

**QUARTERLY FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2008**



**SECURITY INVESTMENT
BANK LIMITED**

— *the money-wise bank*



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khursheed K. Marker (Chairman)
Haji Jan Muhammad
Mr. Muhammad Younus Abdul Aziz Tabba
Mr. Maqbool H. H. Rahimtoola
Mr. Muhammad Mehboob
Mr. Muhammad Saleem Rathod
Mr. Muhammad Iqbal Kasbati
(Resigned. New Appointment is under process)

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Saleem Rathod

AUDIT COMMITTEE

Mr. Khursheed K. Marker
Haji Jan Muhammad
Mr. Muhammad Iqbal Kasbati

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

BANKERS

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

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) 2418410-13 Fax : (021) 2418414
Email: sibl@sibl.com.pk



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Security Investment Bank Limited are pleased to present the un-audited financial statements of SIBL for the nine months ended September 30, 2008.

As mentioned in our report for the half year ended June 30, 2008 that we had adjusted our business activities, which has consequently reduced our balance sheet size. Our company benefited from the reduction in activities as cost of borrowing in the money market has drastically increased due to shortage of liquidity.

The State Bank of Pakistan is taking some steps to improve the liquidity shortage in the market. However, the management will keep business volume on a lower side during the last quarter of the current financial year.

We hope that overall economic conditions, capital markets, and money markets will start showing improvement by early 2009.

The Directors are grateful to shareholders, the Securities and Exchange Commission of Pakistan, Stock Exchanges and other regulators for their guidance, support and cooperation. The management and staff are also worth praising for their efforts.

On behalf of the Board

Khursheed K. Marker
Chairman

Karachi;
October 29, 2008



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2008

	Note	September 30, 2008 Rupees	December 31, 2007 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets	5	5,361,002	5,747,315
Stock exchange membership card-intangible		36,000,000	36,000,000
Long term investments	6	151,121,416	151,299,508
Deferred tax assets		30,270,071	12,925,813
CURRENT ASSETS			
Short term financing		180,806,519	182,834,198
Short term placements	7	39,344,987	1,477,892,625
Short term investments	8	598,050,164	727,406,991
Advances, deposits, prepayments and other receivables		123,771,548	105,498,709
Cash and bank balances	8	27,119,407	102,460,234
		969,092,625	2,596,092,757
		1,191,845,114	2,802,065,393
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 100,000,000 (2007: 50,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	500,000,000
Issued, subscribed and paid up capital Reserve		514,335,583 176,259,247	428,612,993 225,473,213
		690,594,830	654,086,206
(Deficit) on revaluation of investments-net	10	(252,204,351)	(61,447,148)
NON-CURRENT LIABILITIES			
Deferred liability - gratuity		4,994,400	5,176,000
CURRENT LIABILITIES			
Borrowings	11	450,000,000	1,195,000,000
Short term deposits		284,322,945	971,844,854
Accrued and other liabilities		14,137,290	37,405,481
		748,460,235	2,204,250,335
Contingencies and commitments	12	1,191,845,114	2,802,065,393

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Nine Months Ended		Quarter Ended	
	September 30, 2008 Rupees	September 30, 2007 Rupees	September 30, 2008 Rupees	September 30, 2007 Rupees
INCOME				
Income on financing and placements	98,212,114	138,827,704	13,931,765	40,617,360
Return on investments	49,037,112	48,578,218	16,651,206	16,789,188
Gain on sale of shares	23,576,597	43,678,981	(853)	8,932,960
Profit on deposit with banks	1,831,872	4,286,778	334,819	108,363
Other Income	546,264	373,999	42,543	-
	173,203,959	235,745,680	30,959,480	66,447,871
EXPENDITURE				
Return on deposits and borrowings	108,740,758	136,617,817	22,221,315	43,061,034
Operating expenses	22,954,577	23,033,767	6,132,984	8,803,874
	131,695,335	159,651,584	28,354,299	51,864,908
PROFIT BEFORE TAXATION	41,508,624	76,094,096	2,605,181	14,582,963
Taxation expenses	5,000,000	10,000,000	-	2,000,000
Net profit	36,508,624	66,094,096	2,605,181	12,582,963
Earnings per share - Basic and diluted	0.71	1.28	0.05	0.24

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Nine months ended Sept. 30, 2008 Rupees	Nine months ended Sept. 30, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	41,508,624	76,094,096
Adjustments for non cash & other items		
Depreciation	1,021,123	130,173
Gain on disposal of shares	(23,577,450)	(43,678,981)
Gain on disposal of fixed assets	(1,800)	(134,799)
	(22,558,127)	(43,683,607)
Cash flows from operating activities before working capital change	18,950,497	33,410,489
Decrease/(Increase) in operating assets		
Decrease/(Increase) in financing and placements	1,440,575,317	(456,949,901)
(Increase) in advances, deposits, prepayment and other receivables	(10,277,108)	(39,672,407)
	1,430,298,209	(496,622,308)
(Decrease)/Increase in operating liabilities		
(Decrease) in deposits	(687,521,909)	(284,016,443)
(Decrease)/Increase in borrowings	(745,000,000)	817,500,000
(Decrease)/increase in accrued and other liabilities	(20,945,281)	(144,289)
	(1,453,467,190)	533,339,268
Net changes in operating assets and liabilities	(23,168,981)	36,716,960
Income tax paid	(7,995,731)	(25,460,698)
Gratuity paid	-	(120,000)
Dividend paid	(2,322,909)	(74,869,433)
	(10,318,640)	(100,450,131)
NET CASH USED IN OPERATING ACTIVITIES	(14,537,124)	(30,322,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets	(633,011)	(5,148,918)
Sales proceed from fixed assets	-	-
(Purchase)/sale of investments (shares)	(128,067,842)	(240,467,567)
Sale/(purchase) of securities	67,897,150	(79,078,992)
Net cash used in investing activities	(60,803,703)	(324,695,477)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,340,827)	(355,018,159)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	102,460,234	389,399,475
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27,119,407	34,381,316

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Share Capital	Statutory Reserve	Un-appropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2007	428,612,993	116,477,482	105,474,437	650,564,912
Net profit upto September 30, 2007	-	-	66,094,096	66,094,096
Dividend paid for the year 2006	-	-	(85,722,599)	(85,722,599)
Transfer to Statutory reserve	-	10,702,227	(10,702,227)	-
Balance as at September 30, 2007	428,612,993	127,179,709	75,143,707	630,936,409
Net profit October to December 2007	-	-	23,149,797	23,149,797
Transfer to Statutory reserve	-	7,146,552	(7,146,552)	-
Balance as at December 31, 2007	428,612,993	134,326,261	91,146,952	654,086,206
Net profit for the period	-	-	36,508,624	36,508,624
Transfer to Statutory Reserve	-	7,301,725	(7,301,725)	-
Issuance of bonus shares	85,722,590	-	(85,722,590)	-
Balance as at September 30, 2008	514,335,583	141,627,986	34,631,261	690,594,830

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONDENSED INTERIM NOTES TO THE ACCOUNTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

1. STATUS AND PRINCIPAL ACTIVITIES

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. 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, 2007 (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 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 December 31, 2007. 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, 2007.

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, 2007.

	September 30, 2008 Rupees	Audited December 31, 2007 Rupees
5. LONG TERM INVESTMENTS		
Held to maturity		
Pakistan Investment Bonds	51,121,416	51,299,508
Investment in associated undertaking SIBL Exchange Company (Pvt) Ltd.	<u>100,000,000</u>	<u>100,000,000</u>
	<u>151,121,416</u>	<u>151,299,508</u>
6. SHORT TERM PLACEMENT		
Under reverse repurchase agreements of quoted shares - secured	<u>39,344,987</u>	<u>1,477,892,625</u>
7. SHORT TERM INVESTMENTS		
Available-for-sale		
Pakistan Investment Bonds	327,187,481	379,547,242
Wapda Bonds - 10th issue	-	50,000,000
Term Finance Certificate	43,057,130	63,270,922
Quoted Shares	<u>227,805,553</u>	<u>234,588,827</u>
	<u>598,050,164</u>	<u>727,406,991</u>



	September 30, 2008 Rupees	Audited December 31, 2007 Rupees
8. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Reserve account	8,725,000	8,725,000
Current account	1,024,050	1,540,758
	<u>9,749,050</u>	<u>10,265,758</u>
With other Banks in		
Current account	5,808,482	8,714,499
Deposit accounts	11,542,319	83,474,107
	<u>17,350,801</u>	<u>92,188,606</u>
Cash in hand	19,556	5,870
	<u>27,119,407</u>	<u>102,460,234</u>
9. (DEFICIT) ON REVALUATION OF INVESTMENT		
Government securities	(85,008,453)	(35,039,677)
Term finance certificates	(2,589,962)	(2,884,991)
	<u>(87,598,415)</u>	<u>(37,924,668)</u>
Related deferrex tax asset/(liability)	29,608,145	12,263,887
	<u>(57,990,270)</u>	<u>(25,660,781)</u>
Quoted shares	(194,214,081)	(35,786,367)
	<u>(252,204,351)</u>	<u>(61,447,148)</u>
10. BORROWINGS		
Secured under repurchase agreements against Government Securities	400,000,000	400,000,000
Unsecured from Financial Institutions	50,000,000	795,000,000
	<u>450,000,000</u>	<u>1,195,000,000</u>
11. CONTINGENCIES		
Guarantees issued on behalf of customers	<u>21,589,400</u>	<u>21,589,400</u>
12. 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;

	September 30, 2008 Rupees	September 30, 2007 Rupees
Financing		
- Associated undertaking	123,868,178	166,866,398
- Others	54,970,641	-
Return on financing		
- Associated undertaking	17,563,965	16,100,294
- Others	10,085,582	-
Non funded guarantee		
- Associated undertaking	21,589,400	12,976,400
- Others	-	-



	September 30, 2008 Rupees	September 30, 2007 Rupees
Deposit		
- Associated undertaking	142,840,436	224,527,732
- Others	62,506,683	-
Return on deposits		
- Associated undertaking	8,950,962	11,250,189
- Others	5,484,058	-
Contribution to staff retirement benefit plan	688,090	508,783

13. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on October 29, 2008.

14. GENERAL

Figures have been rounded off to the nearest rupee.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



**SECURITY INVESTMENT BANK LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2008
(UNAUDITED)**



CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2008

	Note	September 30, 2008 Rupees	December 31, 2007 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets		6,622,670	7,256,220
Intangible assets		36,221,669	36,274,170
Long term investments		51,121,416	51,299,508
Deferred tax asset		30,270,071	12,925,813
Deferred cost		84,306	168,615
CURRENT ASSETS			
Short term financing		180,806,519	182,834,198
Short term placements		39,344,987	1,477,892,625
Short term investments		623,978,413	752,406,991
Advances, deposits, prepayments and other receivables		124,343,404	105,479,982
Cash and bank balances	6	34,309,978	110,406,415
		1,002,783,301	2,629,020,211
		1,127,103,433	2,736,944,537
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	428,612,993
Reserve		182,804,086	229,823,914
		697,139,669	658,436,907
Surplus on revaluation of investments - net		(252,204,351)	(61,447,148)
NON-CURRENT LIABILITIES			
Deferred liability		4,994,400	5,176,000
CURRENT LIABILITIES			
Borrowings		450,000,000	1,195,000,000
Short term deposits		212,802,915	902,642,700
Accrued and other liabilities		14,370,800	37,136,078
		677,173,715	2,134,778,778
Contingencies and commitments		1,127,103,433	2,736,944,537

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

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Nine Months Ended		Quarter Ended	
	September 30, 2008 Rupees	September 30, 2007 Rupees	September 30, 2008 Rupees	September 30, 2007 Rupees
INCOME				
Income on financing and placements	98,212,114	138,827,704	13,931,765	40,617,360
Return on investments	50,520,727	50,097,280	17,149,222	17,299,233
Gain on sale of shares	23,576,597	43,678,981	(853)	8,932,960
Profit on deposit with banks	1,831,872	4,286,778	334,819	108,363
Other Income	1,599,528	601,706	560,145	81,493
	175,740,838	237,492,449	31,975,098	67,039,409
EXPENDITURE				
Return on deposits and borrowings	105,116,192	132,444,226	20,963,175	41,575,072
Operating expenses	25,667,725	25,869,009	7,009,299	9,731,894
	130,783,917	158,313,235	27,972,474	51,306,966
PROFIT BEFORE TAXATION	44,956,921	79,179,214	4,002,624	15,732,443
Provision for taxation	6,254,159	11,115,222	489,105	2,402,318
PROFIT AFTER TAXATION	38,702,762	68,063,992	3,513,519	13,330,125
Earnings per share - Basic and diluted	0.75	1.32	0.07	0.26

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

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

	Nine months ended Sept. 30, 2008 Rupees	Nine months ended Sept. 30, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	42,906,067	79,179,214
Adjustments for non cash & other items		
Depreciation	1,268,360	883,337
Amortization of software and deferred cost	136,810	136,806
Return on treasure bills	(1,483,615)	(1,519,062)
Gain on disposal of shares	(23,577,450)	(43,678,981)
Gain on disposal of fixed assets	(1,800)	(134,799)
	(23,657,695)	(44,312,699)
Cash flow from operating activities before working capital changes	19,248,372	34,866,515
Decrease/(Increase) in operating assets		
(Increase)/Decrease in financing and placements	1,440,575,317	(456,949,901)
(Increase)/Decrease in advances, deposits, prepayment and other receivables	(11,518,170)	(35,621,501)
	1,429,057,147	(492,571,402)
(Decrease)/Increase in operating liabilities		
(Decrease) in deposits	(687,521,909)	(286,672,927)
Increase/(Decrease) in borrowings	(745,000,000)	817,500,000
Increase/(Decrease) in accrued and other liabilities	(21,841,108)	58,291
	(1,454,363,017)	530,885,364
	(25,305,870)	38,313,962
Income tax paid	(9,120,484)	(26,085,029)
Gratuity paid	-	(120,000)
Dividend paid	(2,322,909)	(74,869,433)
	(11,443,393)	(101,074,462)
NET CASH USED IN OPERATING ACTIVITIES	(17,500,891)	(27,893,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/sale of fixed assets	(633,011)	(5,236,431)
(Purchase)/sale of investments (shares)	(128,996,091)	(240,467,567)
(Purchase)/sale of securities	71,033,556	(77,552,358)
Net cash used in investing activities	(58,595,546)	(323,256,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(76,096,437)	(351,150,341)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	110,406,415	394,433,275
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34,309,978	43,282,934

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

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Share Capital	Statutory Reserve	Un-appropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2007	428,612,993	116,831,575	106,890,812	652,335,380
Net profit upto September 30, 2007	-	-	68,063,992	68,063,992
Dividend paid for the year 2006	-	-	(85,722,599)	(85,722,599)
Transfer to Statutory reserve	-	13,612,798	(13,612,798)	-
Balance as at September 30, 2007	428,612,993	130,444,373	75,619,407	634,676,773
Net profit October to December 2007	-	-	23,760,134	23,760,134
Transfer to Statutory reserve	-	3,881,888	(3,881,888)	-
Balance as at December 31, 2007	428,612,993	134,326,261	95,497,653	658,436,907
Net profit for the period January 2008 to September 2008	-	-	38,702,762	38,702,762
Transfer to Statutory Reserve	-	6,780,689	(6,780,689)	-
Issuance of Bonus shares	85,722,590	-	(85,722,590)	-
Balance as at September 30, 2008	514,335,583	141,106,950	41,697,136	697,139,669

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

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHEED K. MARKER
Chairman



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

1. STATUS AND PRINCIPAL ACTIVITIES

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. 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 2007 (previously described 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 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 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, 2007. 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, 2007.

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, 2007.

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.

	September 30, 2008 Rupees	December 31, 2007 Rupees
6. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Reserve account	8,725,000	8,725,000
Current account	6,378,225	5,125,108
	15,103,225	13,850,108
With other Banks in		
Current account	5,884,813	9,605,261
Deposit accounts	11,542,319	83,474,107
	17,427,132	93,079,368
Cash in hand	1,779,621	3,476,939
	34,309,978	110,406,415



7. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on October 29, 2008.

8. GENERAL

Figures have been rounded off to the nearest rupee.

MUHAMMAD SALEEM RATHOD
Chief Executive

KHURSHED K. MARKER
Chairman

BOOK POST



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