



SECURITY INVESTMENT BANK LIMITED

**3rd Quarterly Report
September 30, 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

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Mehboob

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Taufeeq Motiwala (Chairman)
Mr. Karim Muhammad Munir (Member)
Mr. Muhammad Mehboob (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 Bank Pakistan Ltd.
MCB Bank Limited.
Summit Bank Limited.

REGISTERED OFFICE

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

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 (the Company) are pleased to present the Financial Statement of the Company for the period ended 30 September 2014.

The State Bank of Pakistan in its Monetary Policy Decision dated 20 September 2014 has decided to keep the policy rate unchanged at 10% quoting that the policy vigilance requires balancing the trade-offs between ensuring the continuation of macroeconomic stability, especially in the external sector, and assuaging the fallout of potential damages due to floods. During the quarter ended 30 September 2014, the KSE-100 index has increased from 29,653 points as of 1 July 2014 to 29,726 points as of 30 September 2014.

The summarised financial results of the Company are as follows:

Description	Nine months ended		Variance Increase / (Decrease) In	
	30 September 2014	30 September 2013	Rs.	%
Income	72,820,414	56,353,064	16,467,350	29
Expenditure	46,379,354	51,541,456	(5,162,102)	(10)
Operating profit before taxes	26,441,060	4,811,608	21,629,452	450
Net profit before taxes	21,831,004	4,273,030	17,557,974	411

This increase is mainly attributed to dividend income from the wholly owned subsidiary i.e. SIBL Exchange Company (Private) Limited which was under members' voluntary winding up.

The liquidator of SIBL Exchange Company (Private) Limited has concluded the winding up process and in this regard final meeting of contributors was held on 11 October 2014. The liquidator has submitted the final report to and requested the Securities & Exchange Commission of Pakistan (the SECP) for striking of the name of SIBL Exchange Company (Private) Limited.

In order to increase earnings and return for shareholders, the Board is in process of reviewing current business being undertaken and other business that could undertake by the Company.

The Board would like to acknowledge and thank shareholders for their continued confidence and patronage; the SECP, SBP and other regulators for their guidance and cooperation; and staff for their dedication.

On behalf of the Board

Haji Jan Muhammad
(Chairman)

Karachi, 28 OCTOBER 2014

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Note	Unaudited September 30 2014 Rupees	Audited December 31 2013 Rupees
Non-current assets			
Property, plant and equipment	5	1,061,686	1,207,931
Intangible assets		10,568,182	10,568,182
Long term investments	6	76,947,050	77,006,414
Deferred tax asset - net		31,732,388	32,389,507
Current assets			
Short term financing		199,200,000	125,500,000
Short term placements	7	19,000,000	-
Short term investments	8	324,667,383	430,858,059
Loans and advances		89,328,508	87,714,046
Deposits, prepayments and other receivables		6,753,319	5,504,828
Accrued interest		26,812,894	13,758,446
Cash and bank balances	9	5,238,735	8,619,929
		671,000,839	671,955,308
		791,310,145	793,127,342
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		147,746,841	143,380,640
Unappropriated loss		(133,739,952)	(151,204,755)
		528,342,469	506,511,465
Deficit on revaluation of investments-net of tax	10	(25,802,841)	(23,767,322)
Current liabilities			
Borrowings	11	258,497,200	176,766,009
Short term deposits		21,189,636	124,614,217
Accrued and other liabilities		9,083,681	9,002,973
		288,770,517	310,383,199
Contingencies	12	-	-
		791,310,145	793,127,342

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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Nine Months Ended		Quarter Ended	
	September	September	September	September
	2014	2013	2014	2013
	Rupees		Rupees	
Income				
Income on financing and placements	19,327,550	14,416,121	8,131,539	3,610,532
Return on government securities	52,781,946	36,860,136	10,852,074	10,698,812
Gain on sale of shares	102,479	4,098,417	8,944	-
Profit on deposit with banks	179,404	29,233	28,330	8,198
Other income	429,035	949,157	231,998	414,498
	72,820,414	56,353,064	19,252,885	14,732,040
Expenditure				
Return on deposits and borrowings	19,453,285	27,512,044	7,474,588	5,790,807
Operating expenses	26,926,069	24,029,412	8,517,537	7,948,589
	46,379,354	51,541,456	15,992,125	13,739,396
Operating profit before tax	26,441,060	4,811,608	3,260,760	992,644
Provision for taxation	(4,610,056)	(538,578)	(400,293)	-
Net Profit after tax	21,831,004	4,273,030	2,860,467	992,644
Earning per share - basic and diluted	0.424	0.083	0.056	0.019

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Nine Months Ended		Quarter Ended	
	September 30	September 30	September 30	September 30
	2014	2013	2014	2013
	Rupees		Rupees	
Profit for the period after tax	21,831,004	4,273,030	2,860,467	992,644
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	21,831,004	4,273,030	2,860,467	992,644

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

**CONDENSED INTERIM CASH FLOW STATEMENT
(UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Note	Nine Months ended September 30 2014 Rupees	Nine Months ended September 30 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Operating Profit before taxation		26,441,060	4,811,608
Adjustments for non cash and other items			
Depreciation		320,408	301,128
Gain on disposal of shares		(102,479)	(4,098,417)
Gain on disposal of fixed assets		(18,998)	(1,922)
		198,931	(3,799,211)
Cash flows from operating activities before working capital changes		26,639,991	1,012,397
Decrease / (Increase) in operating assets			
(Increase) / Decrease in financing and placements		(73,700,000)	37,616,169
(Increase) / Decrease in advances, deposits, prepayment and other receivables		(15,005,207)	(7,408,766)
		(88,705,207)	30,207,403
(Decrease) / Increase in operating liabilities			
(Decrease) / increase in deposits		(103,424,581)	22,328,416
Increase / (Decrease) in borrowings		81,731,191	(201,345,445)
Increase / (Decrease) in accrued and other liabilities		80,708	(384,864)
		(21,612,682)	(179,401,893)
Net changes in operating assets and liabilities		(110,317,889)	(149,194,490)
Income tax paid		(3,590,903)	(2,398,622)
		(3,590,903)	(2,398,622)
Net cash used in operating activities		(87,268,801)	(150,580,715)
CASH FLOW FROM INVESTING ACTIVITIES			
(Purchase) of fixed assets		(155,165)	(451,961)
Disposal proceeds from wholly owned subsidiary		100,000,000	-
Sale of investments (shares)		2,309,405	29,719,303
Sale of securities		733,367	116,133,972
Net cash flow from investing activities		102,887,607	145,401,314
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase/ (decrease) in cash and cash equivalents		15,618,806	(5,179,401)
Cash and cash equivalents at the beginning of the period		8,619,929	9,749,494
Cash and cash equivalents at the end of the period	13	24,238,735	4,570,093

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

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 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 30 September 2013	-	-	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	(150,580,690)	507,291,546
Net loss (October to December 2013)	-	-	(780,081)	(780,081)
Appropriations:				
Statutory Reserves	-	(156,016)	156,016	-
Balance as at 31 December 2013	514,335,580	143,380,640	(151,204,755)	506,511,465
Net profit for the period	-	-	21,831,004	21,831,004
Appropriations:				
Statutory Reserves	-	4,366,201	(4,366,201)	-
Balance as at 30 September 2014	514,335,580	147,746,841	(133,739,952)	528,342,469

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

MUHAMMAD MEHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENT
FOR NINE MONTHS ENDED 30 SEPTEMBER 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).

In accordance with the requirement of Non-Banking Finance Companies and Notified Entities Regulations 2008 (vide SRO No. 764(I)/ 2009 dated September 02, 2009), the Securities and Exchange Commission of Pakistan has allowed different time limits for aligning existing NBFCs with different Capital requirements. The management of the Bank is confident of either getting extension for meeting the capital requirement, in case, it is unable to get extension the sponsors are committed to inject the required capital to meet its minimum capital requirements within the time frame allowed under the said regulations.

NBFC Sector Reform Committee Report issued by the Reform Committee of SECP suggests that the time for compliance with the enhanced minimum equity requirement of Rs.600 million may be extended till June 30, 2016.

JCR - VIS Credit Rating Company Limited has revised the entity ratings of SIBL for medium to long-term rating of SIBL from 'A' (Single A) to A- (Single A minus) with stable outlook and maintained 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.

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 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 30 September 2014 Rupees	Audited 31 December 2013 Rupees
5 Operating Assets		
Cost		
As at 01 January 2014	12,395,908	11,905,140
Addition / Deletion -net	(883,114)	490,768
As at 30 Sept 2014	11,512,794	12,395,908
Less Accumulated Depreciation		
As at 01 January 2014	11,187,977	10,853,258
For the period	(736,869)	334,719
As at 30 Sept 2014	10,451,108	11,187,977
	1,061,686	1,207,931
6 Long term investments		
Held to maturity		
Pakistan Investment Bonds- held to maturity	50,765,232	50,824,596
Available for sale		
Karachi Stock Exchange Limited	26,181,818	26,181,818
	76,947,050	77,006,414
7 Short term placements - Considered good		
Placement with financial Institution-unsecured	19,000,000	-

	Un-audited 30 September 2014 Rupees	Audited 31 December 2013 Rupees
8 Short term investment		
Subsidiary Company		
SIBL Exchange Company (Private) Limited- NIL (2013:10,000,000)		
Ordinary shares	8.1	-
		100,000,000
Available for sale		
Pakistan Investment Bonds	313,763,988	318,480,976
Term Finance Certificate	6,304,912	6,865,348
Quoted shares	4,598,483	5,511,735
	<u>324,667,383</u>	<u>430,858,059</u>
8.1 State Bank of Pakistan has revoked the license of SIBL Exchange Company (Private) Limited (the Company) from October 01, 2012, through letter dated January 08, 2013 for inability to meet the Minimum Capital Requirement. Therefore, Company is being wound up voluntarily and final meeting of contributories has been concluded on 11 October 2014. The liquidator has returned the paid up capital and surplus earnings as dividend in full to Security Investment Bank Limited.		
9 Cash and bank balances		
With State Bank of Pakistan in Current account	66,344	156,619
With other banks in		
Current account	2,477,695	5,935,113
Deposit accounts	2,645,973	2,517,286
	5,123,668	8,452,399
Cash in hand	48,723	10,911
	<u>5,238,735</u>	<u>8,619,929</u>
10 (Deficit) on revaluation of investment		
Government securities	(37,311,634)	(32,466,504)
Term finance certificates	(1,945,463)	(2,118,394)
	(39,257,097)	(34,584,898)
Related deferred tax asset	12,312,839	11,038,611
	(26,944,258)	(23,546,287)
Quoted shares	1,141,417	(221,035)
	<u>(25,802,841)</u>	<u>(23,767,322)</u>
11 Borrowings		
Secured under repurchase agreements against government securities	258,497,200	176,766,009
12 Contingencies		
Guarantees issued on behalf of customers	65,226,100	68,733,000
13 Cash and cash equivalents		
Short term placement	19,000,000	-
Cash and bank balances	5,238,735	8,619,929
	<u>24,238,735</u>	<u>8,619,929</u>

14 Transaction with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major share holder and their close family members, key management personnel and retirement benefit funds. The company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the year, other than Director's remuneration, are as follows;

	Un-audited	Audited
	30 September	31 December
	2014	2013
	Rupees	Rupees
Financing		
Balance at the period ended		
- Associated undertakings	199,200,000	125,500,000
Short Term Deposits		
Balance at the period ended		
- Subsidiary	-	94,497,943
- Associated undertaking	5,739,342	5,739,342
- Others	5,778,636	16,355,273
Un funded guarantee		
- Associated undertaking	15,226,100	18,733,000
- Others	50,000,000	50,000,000
	Un-audited	Un-audited
	30 September	30 September
	2014	2013
	Rupees	Rupees
Return on financing		
- Associated undertaking	19,208,175	14,391,010
Return on deposits		
- Subsidiary	747,605	4,136,070
- Associated undertaking	429,271	335,262
- Others	407,210	267,398
Contribution to staff retirement benefit plan	569,360	518,400

15 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on October 28, 2014.

16 General

Figures have been rounded off to the nearest rupee.

MUHAMMAD MEHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
(UNAUDITED)
AS AT 30 SEPTEMBER 2014**

	Note	Un-audited September 30 2014 Rupees	Audited December 31 2013 Rupees
NON-CURRENT ASSETS			
Tangible fixed assets		1,061,686	1,207,931
Intangible Assets		10,568,182	10,568,182
Long term Investments		76,947,050	77,006,414
Deferred tax asset		31,732,388	32,389,507
CURRENT ASSETS			
Short term financing		199,200,000	125,500,000
Short term placements		19,000,000	-
Short term Investments		324,667,383	330,858,059
Loan and advances		89,328,508	88,467,607
Deposits and prepayments		6,753,319	5,403,096
Accrued interest		26,812,894	13,758,446
Cash and bank balances	6	5,238,735	34,272,402
		671,000,839	598,259,610
		<u>791,310,145</u>	<u>719,431,644</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			
Statutory Reserves		514,335,580	514,335,580
Unappropriated loss/ profit		147,746,841	143,380,640
		(133,739,954)	(130,177,536)
		528,342,467	527,538,684
Deficit on revaluation of investments-net of tax		(25,802,841)	(23,767,322)
CURRENT LIABILITIES			
Borrowings		258,497,200	176,766,009
Short term deposits		21,189,636	30,116,274
Accrued and other liabilities		9,083,683	8,777,999
		288,770,519	215,660,282
Contingencies and commitments			
		<u>791,310,145</u>	<u>719,431,644</u>

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

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR NINE MONTHS ENDED 30 SEPTEMBER 2014

	Nine Months Ended		Quarter Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
INCOME	Rupees		Rupees	
Income on financing and placements	19,327,550	14,416,121	8,131,539	3,610,532
Return on Investments	31,624,885	36,860,136	10,695,013	10,698,812
Gain on sale of shares	102,479	4,098,417	8,944	-
Profit on deposit with banks	179,404	29,233	28,330	8,198
Other income	429,905	1,059,980	231,998	522,687
	51,664,223	56,463,887	19,095,824	14,840,229
EXPENDITURE				
Return on deposits and borrowings	17,345,373	23,119,673	7,474,588	4,626,100
Operating expenses	27,547,176	27,249,018	8,517,539	8,285,019
	44,892,549	50,368,691	15,992,127	12,911,119
Operating profit before tax	6,771,674	6,095,196	3,103,697	1,929,110
Provision for taxation	(5,967,891)	(1,143,328)	(400,293)	(502,235)
PROFIT AFTER TAXATION	803,783	4,951,868	2,703,404	1,426,875
EARNINGS PER SHARE- BASIC AND DILUTED	0.016	0.096	0.053	0.028

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Nine Months Ended		Quarter Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	Rupees		Rupees	
Profit for the period after tax	803,783	4,951,868	2,703,404	1,426,875
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	803,783	4,951,868	2,703,404	1,426,875

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

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
(UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Nine Months Ended	
	September 30, 2014 Rupees	September 30, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	6,771,674	6,095,196
Adjustment for non cash and other items		
Depreciation	320,408	301,128
Gain on disposal of shares	(102,479)	(4,098,417)
Gain on disposal of fixed assets	(18,998)	(1,922)
	198,931	(3,799,211)
Cash flows from operating activities before working capital changes	6,970,605	2,295,985
Decrease / (Increase) in operating assets		
(Increase) / Decrease in financing and placements	(73,700,000)	37,616,169
(Increase) in advances, deposits, prepayment and other receivables	(15,106,939)	(4,832,820)
	(88,806,939)	32,783,349
(Decrease) / Increase in operating liabilities		
(Decrease) / Increase in deposits	(8,926,638)	20,482,259
Increase / (Decrease) in borrowings	81,731,191	(201,345,445)
Increase / (Decrease) in accrued and other liabilities	305,684	(3,563,532)
	73,110,237	(184,426,718)
	(15,696,702)	(151,643,369)
Income tax paid	(4,195,177)	(2,612,546)
	(4,195,177)	(2,612,546)
Net cash used in operating activities	(12,921,274)	(151,959,930)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) / sale of fixed assets	(155,165)	(239,461)
Sale of investments (shares)	2,309,405	29,719,303
Sale of securities	733,367	117,131,645
Net cash flow from investing activities	2,887,607	146,611,487
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net (decrease) in cash and cash equivalents	(10,033,667)	(5,348,443)
Cash and cash equivalents at the beginning of the period	34,272,402	35,530,059
Cash and cash equivalents at the end of the period	7 24,238,735	30,181,616

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 30 SEPTEMBER 2014**

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees			
Balance as at January 01, 2013	514,335,580	142,682,050	(134,891,976)	522,125,654
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	(130,794,714)	527,077,522
Net Profit for the period	-	-	461,162	461,162
Transfer to Statutory reserve	-	(156,016)	156,016	-
Balance as at December 31, 2013	514,335,580	143,380,640	(130,177,536)	527,538,684
Net profit for the nine months (upto Sep.2014)	-	-	803,783	803,783
Transfer to Statutory reserve	-	4,366,201	(4,366,201)	-
Balance as at September 30, 2014	514,335,580	147,746,841	(133,739,954)	528,342,467

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

MUHAMMAD MEHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

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

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, 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 September 30, 2014	Audited December 31, 2013
6. CASH AND BANK BALANCES		
With State Bank of Pakistan in		
Current account	66,344	25,465,669
	66,344	25,465,669
With other Banks in		
Current account	2,477,695	6,137,156
Deposit accounts	2,645,973	2,532,411
	5,123,668	8,669,567
Cash in hand	48,723	137,166
	5,238,735	34,272,402
7. Cash and cash equivalents		
Short term placement	19,000,000	-
Cash and bank balances	5,238,735	34,272,402
	24,238,735	34,272,402

8. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on 28 October 2014.

9. GENERAL

Figures have been rounded off to the nearest rupee.

MUHAMMAD MEHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman



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