



# **SECURITY INVESTMENT BANK LIMITED**

**1<sup>st</sup> Quarter Report  
March 31, 2014**

**The Money Wise Bank**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## PRESIDENT & CHIEF EXECUTIVE

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

## AUDIT COMMITTEE

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

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Amin Khatri

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahzad

## COMPANY SECRETARY

Muniff Ziauddin & Co.  
Chartered Accountants

## AUDITORS

Anjum Asim Shahid Rahman  
Chartered Accountants

## TAX ADVISORS

Bawaney & Partners  
Muhammad Tariq Qureshi

## LEGAL ADVISORS

M/s. C&K Management Associates (Pvt) Limited  
404, Trade Tower, near Hotel Metropole, Karachi.

## SHARE REGISTRAR

Habib Metropolitan Bank Limited.  
Al-Baraka Bank Pakistan Ltd.  
MCB Bank Limited.  
Summit Bank Limited.

## BANKERS

Suite No. 4, 3rd Floor, Al-Baber Centre,  
Main Markaz, F-8, Islamabad.  
Tel : (051) 2818107-09  
Fax: (051) 2818110  
Website : [www.sibl.com.pk](http://www.sibl.com.pk)

## REGISTERED OFFICE

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

## KARACHI OFFICE

## ***DIRECTORS' REPORT***

The directors of Security Investment Bank Limited (the Company) are pleased to present the unaudited financial statement of the Company for the three months ended 31 March 2014.

In the Monetary Policy Decision of March 2014, the State Bank of Pakistan (the SBP) has observed that inflation had gone down and growth in large scale manufacturing was strong besides all major economic indicators had moved in the desired directions. During the period under review the Rupee has appreciated against the US Dollar; and foreign exchange reserves have increased noticeably. However, in view of the increased borrowings of government and considering other factors the SBP has maintained the discount rate at 10%. During the quarter under review, the KSE 100 index increased from 25,261 points as on 1 January 2014 to 27,159 points as on 31 March 2014 registering an increase of 7.5%.

The Company's operating income before taxes for the quarter ended 31 March 2014 was Rs. 22 million as compared to Rs. 2 million of the corresponding quarter ended 31 March 2013. This increase is mainly attributed to dividend income from the wholly owned subsidiary i.e. SIBL Exchange Company (Private) Limited which is under members' voluntary winding up.

We are reviewing different options to increase net profit of the Company on sustainable basis besides waiting for much awaited implementation of recommendations of the NBFC Sector Reforms Committee constituted by the Securities & Exchange Commission of Pakistan (the SECP).

We would like to thank the SBP, SECP, Stock Exchanges and other regulators for their cooperation and support. We are also grateful to the Company's shareholders for their understanding and confidence. We would also like to acknowledge untiring efforts of the management and staff for the Company.

On behalf of the Board

**Haji Jan Muhammad**  
(Chairman)

Karachi, 24 April 2014

## CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2014

	Note	Un-audited March 31 2014 Rupees	Audited December 31 2013 Rupees
<b>Non-current assets</b>			
Property, Plant and equipment	5	1,090,790	1,207,931
Intangible Assets	6	10,568,182	10,568,182
Long term investments	7	76,986,626	77,006,414
Deferred tax asset		31,832,489	32,389,507
<b>Current assets</b>			
Short term financing		115,000,000	125,500,000
Short term investments	8	334,611,146	430,858,059
Loans and advances		87,904,480	87,714,046
Deposits, prepayments and other receivables		6,594,235	5,504,828
Accrued interest		18,964,440	13,758,446
Cash and bank balances	9	7,184,324	8,619,929
		<u>570,258,625</u>	<u>671,955,308</u>
		<u>690,736,712</u>	<u>793,127,342</u>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>			
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		147,253,417	143,380,640
Unappropriated loss		(135,713,648)	(151,204,755)
		525,875,349	506,511,465
Deficit on revaluation of investments-net of tax	10	(22,802,782)	(23,767,322)
<b>Current liabilities</b>			
Borrowings	11	150,760,000	176,766,009
Short term deposits		30,530,734	124,614,217
Accrued and other liabilities		6,373,411	9,002,973
		187,664,145	310,383,199
Contingencies	12	-	-
		<u>690,736,712</u>	<u>793,127,342</u>

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Quarter Ended	
	March 31 2014 Rupees	March 31 2013 Rupees
<b>Income</b>		
Income on financing and placements	<b>4,684,394</b>	5,645,700
Return on investments	<b>31,563,778</b>	13,145,010
Gain on sale of shares	<b>93,535</b>	1,587,097
Profit on deposit with banks	<b>18,224</b>	9,660
Other income	<b>22,900</b>	225,805
	<b>36,382,831</b>	20,613,272
<b>Expenditure</b>		
Return on deposits and borrowings	<b>5,904,276</b>	10,994,089
Operating expenses	<b>8,298,277</b>	7,183,090
	<b>14,202,553</b>	18,177,179
Operating Profit before tax	<b>22,180,278</b>	2,436,093
Provision for taxation	<b>(2,816,394)</b>	(301,799)
Net Profit after tax	<b>19,363,884</b>	2,134,294
<b>Earning per share - basic and diluted</b>	<b>0.38</b>	0.04

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Quarter Ended	
	March 31 2014 Rupees	March 31 2013 Rupees
<b>Profit for the period after tax</b>	<b>19,363,884</b>	2,134,294
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>19,363,884</u></b>	<u>2,134,294</u>

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

**CONDENSED INTERIM CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Quarter ended	
	March 31 2014 Rupees	March 31 2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating Profit before taxation	22,180,278	2,436,093
<b>Adjustments for non cash and other items</b>		
Depreciation	117,141	96,042
Gain on disposal of shares	(93,535)	(1,587,097)
Gain on disposal of fixed assets	-	-
	23,606	(1,491,055)
<b>Cash flows from operating activities before working capital changes</b>	<b>22,203,884</b>	<b>945,038</b>
<b>Decrease / (Increase) in operating assets</b>		
Decrease / (Increase) in financing and placements	10,500,000	(21,100,000)
(Increase) in advances, deposits, prepayment and other receivables	(5,995,977)	(7,449,927)
	4,504,023	(28,549,927)
<b>(Decrease) / Increase in operating liabilities</b>		
(Decrease) / Increase in deposits	(94,083,483)	860,414
(Decrease) / Increase in borrowings	(26,006,009)	10,134,250
(Decrease) in accrued and other liabilities	(2,629,562)	(278,502)
	(122,719,054)	10,716,162
Net changes in operating assets and liabilities	(118,215,031)	(17,833,765)
Income tax paid	(2,418,874)	(643,647)
Gratuity paid	-	-
	(2,418,874)	(643,647)
<b>Net cash used in operating activities</b>	<b>(98,430,021)</b>	<b>(17,532,374)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of fixed assets net	-	(179,100)
Sale of investments (shares)	2,017,342	16,705,796
Sale of securities	94,977,074	(1,574,069)
<b>Net cash flow from investing activities</b>	<b>96,994,416</b>	<b>14,952,627</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net (decrease) in cash and cash equivalents	(1,435,605)	(2,579,747)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,619,929</b>	<b>9,749,494</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,184,324</b>	<b>7,169,747</b>

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



**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at 01 January 2013	514,335,580	142,682,050	(153,999,114)	503,018,516
Net Profit upto 31 March 2013	-	-	2,134,294	2,134,294
Transfer to Statutory Reserves	-	426,859	(426,859)	-
<b>Balance as at 31 March 2013</b>	<b>514,335,580</b>	<b>143,108,909</b>	<b>(152,291,679)</b>	<b>505,152,810</b>
Net Profit April to December 2013	-	-	1,358,655	1,358,655
Adjustment	-	-	-	-
Statutory Reserves	-	271,731	(271,731)	-
<b>Balance as at 31 December 2013</b>	<b>514,335,580</b>	<b>143,380,640</b>	<b>(151,204,755)</b>	<b>506,511,465</b>
Net Profit for the period	-	-	19,363,884	19,363,884
Appropriations:	-	-	-	-
Transfer to Statutory Reserves	-	3,872,777	(3,872,777)	-
<b>Balance as at 31 March 2014</b>	<b>514,335,580</b>	<b>147,253,417</b>	<b>(135,713,648)</b>	<b>525,875,349</b>

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

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**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) 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 2013. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchanges.

**3 Accounting policies**

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the year ended 31 December 2013.

#### 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 2013.

	Un-audited Mar 31, 2014 Rupees	Audited Dec 31, 2013 Rupees
<b>5 Operating Assets</b>		
<b>Cost</b>		
Opening balance	12,395,908	11,905,140
Addition/Deletion-net	-	490,768
As at 31 March 2014	12,395,908	12,395,908
Less: Accumulated Depreciation		
Opening balance	11,187,977	10,853,258
For the period	117,141	334,719
As at 31 March 2014	11,305,118	11,187,977
Net Operating Assets	<u>1,090,790</u>	<u>1,207,931</u>
<b>6 Intangible Assets</b>		
Trading Right Entitlement Certificates-Karachi Stock Exchange Limited	9,818,182	9,818,182
Corporate membership of the Pakistan Mercantile Exchange Limited	750,000	750,000
	<u>10,568,182</u>	<u>10,568,182</u>
<b>7 Long term investments</b>		
<b>Held to maturity</b>		
Pakistan Investment Bonds	50,804,808	50,824,596
<b>Investment-at fair value through Other Comprehensive Income</b>		
Karachi Stock Exchange Limited	26,181,818	26,181,818
	<u>76,986,626</u>	<u>77,006,414</u>
<b>8 Short term investment - Available-for-sale Subsidiary</b>		
SIBL Exchange Company (Pvt) Ltd. 500,000 (2013: 10,000,000) ordinary shares of Rs.10 each. Wholly Owned Subsidiary- unquoted	8.1 5,000,000	100,000,000
<b>Available for sale</b>		
Pakistan Investment Bonds	318,587,038	318,480,976
Term Finance Certificate	6,865,348	6,865,348
Quoted Shares	4,158,760	5,511,735
	<u>334,611,146</u>	<u>430,858,059</u>

8.1 State Bank of Pakistan has revoked the license of SIBL Exchange Company (Pvt) Ltd (SIBL Exchange) from October 01, 2012, through letter dated January 8, 2013, for inability to meet the Minimum Capital Requirement. Therefore, SIBL Exchange is being wound-up voluntarily and the winding up is in final stage of completion. During the current quarter the Liquidator of SIBL Exchange, with the approval in the meetings of contributories, returned substantial portion of capital upto Rs. 95 million and paid dividend @ 21% (i.e. Rs. 2.10 per share of SIBL Exchange) to SIBL. The breakup value of the remaining investment in subsidiary is Rs. 5.157 million

	Un-audited Mar 31, 2014 Rupees	Audited Dec 31, 2013 Rupees
<b>9 Cash and bank balances</b>		
With State Bank of Pakistan in Current account	159,782	156,619
With other banks in		
Current account	2,474,515	5,935,113
Deposit accounts	4,520,685	2,517,286
	6,995,200	8,452,399
Cash in hand	29,342	10,911
	<u>7,184,324</u>	<u>8,619,929</u>
<b>10 (Deficit) on revaluation of investment</b>		
Government securities	(32,403,156)	(32,466,504)
Term finance certificates	(2,118,394)	(2,118,394)
	(34,521,550)	(34,584,898)
Related deferred tax asset	11,017,073	11,038,611
	(23,504,477)	(23,546,287)
Quoted shares	701,695	(221,035)
	<u>(22,802,782)</u>	<u>(23,767,322)</u>
<b>11 Borrowings</b>		
Secured under repurchase agreements against government securities	150,760,000	176,766,009
	<u>150,760,000</u>	<u>176,766,009</u>
<b>12 Contingencies</b>		
Guarantees issued on behalf of customers	<u>63,733,000</u>	<u>68,733,000</u>
<b>13 Transaction with related parties</b>		

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 Mar 31, 2014 Rupees	Un-audited Mar 31, 2013 Rupees
Financing		
- Associated undertaking	115,000,000	67,132,571
- Others	-	99,233,598
Return on financing		
- Associated undertaking	4,668,646	1,726,896
- Others	-	4,033,526
Un funded guarantee		
- Associated undertaking	13,733,000	22,897,910
- Others	50,000,000	55,103,000
Deposits		
- Associated undertaking	8,620,809	94,913,369
- Others	12,238,266	8,332,632
Return on deposits		
- Associated undertaking	955,246	1,534,683
- Others	268,577	160,580
Contribution to staff retirement benefit plan	172,800	142,407

#### 14 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on April 24, 2014.

#### 15 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 FIRST QUARTER ENDED 31 MARCH 2014**



**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**  
**AS AT 31 MARCH 2014**

	Note	Un-audited March 31 2014 Rupees	Audited December 31 2013 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and equipment		1,090,790	1,207,931
Intangible Assets		10,568,182	10,568,182
Long term Investments		76,986,626	77,006,414
Deferred tax asset		31,832,489	32,389,507
<b>CURRENT ASSETS</b>			
Short term financing		115,000,000	125,500,000
Short term Investments		329,611,146	330,858,059
Loan and advances		87,904,480	88,467,607
Deposits, prepayments and other receivable		6,594,233	5,403,096
Accrued interest		18,964,440	13,758,446
Cash and bank balances	6	12,341,385	34,272,402
		570,415,684	598,259,610
		<u>690,893,771</u>	<u>719,431,644</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		514,335,580	514,335,580
Statutory reserves		147,253,417	143,380,640
Unappropriated profit		(135,556,589)	(130,177,536)
		526,032,408	527,538,684
Deficit on revaluation of investments- net of tax		(22,802,782)	(23,767,322)
<b>CURRENT LIABILITIES</b>			
Borrowings		150,760,000	176,766,009
Short term deposits		30,530,734	30,116,274
Accrued and other liabilities		6,373,411	8,777,999
		187,664,145	215,660,282
Contingencies and commitments			
		<u>690,893,771</u>	<u>719,431,644</u>

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

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Quarter Ended	
	March 31 2014 Rupees	March 31 2013 Rupees
<b>INCOME</b>		
Income on financing and placements	4,684,394	5,645,700
Return on Investments	10,563,778	13,145,010
Gain on sale of shares	93,535	1,587,097
Profit on deposit with banks	18,224	9,660
Other income	23,770	225,805
	<b>15,383,701</b>	<b>20,613,272</b>
<b>EXPENDITURE</b>		
Return on deposits and borrowings	3,796,364	9,523,196
Operating expenses	8,919,384	7,739,325
	<b>12,715,748</b>	<b>17,262,521</b>
Operating Profit before tax	2,667,953	3,350,751
Provision for taxation	(4,174,229)	(610,236)
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<b><u>(1,506,276)</u></b>	<b><u>2,740,515</u></b>
<b>EARNINGS PER SHARE- BASIC AND DILUTED</b>	<b><u>(0.03)</u></b>	<b><u>0.05</u></b>

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



**CONDENSED INTERIM CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	<b>Quarter Ended</b>	
	<b>March 31 2014 Rupees</b>	<b>March 31 2013 Rupees</b>
<b>(Loss) / Profit for the period after tax</b>	<b>(1,506,276)</b>	<b>2,740,515</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>(1,506,276)</u></b>	<b><u>2,740,515</u></b>

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

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Quarter ended	
	March 31 2014 Rupees	March 31 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Profit before taxation	2,667,953	3,350,751
<b>Adjustment for non cash and other items</b>		
Depreciation	117,141	130,229
Amortization of software and deferred cost	-	-
Gain on disposal of shares	(93,535)	(1,587,097)
Return on T-Bills	-	-
	<b>23,606</b>	<b>(1,456,868)</b>
<b>Cash flows from operating activities before working capital changes</b>	<b>2,691,559</b>	<b>1,893,883</b>
<b>Decrease / (Increase) in operating assets</b>		
Decrease / (increase) in financing and placements	10,500,000	(21,100,000)
(Increase) in advances, deposits, prepayment and other receivables	(5,995,977)	(7,415,249)
	<b>4,504,023</b>	<b>(28,515,249)</b>
<b>(Decrease) / Increase in operating liabilities</b>		
Increase in deposits	414,460	336,540
(Decrease) / increase in borrowings	(26,006,009)	10,134,250
(Decrease) in accrued and other liabilities	(2,756,293)	(2,549,096)
	<b>(28,347,842)</b>	<b>7,921,694</b>
	<b>(23,843,819)</b>	<b>(20,593,555)</b>
Income tax paid	(3,023,148)	(1,380,930)
Gratuity paid	-	-
	<b>(3,023,148)</b>	<b>(1,380,930)</b>
<b>Net cash (used in ) operating activities</b>	<b>(24,175,408)</b>	<b>(20,080,602)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) of fixed assets	-	(179,100)
sale of investments (shares)	2,017,342	16,705,796
Sale of securities	227,049	974,157
<b>Net cash flow from investing activities</b>	<b>2,244,391</b>	<b>17,500,853</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
Net (decrease) in cash and cash equivalents	<b>(21,931,017)</b>	<b>(2,579,749)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>34,272,402</b>	<b>35,530,059</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>12,341,385</b>	<b>32,950,310</b>

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at 01 January 2013	514,335,580	142,682,050	(134,891,976)	522,125,654
Profit upto 31 March 2013	-	-	2,740,515	2,740,515
Transfer to Statutory Reserve	-	426,859	(426,859)	-
<b>Balance as at 31 March , 2013</b>	<b>514,335,580</b>	<b>143,108,909</b>	<b>(132,578,320)</b>	<b>524,866,169</b>
Net profit from April to December 2013	-	-	2,672,515	2,672,515
Transfer to Statutory Reserve	-	271,731	(271,731)	-
<b>Balance as at 31 December , 2013</b>	<b>514,335,580</b>	<b>143,380,640</b>	<b>(130,177,536)</b>	<b>527,538,684</b>
Net Loss for the period	-	-	(1,506,276)	(1,506,276)
Transfer to Statutory Reserve	-	3,872,777	(3,872,777)	-
<b>Balance as at 31 March, 2014</b>	<b>514,335,580</b>	<b>147,253,417</b>	<b>(135,556,589)</b>	<b>526,032,408</b>

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

**CONDENSED INTERIM NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**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.

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. Winding up of the SIBL Exchange has been started which is in final stage of completion. Due to the reason, the subsidiary company is not considered as a going concern, therefore, the condensed interim financial statements of subsidiary as at March 31, 2014 have been prepared on a basis other than going concern.

**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, 2013. 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, 2013.

### 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, 2013.

### 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 Mar 31, 2014 Rupees	Audited Dec 31, 2013 Rupees
<b>6. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in Current account	159,782	25,465,669
With other Banks in		
Current account	7,631,576	6,137,156
Deposit accounts	4,520,685	2,532,411
	12,152,261	8,669,567
Cash in hand	29,342	137,166
	12,341,385	34,272,402

### 7. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on April 24, 2014.

### 8. GENERAL

Figures have been rounded off to the nearest rupee.

**MUHAMMAD SALEEM RATHOD**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman





**SIBL**

***SECURITY INVESTMENT BANK LIMITED***

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