



SECURITY INVESTMENT BANK LIMITED

The Money Wise Bank
Quarterly Financial Statements
(Un-audited)

September 30, 2013

Security Investment Bank Ltd
The Money Wise Bank
3rd Quarterly
REPORT 2013



CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)
Mr. Muhammad Mehboob
Mr. Sheikh Asim Rafiq (NIT Nominee)
Mr. Shaikh Abdullah
Mr. Muhammad Tafreeq Motiwala
Mr. Muhammad Shoaib
Mr. Karim Muhammad Munir

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Saleem Rathod

AUDIT COMMITTEE

Mr. Shaikh Abdullah (Chairman)
Haji Jan Muhammad
Mr. Muhammad Tafreeq Motiwala
Mr. Sheikh Asim Rafiq

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Tafreeq Motiwala (Chairman)
Mr. Karim Muhammad Munir (Member)
Mr. Muhammad Saleem Rathod (Member)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

COMPANY SECRETARY

Mr. Muhammad Shahzad

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Anjum Asim Shahid Rahman
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners
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) 2818107-09
Fax: (051) 2818110
Website : www.sibl.com.pk

KARACHI OFFICE

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

DIRECTORS' REPORT

The directors of Security Investment Bank Limited (SIBL) are pleased to present the unaudited financial statement of SIBL for the nine months ended 30 September 2013.

The State Bank of Pakistan in its monetary policy statement of September 2013 has increased discount rate by 0.5% to 9.5% and cited unfavourable changes in some of key economic indicators. The KSE 100 index was 21,006 points on 1 July 2013 which increased to 21,832 points on 30 September 2013, however, the stock remained very volatile. The recent deflation of rupee against dollar has increased the price for common man and cost of the producer. Increase in price of electricity and petroleum products are on cards which would further increase the price and cost for common man and producer, respectively, which would increase the inflation manifolds. The SBP in order to control the inflation may increase the discount rate further.

The company has an operating income of Rs. 4.8 million for the nine month ended 30 September 2013 as compared to operating profit of Rs. 0.849 million for the nine months ended 30 September 2012. Profit after tax for the nine months ended 30 September 2013 is Rs. 4.2 million as compared to the nine months ended 30 September 2012 of Rs. 1.752 million. Finance cost reduced by 33% to Rs. 27.512 million when compared to the same period of last year.

The company continued its policy of doing business vigilantly considering the overall business environment during the current year and would continue to do so in the last three months of the current year.

We are very much grateful to the SECP, SBP, Stock Exchanges and other regulators for their cooperation and support and our shareholders for their continued confidence and support. We appreciate the efforts of management and staff for their efforts.

On behalf of the Board

Haji Jan Muhammad
(Chairman)

Karachi, 28 October 2013

**CONDENSED INTERIM BALANCE SHEET
(UNAUDITED)
AS AT SEPTEMBER 30, 2013**

Security Investment Bank Ltd
The Money Wise Bank
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	Note	Un-audited September 30 2013 Rupees	Audited December 31 2012 Rupees
Non-current assets			
Property, Plant and equipment	5	1,204,637	1,051,882
Membership card - Intangible		750,000	750,000
Long term investments	6	186,844,384	186,903,748
Deferred tax asset		34,105,065	29,065,625
Current assets			
Short term financing		107,650,000	145,266,169
Short term investments	7	328,078,971	482,436,968
Loans and advances		86,182,599	84,195,196
Deposits, prepayments and other receivables		6,687,505	5,407,133
Accrued interest		25,591,008	19,873,833
Cash and bank balances	8	4,570,093	9,749,494
		<u>558,760,176</u>	<u>746,928,793</u>
		<u>781,664,262</u>	<u>964,700,048</u>
Equity and liabilities			
Share capital and reserves			
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		514,335,580	514,335,580
Statutory reserves		143,536,656	142,682,050
Unappropriated loss		(150,427,155)	(153,845,579)
		507,445,081	503,172,051
Deficit on revaluation of investments- net of tax	9	(25,614,910)	(17,707,987)
Current liabilities			
Borrowings	10	159,022,881	360,368,326
Short term deposits		134,376,080	112,047,664
Accrued and other liabilities		6,435,130	6,819,994
		299,834,091	479,235,984
Contingencies	11	-	-
		<u>781,664,262</u>	<u>964,700,048</u>

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

MUHAMMAD SALEEM RATHOD
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

	Nine Months Ended		Quarter Ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
	Rupees		Rupees	
Income				
Income on financing and placements	14,416,121	20,462,212	3,610,532	6,780,631
Return on investments	36,860,136	40,101,905	10,698,812	13,693,097
Gain on sale of shares	4,098,417	1,067,456	-	-
Profit on deposit with banks	29,233	200,579	8,198	11,557
Other income	949,157	911,666	414,498	311,997
	56,353,064	62,743,818	14,732,040	20,797,282
Expenditure				
Return on deposits and borrowings	27,512,044	41,152,073	5,790,807	12,504,394
Operating expenses	24,029,412	20,742,036	7,948,589	6,593,449
	51,541,456	61,894,109	13,739,396	19,097,843
Operating profit before tax	4,811,608	849,709	992,644	1,699,439
Provision for taxation	(538,578)	902,422	-	(108,892)
Net Profit after tax	4,273,030	1,752,131	992,644	1,590,547
Earning per share - basic and diluted	0.083	0.034	0.019	0.031

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

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2013**

Security Investment Bank Ltd
The Money Wise Bank
**3rd Quarterly
REPORT 2013**

	Nine Months Ended		Quarter Ended	
	September 30	September 30	September 30	September 30
	2013	2012	2013	2012
	Rupees		Rupees	
Profit for the period after tax	4,273,030	1,752,131	992,644	1,590,547
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,273,030	1,752,131	992,644	1,590,547

The annexed notes 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 NINE MONTHS ENDED SEPTEMBER 30, 2013

	Nine Months ended	
	September 30 2013 Rupees	September 30 2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income before taxation	4,811,608	849,709
Adjustments for non cash and other items		
Depreciation	301,128	258,451
Gain on disposal of shares	(4,098,417)	(1,067,456)
Gain on disposal of fixed assets	(1,922)	(799)
	(3,799,211)	(809,804)
Cash flows from operating activities before working capital changes	1,012,397	39,905
Decrease / (Increase) in operating assets		
(Increase) / Decrease in financing and placements	37,616,169	(4,033,598)
(Increase) / Decrease in advances, deposits, prepayment and other receivables	(7,408,766)	(12,846,370)
	30,207,403	(16,879,968)
(Decrease) / Increase in operating liabilities		
Increase / (Decrease) in deposits	22,328,416	1,781,093
Increase / (Decrease) in borrowings	(201,345,445)	9,882,701
Increase / (Decrease) in accrued and other liabilities	(384,864)	(4,584,622)
	(179,401,893)	7,079,172
Net changes in operating assets and liabilities	(149,194,490)	(9,800,796)
Income tax paid	(2,398,622)	(3,161,391)
Dividend paid	-	(23,388)
	(2,398,622)	(3,184,779)
Net cash used in operating activities	(150,580,715)	(12,945,670)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of fixed assets	(451,961)	(107,600)
(Purchase)/sale of investments (shares)	29,719,303	6,113,136
Sale / (purchase) of securities	116,133,972	2,463,952
Net cash flow from investing activities	145,401,314	8,469,488
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net (decrease) in cash and cash equivalents	(5,179,401)	(4,476,182)
Cash and cash equivalents at the beginning of the period	9,749,494	13,243,835
Cash and cash equivalents at the end of the period	4,570,093	8,767,653

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

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at 01 January 2012	514,335,583	142,123,865	(156,078,323)	500,381,125
Net profit upto 30 September 2012	-	-	1,752,131	1,752,131
Appropriations:				
Statutory Reserves	-	350,426	(350,426)	-
Balance as at 30 September 2012	514,335,583	142,474,291	(154,676,618)	502,133,256
Net (Loss) October to December 2012	-	-	1,038,795	1,038,795
Adjustment	(3)		3	-
Appropriations:				
Statutory Reserves	-	207,759	(207,759)	-
Balance as at 31 December 2012	514,335,580	142,682,050	(153,845,579)	503,172,051
Net profit for the period	-	-	4,273,030	4,273,030
Appropriations:				
Statutory Reserves		854,606	(854,606)	-
Balance as at 30 September 2013	514,335,580	143,536,656	(150,427,155)	507,445,081

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

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 2012. 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.

These financial statements are the separate financial statements of the Company. In addition to these financial statements, consolidated financial statements of the Company and its subsidiary M/s. SIBL Exchange Company (Pvt) Limited, have also been prepared.

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 2012.

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 2012.

5 Operating Assets

Cost

As at 01 January 2013

11,905,140

13,063,077

Addition / Deletion -net

424,052

(1,157,937)

As at 30 September 2013

12,329,192

11,905,140

Less Accumulated Depreciation

As at 01 January 2013

10,853,258

11,871,057

For the period

271,297

(1,017,799)

As at 30 September 2013

11,124,555

10,853,258

1,204,637

1,051,882

6 Long term investments

Held to maturity

10,000,000 Ordinary shares of Rs. 10/- each
(SIBL Exchange Company (Private) Limited-
wholly owned subsidiary)

6.1 100,000,000

100,000,000

Pakistan Investment Bonds- held to maturity

50,844,384

50,903,748

Karachi Stock Exchange Limited (4,007,383
Ordinary shares of Rs. 10/- each)

36,000,000

36,000,000

186,844,384

186,903,748

6.1 State Bank of Pakistan has revoked the license of SIBL Exchange Company (Pvt) Ltd from October 01, 2012, through letter dated January 8, 2013, for non-compliance of minimum capital requirement. Board of Directors of SIBL Exchange Company (Pvt) Ltd is has decided to voluntary windup the company . There is no need for impairment as the net book value of the investment is higher than the cost of investment.

7 Short term investment - Available-for-sale

Pakistan Investment Bonds

316,273,488

330,919,152

Market treasury bills

-

115,787,498

Term Finance Certificate

6,882,969

6,882,969

Quoted shares

4,922,514

28,847,349

328,078,971

482,436,968

	Un-audited September 30 2013 Rupees	Audited December 31 2012 Rupees
8 Cash and bank balances		
With State Bank of Pakistan in Current account	106,109	149,312
With other banks in		
Current account	2,455,381	2,635,833
Deposit accounts	1,965,291	6,959,285
	4,420,672	9,595,118
Cash in hand	43,312	5,064
	<u>4,570,093</u>	<u>9,749,494</u>
9 (Deficit) on revaluation of investment		
Government securities	(34,631,278)	(19,857,472)
Term finance certificates	(2,294,323)	(2,294,323)
	(36,925,601)	(22,151,795)
Related deferred tax asset	12,120,947	6,950,115
	(24,804,654)	(15,201,680)
Quoted shares	(810,256)	(2,506,307)
	<u>(25,614,910)</u>	<u>(17,707,987)</u>
10 Borrowings		
Secured under repurchase agreements against government securities	159,022,881	360,368,326
	<u>159,022,881</u>	<u>360,368,326</u>
11 Contingencies		
Guarantees issued on behalf of customers	80,513,000	78,000,910
	<u>80,513,000</u>	<u>78,000,910</u>
12 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;

	Un-audited September 30 2013 Rupees	Un-audited September 30 2012 Rupees
Financing		
- Associated undertaking	107,650,000	93,241,265
- Others	-	83,233,598
Return on financing		
- Associated undertaking	14,391,010	10,976,573
- Others	-	9,431,058
Un funded guarantee		
- Associated undertaking	25,410,000	14,267,910
- Others	55,103,000	57,503,000
Deposits		
- Associated undertaking	93,581,145	91,296,274
- Others	18,628,351	8,131,334
Return on deposits		
- Associated undertaking	4,136,070	112,106
- Others	602,660	227,752
Contribution to staff retirement benefit plan	518,400	427,278

13 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on October 28, 2013.

14 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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
(UNAUDITED)
AS AT SEPTEMBER 30, 2013

Security Investment Bank Ltd
The Money Wise Bank
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	Note	Un-audited September 30, 2013 Rupees	Audited December 31, 2012 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets		1,271,353	1,496,250
Intangible Assets		750,000	750,000
Long term Investments		86,844,384	86,903,748
Deferred tax asset		34,105,065	29,065,625
CURRENT ASSETS			
Short term financing		107,650,000	145,266,169
Short term Investments		328,078,971	482,436,968
Loan and advances		86,604,864	86,663,246
Deposits and prepayments		6,566,857	7,039,993
Accrued interest		25,591,008	19,873,833
Cash and bank balances	6	30,181,616	35,530,059
		584,673,316	776,810,268
		707,644,118	895,025,891
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		514,335,580	514,335,580
Statutory Reserves		143,536,656	142,682,050
Unappropriated loss/ profit		(130,641,179)	(134,738,441)
		527,231,057	522,279,189
Deficit on revaluation of investments-net of tax		(25,614,910)	(17,707,987)
CURRENT LIABILITIES			
Borrowings		159,022,881	360,368,326
Short term deposits		40,794,935	20,312,676
Accrued and other liabilities		6,210,155	9,773,687
		206,027,971	390,454,689
Contingencies and commitments		707,644,118	895,025,891

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

MUHAMMAD SALEEM RATHOD
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

	Nine Months Ended		Quarter Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
INCOME				
Income on financing and placements	14,416,121	20,462,212	3,610,532	6,780,631
Return on Investments	36,860,136	40,197,263	10,698,812	13,693,097
Gain on sale of shares	4,098,417	1,067,456	-	-
Profit on deposit with banks	29,233	200,579	8,198	11,557
Other income	1,059,980	877,018	522,687	311,997
	56,463,887	62,804,528	14,840,229	20,797,282
EXPENDITURE				
Return on deposits and borrowings	23,119,673	35,821,371	4,626,100	10,703,469
Operating expenses	27,249,018	23,856,804	8,285,019	7,325,246
	50,368,691	59,678,175	12,911,119	18,028,715
Operating profit before tax	6,095,196	3,126,353	1,929,110	2,768,567
Provision for taxation	(1,143,328)	389,326	(502,235)	(108,892)
PROFIT AFTER TAXATION	4,951,868	3,515,679	1,426,875	2,659,675
EARNINGS PER SHARE-BASIC AND DILUTED	0.096	0.068	0.028	0.052

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

MUHAMMAD SALEEM RATHOD
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

Security Investment Bank Ltd
The Money Wise Bank
**3rd Quarterly
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	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>
Profit for the period after tax	4,951,868	3,515,679	1,426,875	2,659,675
Other comprehensive income				
Total comprehensive income for the period	<u>4,951,868</u>	<u>3,515,679</u>	<u>1,426,875</u>	<u>2,659,675</u>

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

MUHAMMAD SALEEM RATHOD
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM CONSOLIDATED CASH FLOW
STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

	Nine months ended	
	September 30, 2013	September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	6,095,196	3,126,353
Adjustment for non cash and other items		
Depreciation	301,128	337,840
Gain on disposal of shares	(4,098,417)	(1,067,456)
Gain on disposal of fixed assets	(1,922)	(799)
	(3,799,211)	(730,415)
Cash flows from operating activities before working capital changes	2,295,985	2,395,938
Decrease / (Increase) in operating assets		
(Increase) / Decrease in financing and placements	37,616,169	(4,033,598)
(Increase) in advances, deposits, prepayment and other receivables	(4,832,820)	(13,248,390)
	32,783,349	(17,281,988)
(Decrease) / Increase in operating liabilities		
(Decrease) in deposits	20,482,259	144,231
Increase / (Decrease) in borrowings	(201,345,445)	9,882,701
Increase / (Decrease) in accrued and other liabilities	(3,563,532)	(4,307,920)
	(184,426,718)	5,719,012
	(151,643,369)	(11,562,976)
Income tax paid	(2,612,546)	(3,287,476)
Dividend paid	-	(23,388)
	(2,612,546)	(3,310,864)
Net cash used in operating activities	(151,959,930)	(12,477,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) / sale of fixed assets	(239,461)	(107,600)
(Purchase) / sale of investments (shares)	29,719,303	6,113,136
(Purchase) / sale of securities	117,131,645	26,820,401
Net cash flow from investing activities	146,611,487	32,825,937
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net (decrease) in cash and cash equivalents	(5,348,443)	20,348,035
Cash and cash equivalents at the beginning of the period	35,530,059	14,179,789
Cash and cash equivalents at the end of the period	30,181,616	34,527,824

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

Security Investment Bank Ltd
The Money Wise Bank
3rd Quarterly
REPORT 2013

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at January 01, 2012	514,335,583	142,123,865	(138,436,574)	518,022,874
Net profit for the nine months (upto Sep.2012)	-	-	3,515,679	3,515,679
Transfer to Statutory reserve	-	372,205	(372,205)	-
Balance as at September 30, 2012	514,335,583	142,496,070	(135,293,100)	521,538,553
Net Profit for the period	-	-	740,636	740,636
Adjustment	(3)	-	3	-
Transfer to Statutory reserve	-	185,980	(185,980)	-
Balance as at December 31, 2012	514,335,580	142,682,050	(134,738,441)	522,279,189
Net profit for the nine months (upto Sep.2013)	-	-	4,951,868	4,951,868
Transfer to Statutory reserve	-	854,606	(854,606)	-
Balance as at September 30, 2013	514,335,580	143,536,656	(130,641,179)	527,231,057

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

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.

License of subsidiary (SIBL Exchange (Pvt) Ltd.) has been revoked by SBP through letter dated January 08, 2013, for not meeting the minimum capital requirement and due to this reason the financial information of the subsidiary has been prepared other than on going concern basis and the values of assets and liabilities of subsidiary has been taken from that financial information.

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, 2012. 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, 2012.

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, 2012.

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.

	Un-audited September 30, 2013	Audited December 31, 2012
6. CASH AND BANK BALANCES		
With State Bank of Pakistan in Current account	25,415,159	25,458,362
With other Banks in		
Current account	2,652,424	2,847,742
Deposit accounts	1,980,416	6,959,285
	4,632,840	9,807,027
Cash in hand	133,617	264,670
	<u>30,181,616</u>	<u>35,530,059</u>

7. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on 28 October, 2013.

8. GENERAL

Figures have been rounded off to the nearest rupee.

MUHAMMAD SALEEM RATHOD
 Chief Executive

HAJI JAN MUHAMMAD
 Chairman



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