

**HALF YEARLY FINANCIAL STATEMENTS  
(UNAUDITED)  
JUNE 30, 2007**



**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 Shoaib  
Mr. Muhammad Mehboob  
Mr. Muhammad Iqbal Kasbati

### PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Saleem Rathod

### AUDIT COMMITTEE

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

### CFO & COMPANY SECRETARY

Mr. Muhammad Amin Khatri

### AUDITORS

Muniff Ziauddin & Co.  
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.  
Habib American Bank, New York.

### 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) 2418410-13 Fax : (021) 2418414  
Email: [sibl@sibl.com.pk](mailto:sibl@sibl.com.pk)



## DIRECTORS' REPORT

The Board of Directors of Security Investment Bank Limited is pleased to present the un-audit financial statements, duly reviewed by our auditors, for the half year ended June 30, 2007.

The Board feels pleasure to inform that the JCR-VIS Credit Rating Company Limited has reaffirmed the medium to long-run rating of A (Single-A) with 'stable' outlook and short-term rating of A-1 (A One) of our company. The rating incorporates strong liquidity indicators, increased booked profit and conservative risk profile.

During the current financial year Pakistan is going through a difficult political environment. This situation is expected to continue for the coming few months but Economic conditions are stable. However, Capital market is experiencing difficult situation. Despite this scenario SIBL business activities and profitability have remained at an encouraging level.

During the half year under review, we witnessed a general rise of interest rates which directly and indirectly affected earning spread on different areas of activities including money market and capital market. However, we managed to keep our company's profitability to the bench mark of last year. During the period under review, our company registered growth of 35% in gross revenue over the same period of last year. Income on financing and placement showed increase of 46%, return on investments improved by 23% and capital gain increased by 13% in comparison of the same period of last year. Increase in cost and expenses are attributable towards increase in interest rate, general inflation, increased level of activities during the period under report.

As the State Bank of Pakistan continuing its strategy towards keeping the monetary policy tightened, which is very much evident from the recent increase in the discount rate of SBP by 50 basis points, we may see some pressure on our cost of fund.

During this period, we have taken approval from our shareholders for the investment in our Subsidiary in Dubai. We hope best return in future from this investment. Some improvement in the activities of the National Commodity Exchange Limited (NCEL) will also support our company's future earnings.

We acknowledge the cooperation and support extended to us by our regulators, shareholders and management of the company. We also extend our appreciation to all of our stakeholders for their assistance and support.

On behalf of the Board

**Khursheed K. Marker**  
Chairman

Karachi;  
August 27, 2007



## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of SECURITY INVESTMENT BANK LIMITED as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Muniff Ziauddin & Co.  
Chartered Accountants

Karachi :  
August 27, 2007



## BALANCE SHEET AS AT JUNE 30, 2007

	Note	June 30, 2007 Rupees	December 31, 2006 Rupees
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets	5	6,370,553	1,838,745
Stock exchange membership card-intangible		36,000,000	36,000,000
Long term investments	6	151,339,084	151,378,660
Deferred tax asset		9,711,322	10,860,955
<b>CURRENT ASSETS</b>			
Short term financing		192,834,198	195,834,198
Short term placements	7	1,361,963,720	911,653,295
Short term investments	8	841,723,920	564,961,306
Advances, deposits, prepayments and other receivables		107,646,533	73,557,495
Cash and bank balances	9	65,583,813	389,399,475
		2,569,752,184	2,135,405,769
		<b>2,773,173,143</b>	<b>2,335,484,129</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital		1,000,000,000	500,000,000
100,000,000 ordinary shares of Rs. 10/- each		<u>1,000,000,000</u>	<u>500,000,000</u>
Issued subscribed and paid up capital		428,612,993	428,612,993
Statutory reserve		127,179,709	116,477,482
Unappropriated profit		62,560,744	105,474,437
		618,353,446	650,564,912
Surplus on revaluation of investments - net	10	(31,558,206)	(41,743,845)
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability (Gratuity)		4,205,000	4,325,000
<b>CURRENT LIABILITIES</b>			
Borrowings	11	1,419,446,400	727,500,000
Short term deposits		736,952,633	975,808,919
Accrued and other liabilities		25,773,870	19,029,143
		2,182,172,903	1,722,338,062
Contingencies and commitments	12	<u>2,773,173,143</u>	<u>2,335,484,129</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHED K. MARKER  
Chairman



**PROFIT & LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2007**

	Half Year Ended		Quarter Ended	
	June 30, 2007 Rupees	June 30, 2006 Rupees	June 30, 2007 Rupees	June 30, 2006 Rupees
<b>INCOME</b>				
Income on financing and placements	98,210,344	67,409,789	48,115,059	30,843,670
Return on investments	31,789,030	26,022,097	16,834,427	13,647,640
Gain on sale of shares	34,746,021	30,554,398	29,933,299	8,317,062
Profit on deposit with banks	4,178,415	1,291,718	121,150	-
Other Income	373,999	115,361	87,600	55,162
	169,297,809	125,393,363	95,091,535	52,863,534
<b>EXPENDITURE</b>				
Return on deposits and borrowings	93,556,783	51,482,959	49,653,099	23,298,953
Operating expenses	14,229,893	11,571,886	8,333,060	6,816,109
	107,786,676	63,054,845	57,986,159	30,115,062
<b>PROFIT BEFORE TAXATION</b>	61,511,133	62,338,518	37,105,376	22,748,472
Provision for taxation	8,000,000	10,000,000	3,000,000	4,300,000
<b>PROFIT AFTER TAXATION</b>	<u>53,511,133</u>	<u>52,338,518</u>	<u>34,105,376</u>	<u>18,448,472</u>
Earnings per share - Basic and diluted	<u>1.25</u>	<u>1.22</u>	<u>0.80</u>	<u>0.43</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



## CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2007

	<b>Half year ended June 30, 2007 Rupees</b>	<b>Half year ended June 30, 2006 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating profit before tax</b>	<b>61,511,133</b>	<b>62,338,518</b>
<b>Adjustment for non cash &amp; other items</b>		
Depreciation	728,110	610,907
Amortization of deferred cost	-	115,648
Gain on disposal of shares	(34,746,021)	30,554,398
Gain on disposal of fixed assets	(134,799)	(38,159)
(Gain)/loss on sale of securities	-	(221,770)
	<b>(34,152,710)</b>	<b>(30,087,772)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	<b>27,358,423</b>	<b>32,250,746</b>
<b>Decrease / (Increase) in operating assets</b>		
(Increase)/decrease in financing and placements	(447,310,425)	477,962,180
(Increase)/decrease in advances, deposits, prepayment and other receivables	(28,593,651)	(4,597,734)
	<b>(475,904,076)</b>	<b>473,364,446</b>
<b>(Decrease) / Increase in operating liabilities</b>		
(Decrease)/Increase in deposits	(238,856,286)	(98,055,018)
Increase/(Decrease) in borrowings	691,946,400	(604,564,588)
Increase/(Decrease) in accrued and other liabilities	2,945,322	(11,012,075)
	<b>456,035,436</b>	<b>(713,631,681)</b>
	<b>(19,868,639)</b>	<b>(240,267,235)</b>
Income tax paid	(21,011,253)	(6,551,541)
Gratuity paid	(120,000)	(498,541)
Dividend paid	(74,407,329)	(3,400,804)
	<b>(95,538,582)</b>	<b>(10,450,886)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(88,048,798)</b>	<b>(218,467,375)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/sale of fixed assets	(5,125,118)	94,918
(Purchase)/Sale of investments (shares)	(149,914,700)	15,079,829
(Purchase)/Sale of Securities	(80,727,045)	5,651,415
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(235,766,863)</b>	<b>20,826,162</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(323,815,662)</b>	<b>(197,641,213)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>389,399,475</b>	<b>257,698,952</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>65,583,813</b>	<b>60,057,739</b>

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHED K. MARKER  
Chairman



## STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2007

	Share Capital	Statutory Reserve	Unappropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2006	372,706,950	99,236,880	129,688,766	601,632,596
Net profit upto June 30, 2006	-	-	52,338,518	52,338,518
Issuance of bonus shares 2005	55,906,043	-	(55,906,043)	-
Dividend paid for the year 2005	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory reserve	-	10,467,704	(10,467,704)	-
<b>Balance as at June 30, 2006</b>	<b>428,612,993</b>	<b>109,704,584</b>	<b>78,382,841</b>	<b>616,700,418</b>
Net profit upto December 31, 2006	-	-	33,864,494	33,864,494
Transfer to Statutory reserve	-	6,772,898	(6,772,898)	-
<b>Balance as at December 31, 2006</b>	<b>428,612,993</b>	<b>116,477,482</b>	<b>105,474,437</b>	<b>650,564,912</b>
Net Profit upto June 30, 2007	-	-	53,511,133	53,511,133
Cash dividend paid for the year 2006	-	-	(85,722,599)	(85,722,599)
Transfer to Statutory reserve	-	10,702,227	(10,702,227)	-
<b>Balance as at June 30, 2007</b>	<b>428,612,993</b>	<b>127,179,709</b>	<b>62,560,744</b>	<b>618,353,446</b>

The annexed notes 1 to 15 form an integral part of these financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**KHURSHED K. MARKER**  
Chairman

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2007

### 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 in 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) (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-1' (A One).

### 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, 2006. 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

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, 2006.

### 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, 2006.



	June 30, 2007	
	Additions Rupees	Disposals Rupees
<b>5. TANGIBLE FIXED ASSETS</b>		
The following additions and disposals were made during the period		
- Computer and Equipment	268,953	-
- Vehicles	4,952,965	606,215
- Telephone System	43,000	5,000
	<u>5,264,918</u>	<u>611,215</u>
	June 30, 2007	December 31, 2006
<b>6. LONG TERM INVESTMENTS</b>		
<b>Held To Maturity</b>		
Pakistan Investment Bonds	51,339,084	51,378,660
Investment in Associated undertaking - SIBL Exchange Company (Private) Limited	100,000,000	100,000,000
	<u>151,339,084</u>	<u>151,378,660</u>
<b>7. SHORT TERM PLACEMENT</b>		
Under reverse repurchase agreements of quoted shares - secured	1,361,963,720	911,653,295
	<u>1,361,963,720</u>	<u>911,653,295</u>
<b>8. SHORT TERM INVESTMENTS</b>		
<b>Available-for-sale</b>		
Pakistan Investment Bonds	389,269,800	290,798,150
WAPDA Bonds - 10th issue	50,000,000	50,000,000
Term Finance Certificate	71,723,804	448,873
Quoted Shares	223,583,602	140,714,283
	<u>734,577,206</u>	<u>564,961,306</u>
<b>Held for Trading</b>		
Quoted Shares 8.01	107,146,714	-
	<u>841,723,920</u>	<u>564,961,306</u>
8.01 These include Rs. 103,940,659 (December 2006: NIL) investment in shares purchased and simultaneously sold in future market with settlement date subsequent to the period end, with a view to generate spread on the transaction.		
<b>9. CASH AND BANK BALANCES</b>		
<b>With State Bank of Pakistan in</b>		
- Reserve account	6,725,000	6,725,000
- Current account	7,510,681	1,370,009
	<u>14,235,681</u>	<u>8,095,009</u>
<b>With other Banks in</b>		
- Current account	16,787,057	8,704,595
- Deposit accounts	34,559,358	372,593,905
	<u>51,346,415</u>	<u>381,298,500</u>
Cash in hand	1,717	5,966
	<u>65,583,813</u>	<u>389,399,475</u>
<b>10. SURPLUS/(DEFICIT) ON REVALUATION OF INVESTMENTS (Net)</b>		
Government Securities	(27,018,548)	(30,303,214)
Term Finance Securities	(2,779,380)	(5,474,674)
	<u>(29,797,928)</u>	<u>(35,777,888)</u>
Related deferred tax asset	9,456,492	10,606,125
	<u>(20,341,436)</u>	<u>(25,171,763)</u>
Quoted shares	(11,216,770)	(16,572,082)
	<u>(31,558,206)</u>	<u>(41,743,845)</u>



		June 30, 2007	December 31, 2006
<b>11. SHORT TERM BORROWINGS</b>			
Secured under repurchase agreements against			
Government Securities	11.01	394,446,400	277,500,000
Unsecured from Financial			
Institutions	11.02	<u>1,025,000,000</u>	<u>450,000,000</u>
		<u>1,419,446,400</u>	<u>727,500,000</u>

11.01 This represents amount borrowed from financial institutions at mark-up rates ranging from 9.00% to 9.50% per annum (2006: 9.35% to 9.45% per annum) and having maturity period upto 3 months. These are secured against Pakistan Investment Bonds sold under repurchase agreements.

11.02 These carry mark-up ranging from 9.70% to 10.35% per annum (2006: 11.5% to 12.25% per annum) and having maturity period of upto 3 months.

#### 12. CONTINGENCIES AND COMMITMENTS

Contingencies			
Guarantees issued		<u>12,976,400</u>	<u>12,630,000</u>
Commitments			
Future sale contract		<u>109,999,850</u>	<u>-</u>
		June 30, 2007	June 30, 2006

#### 13. TRANSACTIONS WITH RELATED PARTIES

Financing			
- Associated undertaking		167,566,398	120,395,857
- Others		-	45,470,641
Return on financing			
- Associated undertaking		9,916,408	3,285,593
- Others		-	1,287,078
Non fund guarantee			
- Associated undertaking		12,976,400	8,630,000
- Others		-	4,000,000
Deposits		219,857,744	165,981,346
Return on deposits		6,847,864	2,403,434
Contribution to staff retirement benefit plan		325,003	263,100

Transactions with associated undertakings / related parties i.e. shareholders, directors, key management personnel and their related concerns are accounted for in accordance with comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates.

#### 14. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on August 27, 2007.

#### 15. GENERAL

Figures have been rounded off to the nearest rupee.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHED K. MARKER  
Chairman



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**



## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2007

	Note	June 30, 2007 Rupees	December 31, 2006 Rupees
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets		8,044,290	3,594,181
Stock exchange membership card-intangible		36,309,168	36,344,167
Long term investments		51,339,084	51,378,660
Deferred tax asset		9,711,322	10,860,955
Deferred cost		224,820	281,024
<b>CURRENT ASSETS</b>			
Short term financing		192,834,198	195,834,198
Short term placements		1,361,963,720	911,653,295
Short term investments		866,723,920	589,961,306
Advances, deposits, prepayments and other receivables		101,653,110	71,522,144
Cash and bank balances	6	75,075,990	394,433,275
		<u>2,598,250,938</u>	<u>2,163,404,218</u>
		<u>2,703,879,622</u>	<u>2,265,863,205</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>500,000,000</u>
Issued subscribed and paid up capital		428,612,993	428,612,993
Statutory reserve		127,778,348	116,831,575
Unappropriated profit		64,955,307	106,890,812
		621,346,648	652,335,380
Surplus on revaluation of investments - net		(31,558,206)	(41,743,845)
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability		4,205,000	4,325,000
<b>CURRENT LIABILITIES</b>			
Borrowings		1,419,446,400	727,500,000
Short term deposits		663,995,231	904,194,964
Accrued and other liabilities		26,444,549	19,251,706
		<u>2,109,886,180</u>	<u>1,650,946,670</u>
Contingencies and commitments		-	-
		<u>2,703,879,622</u>	<u>2,265,863,205</u>

The annexed notes 1 to 8 form an integral part of these financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2007

	Half Year Ended		Quarter Ended	
	June 30, 2007 Rupees	June 30, 2006 Rupees	June 30, 2007 Rupees	June 30, 2006 Rupees
<b>INCOME</b>				
Income on financing and placements	98,210,344	<b>67,409,789</b>	48,115,059	<b>30,843,670</b>
Return on investments	32,798,047	<b>26,741,537</b>	17,338,928	<b>14,155,152</b>
Gain on sale of shares	34,746,021	<b>30,554,398</b>	29,933,299	<b>8,317,062</b>
Profit on deposit with banks	4,178,415	<b>1,291,718</b>	121,150	-
Other Income	520,213	<b>197,559</b>	176,915	<b>120,059</b>
	170,453,040	<b>126,195,001</b>	95,685,351	<b>53,435,943</b>
<b>EXPENDITURE</b>				
Return on deposits and borrowings	90,869,154	<b>49,984,459</b>	48,214,249	<b>22,293,727</b>
Operating expenses	16,137,115	<b>13,294,044</b>	9,346,065	<b>7,846,483</b>
	107,006,269	<b>63,278,503</b>	57,560,314	<b>30,140,210</b>
PROFIT BEFORE TAXATION	63,446,771	<b>62,916,498</b>	38,125,037	<b>23,295,733</b>
Provision for taxation	8,712,904	<b>10,430,000</b>	3,392,312	<b>4,730,000</b>
PROFIT AFTER TAXATION	54,733,867	<b>52,486,498</b>	34,732,725	<b>18,565,733</b>
Earnings per share - Basic and diluted	1.28	<b>1.23</b>	0.81	<b>0.43</b>

The annexed notes 1 to 8 form an integral part of these financial statements.

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



## CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2007

	Half year ended June 30, 2007 Rupees	Half year ended June 30, 2006 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit before tax	63,446,771	62,916,498
<b>Adjustment for non cash &amp; other items</b>		
Depreciation	897,322	689,370
Amortization of deferred cost	91,206	171,853
Amortization of PIB premium	(1,769,292)	(719,440)
Gain on disposal of shares	(34,746,021)	(30,554,398)
Gain on disposal of fixed assets	(134,799)	-
(Gain)/loss on sale of securities	-	(221,770)
	(35,661,584)	(30,634,385)
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	27,785,187	32,282,113
<b>Decrease / (Increase) in operating assets</b>		
(Increase)/decrease in financing and placements	(447,310,425)	477,917,052
(Increase)/decrease in advances, deposits, prepayment and other receivables	(25,052,401)	(4,487,329)
	(472,362,826)	473,429,723
<b>(Decrease) / Increase in operating liabilities</b>		
(Decrease)/Increase in deposits	(240,199,733)	(68,844,563)
Increase/(Decrease) in borrowings	691,946,400	(604,564,588)
Increase/(Decrease) in accrued and other liabilities	3,602,842	(10,667,669)
	455,349,509	(684,076,820)
	(17,013,317)	(210,647,097)
Income tax paid	(21,521,737)	(6,551,541)
Gratuity paid	(120,000)	(498,541)
Dividend paid	(74,407,329)	(3,400,804)
	(96,049,066)	(10,450,886)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	(85,277,196)	(188,815,871)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/sale of fixed assets	(5,212,631)	(910,182)
(Purchase)/Sale of investments (shares)	(149,914,700)	15,079,829
(Purchase)/Sale of Securities	(78,952,758)	(17,586,235)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(234,080,089)	(3,416,588)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(319,357,285)	(192,232,458)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	394,433,275	259,708,952
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	75,075,990	67,476,494

MUHAMMAD SALEEM RATHOD  
Chief Executive

KHURSHEED K. MARKER  
Chairman



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2007

	Share Capital	Statutory Reserve	Unappropriated Profit	Total
	-----Rupees-----			
Balance as at January 01, 2006	372,706,950	99,460,611	130,583,692	602,751,253
Net profit upto June 30, 2006	-	-	52,486,498	52,486,498
Issuance of bonus shares 2005	55,906,043	-	(55,906,043)	-
Dividend paid for the year 2005	-	-	(37,270,695)	(37,270,695)
Transfer to Statutory reserve	-	10,497,300	(10,497,300)	-
<b>Balance as at June 30, 2006</b>	<b>428,612,993</b>	<b>109,957,911</b>	<b>79,396,152</b>	<b>617,967,056</b>
Net profit upto December 31, 2006	-	-	34,368,324	34,368,324
Transfer to Statutory reserve	-	6,873,664	(6,873,664)	-
<b>Balance as at December 31, 2006</b>	<b>428,612,993</b>	<b>116,831,575</b>	<b>106,890,812</b>	<b>652,335,380</b>
Net Profit upto June 30, 2007	-	-	54,733,867	54,733,867
Cash dividend paid for the year 2006	-	-	(85,722,599)	(85,722,599)
Transfer to Statutory reserve	-	10,946,773	(10,946,773)	-
<b>Balance as at June 30, 2007</b>	<b>428,612,993</b>	<b>127,778,348</b>	<b>64,955,307</b>	<b>621,346,648</b>

The annexed notes 1 to 8 form an integral part of these financial statements.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**KHURSHED K. MARKER**  
Chairman

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2007

#### 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 in 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) (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-1' (A One).

#### 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, 2006. 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

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, 2006.

#### 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, 2006.



#### 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 include 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 balances, transactions and resulting profit have been eliminated.

	June 30, 2007 Rupees	December 31, 2006 Rupees
<b>6. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in		
- Reserve account	6,725,000	6,725,000
- Current account	11,095,031	3,132,309
	17,820,031	9,857,309
With other Banks in		
- Current account	20,315,234	9,079,815
- Deposit accounts	34,559,358	372,593,905
	54,874,592	381,673,720
Cash in hand	2,381,367	2,902,246
	<u>75,075,990</u>	<u>394,433,275</u>

#### 7. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on August 27, 2007.

#### 8. GENERAL

Figures have been rounded off to the nearest rupee.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**KHURSHEED K. MARKER**  
Chairman

**BOOK POST**



**ISLAMABAD**

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