
Cash flow from operating activities			
Before Working Capital Changes	13	(10,641,906)	(16,165,207)
Decrease / (Increase) in operating assets			
(Increase)/Decrease in financing and placements		(5,391,265)	68,604,578
(Increase)/Decrease in advances, deposits, prepayment and other receivables		(10,274,611)	22,010,527
		(15,665,876)	90,615,105
(Decrease) / Increase in operating liabilities			
(Decrease) in deposits		(6,947,521)	(100,842,738)
(Decrease) / increase in borrowings		(117,521,910)	(5,607,296)
(Decrease) / increase in accrued and other liabilities		(5,727,995)	(8,403,712)
		(130,197,426)	(114,853,746)
Net changes in operating assets and liabilities		(145,863,302)	(24,238,641)
Income tax paid		(3,747,812)	(3,577,813)
Gratuity paid		(7,938,830)	-
Dividend paid		(51,484)	(592,408)
		(11,738,126)	(4,170,221)
Net cash used in operating activities		(168,243,334)	(44,574,069)
Cash flow from investing activities			
(Purchase) / sale of fixed assets		235,210	(110,200)
(Purchase)/sale of investments (shares)		146,654,952	2,612,710
Sale / (purchase) of securities		3,671,577	27,643,376
Net cash used in investing activities		150,561,739	30,145,886
Net (decrease) in cash and cash equivalents		(17,681,595)	(14,428,183)
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		10,435,039	11,826,667

The annexed notes 1 - 16 form an integral part of this condensed interim financial information.



Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Share capital	Statutory reserve	Surplus/Deficit on revaluation of available for sale investment (Note No. 10)	Unappropriated profit	Total
			Rupees		
Balance as at January 01, 2009	514,335,583	139,650,141	(376,279,234)	26,719,880	304,426,370
Net (loss) for the nine months (upto Sep,09)	-	-	-	(120,713,869)	(120,713,869)
Other comprehensive income for the period	-	-	261,420,542	-	261,420,542
Balance as at September 30, 2009	514,335,583	139,650,141	(114,858,692)	(93,993,988)	445,133,043
Net (loss) for the period	-	-	-	(71,979,232)	(71,979,232)
Other comprehensive income for the period	-	-	77,525,287	-	77,525,287
Balance as at December 31, 2009	514,335,583	139,650,141	(37,333,405)	(165,973,221)	450,679,098
Net profit for the nine months (upto Sep,2010)	-	-	-	9,883,054	9,883,054
Transfer to Statutory reserve	-	1,976,611	-	(1,976,611)	-
Other comprehensive (loss) for the period	-	-	(16,202,134)	-	(16,202,134)
Balance as at September 30, 2010	514,335,583	141,626,752	(53,535,539)	(158,066,778)	444,360,018

The annexed notes 1 - 16 form an integral part of this condensed interim financial information.

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

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 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).

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 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, 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 except for the staff retirement benefits plan (Gratuity). The company now operates a funded gratuity for its employees who complete the qualifying period of services. The calculation of company's net obligation in respect of defined benefit plan is performed annually by a qualified actuary using the projected unit credit method.

Before this change the company was operating un-funded Gratuity.



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.

	Un-audited Sep. 30, 2010 Rupees	Audited Dec. 31, 2009 Rupees
5 Operating Assets		
Cost		
As at 01 January 2010	17,564,960	18,023,110
Addition/Deletion	(1,552,624)	(458,150)
As at 30 September 2010	16,012,336	17,564,960
Less: Accumulated depreciation		
As at 01 January 2010	13,934,747	13,104,163
Adjustment made	(1,413,795)	(597,050)
For the period	1,142,429	1,427,634
As at 30 September 2010	13,663,381	13,934,747
	<u>2,348,955</u>	<u>3,630,213</u>
6 Long term investments		
Held to maturity		
Pakistan Investment Bonds	51,081,840	51,141,204
Investment in associated undertaking		
SIBL Exchange Company (Pvt) Ltd-100% fully owned subsidiary	100,000,000	100,000,000
	<u>151,081,840</u>	<u>151,141,204</u>
7 Short term placement		
Placement with Financial Institution-Unsecured	15,000,000	-
8 Short term investment - Available-for-sale		
Pakistan Investment Bonds	347,744,170	352,503,456
Term Finance Certificate	9,234,730	10,224,165
Quoted Shares	98,488,746	244,174,543
	<u>455,467,646</u>	<u>606,902,164</u>
9 Cash and bank balances		
With State Bank of Pakistan in		
Reserve account	101,388	2,097,912
	101,388	2,097,912
With other banks in		
Current account	2,594,256	2,099,032
Deposit accounts	7,734,108	23,915,075
	10,328,364	26,014,107
Cash in hand	5,287	4,615
	<u>10,435,039</u>	<u>28,116,634</u>



	Un-audited Sep. 30, 2010 Rupees	Audited Dec. 31, 2009 Rupees
10 (Deficit) on revaluation of investment		
Government securities	(57,640,468)	(55,390,895)
Term finance certificates	(1,055,270)	(1,168,335)
	(58,695,738)	(56,559,230)
Related deferred tax asset / (liability)	20,174,164	19,386,813
	(38,521,574)	(37,172,417)
Quoted shares	(15,013,965)	(160,988)
	(53,535,539)	(37,333,405)
11 Borrowings		
Secured under repurchase agreements against government securities	244,951,579	358,604,966
Related party-Unserued SIBL Provident Fund	5,594,578	9,463,101
	250,546,157	368,068,067
12 Contingencies		
Guarantees issued on behalf of customers	77,650,500	78,130,313
Commitments:		
There were no commitments at the balance sheet date		
	Sep. 30, 2010 Rupees	Sep. 30, 2009 Rupees
13 Cash Flow From Operating Activities		
Operating profit/(loss) before taxation	4,089,178	(120,553,988)
Adjustments for non cash and other items		
Depreciation	1,142,429	716,752
Gain on disposal of shares	(15,822,132)	(2,612,710)
Gain on disposal of fixed assets	(51,381)	-
Impairment Loss	-	106,284,739
	(14,731,084)	104,388,781
Cash flow from operating activities before working capital changes	(10,641,906)	(16,165,207)

14 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 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;



	Sep. 30, 2010 Rupees	Sep. 30, 2009 Rupees
Financing		
- Associated undertaking	6,991,265	9,900,000
- Others	2,000,000	25,000,000
Return on financing		
- Associated undertaking	966,063	1,126,730
- Others	2,965,903	808,445
Non funded guarantee		
- Associated undertaking	13,731,500	10,566,389
- Others	63,919,000	67,563,924
Deposits		
- Associated undertaking	87,177,709	84,400,894
- Others	11,678,982	17,163,157
Return on deposits		
- Associated undertaking	4,617,112	4,589,928
- Others	873,975	1,161,137
Contribution to staff retirement benefit plan	565,883	595,149

15 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on 25 October 2010.

16 General

Figures have been rounded off to the nearest rupee.



Chief Executive

Director

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2010

	Un-Audited September 30, 2010 Rupees	Audited December 31, 2009 Rupees
NON-CURRENT ASSETS		
Tangible fixed assets	3,063,798	4,615,832
Intangible Assets	36,081,668	36,134,168
Long term Investments	51,081,840	51,141,204
Deferred tax asset	37,542,309	30,531,856
CURRENT ASSETS		
Short term financing	8,991,265	18,600,000
Short term placements	15,000,000	-
Short term Investments	480,467,646	631,902,164
Loan and advances	75,357,119	69,768,145
Deposits and prepayments	4,896,026	5,710,619
Accrued interest	20,083,569	10,542,161
Cash and bank balances	11,958,740	29,715,075
	616,754,365	766,238,164
	744,523,980	888,661,224
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	(56,486,802)	(52,943,836)
	457,848,781	461,391,747
NON-CURRENT LIABILITIES		
Deferred liability	-	7,938,830
CURRENT LIABILITIES		
Borrowings	250,546,157	368,068,067
Short term deposits	25,146,204	34,815,598
Accrued and other liabilities	10,982,838	16,446,982
	286,675,199	419,330,647
Contingencies and commitments	744,523,980	888,661,224

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



Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Nine Months Ended		Quarter Ended	
	September 30, 2010 Rupees	September 30, 2009 Rupees	September 30, 2010 Rupees	September 30, 2009 Rupees
INCOME				
Income on financing and placements	4,246,083	1,796,484	1,232,177	721,011
Return on Investments	46,611,452	47,183,015	16,047,210	15,744,376
Gain on sale of shares	15,822,132	2,612,710	10,759,573	-
Profit on deposit with banks	440,843	673,953	41,958	14,481
Other income	1,319,835	621,141	865,849	215,519
	68,440,345	52,887,303	28,946,767	16,695,387
EXPENDITURE				
Return on deposits and borrowings	35,471,365	42,094,858	10,129,124	12,198,102
Operating expenses	25,164,979	21,452,239	8,437,245	6,791,831
	60,636,344	63,547,097	18,566,369	18,989,933
Operating Profit/(Loss)	7,804,001	(10,659,794)	10,380,398	(2,294,546)
Impairment under SECP's SRO 150(1)/2009 of 13-Feb-2009				
Impairment against investments in equity securities	-	(225,418,098)	-	(75,139,366)
Adjustment for price movement during the current period	-	119,133,359	-	59,537,691
	-	(106,284,739)	-	(15,551,675)
Profit/(loss) before taxation	7,804,001	(116,944,533)	10,380,398	(17,846,221)
Taxation				
Current	(1,367,936)	(1,323,032)	(407,898)	(348,367)
Deferred	6,223,103	(159,881)	4,515,799	-
	4,855,167	(1,482,913)	4,107,901	(348,367)
PROFIT/(LOSS) AFTER TAXATION	12,659,168	(118,427,446)	14,488,299	(18,194,588)
EARNINGS PER SHARE- BASIC AND DILUTED	0.25	(2.30)	0.28	(0.35)

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

Chief Executive

Director



Report for the Nine Months Ended 30 September 2010

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Nine Months Ended		Quarter Ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
Profit / (Loss) for the period after tax	12,659,168	(118,427,446)	14,488,299	(18,194,588)
Other comprehensive income				
(Loss)/Gain on available for sale investment	(16,989,485)	57,936,059	(3,629,230)	(6,622,491)
Impairment transferred to profit and loss	-	225,418,098	-	75,139,366
	(16,989,485)	283,354,157	(3,629,230)	68,516,875
Income Tax relating to available for sale investment	787,351	(21,933,615)	1,709,606	-
Other comprehensive (loss)/income for the period, net of tax	(16,202,134)	261,420,542	(1,919,624)	68,516,875
Total comprehensive (loss)/income for the period	(3,542,966)	142,993,096	12,568,675	50,322,287

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



CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

	Nine months ended September 30, 2010 Rupees	Nine months ended September 30, 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	7,804,001	(116,944,533)
Adjustment for non cash and other items		
Depreciation	1,232,687	803,769
Amortization of software and deferred cost	17,499	17,499
Gain on disposal of shares	(15,822,132)	(2,612,710)
Gain on disposal of fixed assets	(51,381)	-
Impairment Loss	-	106,284,739
	(14,623,327)	104,493,297
Cash flows from operating activities before working capital changes	(6,819,326)	(12,451,236)
Decrease / (Increase) in operating assets		
(Increase) / Decrease in financing and placements	(5,391,265)	68,687,009
(Increase) in advances, deposits, prepayment and other receivables	(11,483,812)	20,681,080
	(16,875,077)	89,368,089
(Decrease) / Increase in operating liabilities		
(Decrease) in deposits	(9,669,394)	(103,947,496)
Increase / (Decrease) in borrowings	(117,521,910)	(5,607,296)
Increase / (Decrease) in accrued and other liabilities	(5,412,659)	(7,012,995)
	(132,603,963)	(116,567,787)
	(149,479,040)	(27,199,698)
Income tax paid	(4,029,394)	(3,894,957)
Gratuity paid	(7,938,830)	-
Dividend paid	(51,484)	(592,408)
	(12,019,708)	(4,487,365)
Net cash used in operating activities	(116,318,074)	(44,138,299)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) / sale of fixed assets	235,210	(207,508)
(Purchase) / sale of investments (shares)	146,654,952	2,612,710
(Purchase) / sale of securities	3,671,577	26,817,044
Net cash flow from investing activities	150,561,739	29,222,246
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net (decrease) in cash and cash equivalents	(17,756,335)	(14,916,053)
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	11,958,740	13,929,224

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

Report for the Nine Months Ended 30 September 2010



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 January 01, 2009	514,335,583	139,650,141	(376,279,234)	34,291,085	311,997,575
Net (loss) for the nine months (upto Sep,2009)	-	-	-	(118,427,446)	(118,427,446)
Other comprehensive income for the period	-	-	261,420,542	-	261,420,542
Balance as at September 30, 2009	514,335,583	139,650,141	(114,858,692)	(84,136,361)	454,990,672
Net (loss) for the period	-	-	-	(71,124,211)	(71,124,211)
Other comprehensive income for the period	-	-	77,525,287	-	77,525,286
Balance as at December 31, 2009	514,335,583	139,650,141	(37,333,405)	(155,260,572)	461,391,747
Net profit for the nine months (upto Sep,2010)	-	-	-	12,659,168	12,659,168
Transfer to Statutory reserve	-	1,379,611	-	(1,379,611)	-
Other comprehensive (loss) for the period	-	-	(16,202,134)	-	(16,202,134)
Balance as at September 30, 2010	514,335,583	141,629,752	(53,535,539)	(144,581,015)	457,848,781

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

CONDENSED CONSOLIDATED INTERIM NOTES TO THE FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 interim consolidated financial statements of the Group have been presented in accordance with the requirements of the approved Accounting Standard as applicable in Pakistan relating to Interim Financial Reporting and are unaudited. These condensed interim consolidated 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.

CONDENSED CONSOLIDATED INTERIM NOTES TO THE FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

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 except for the staff retirement benefits plan (Gratuity). The company now operates a funded gratuity for its employees who complete the qualifying period of services. The calculation of company's net obligation in respect of defined benefit plan is performed annually by a qualified actuary using the projected unit credit method.

Before this change the company was operating un-funded Gratuity.

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.

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.

6. CASH AND BANK BALANCES

With State Bank of Pakistan in

Current account

1,172,288

3,099,187

1,172,288

3,099,187

With other Banks in

Current account

2,805,387

2,601,261

Deposit accounts

7,734,108

23,915,075

10,539,495

26,516,336

Cash in hand

246,957

99,552

11,958,740

29,715,075

-

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7. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on 25 October 2010.

8. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

